
October 20, 2016

Statement pertaining to press reports on debit card compromise

Mr. A. P Hota, MD & CEO, NPCI said, “Necessary corrective actions already have been taken and hence there is no reason for bank customers to panic. Advisory issued by NPCI to banks for re-cardification is more as a preventive exercise.”

NPCI would like to state its position as under:

1. The genesis of problem was receipt of complaints from few banks that their customer’s cards were used fraudulently mainly in China and USA while customers were in India. Apprehending that this could be a case of card data compromise, all the ATMs / PoS terminals in India and three card networks - RuPay, Visa and MasterCard worked in a collaborative manner in the month of September 2016.
2. It was established through the analysis post such frauds were reported that there was a possible compromise at one of the payment switch provider’s system. Based on the analysis, NPCI and other schemes identified the period of compromise and the possible card numbers which could have been compromised during that period.
3. Though there were no complaints from any of the RuPay cardholders, NPCI as a domestic utility for ATM payments has taken the lead role for proactive steps in discussing the matter with various banks and card networks.
4. The complaints of fraudulent withdrawal are limited to cards of 19 banks and 641 customers. The total amount involved is Rs. 1.3 crore as reported by various affected banks to NPCI. Cards of all these complainants are related to other card schemes. There is no RuPay cardholder who had lodged any complaint for such fraudulent usage.
5. All affected banks have been alerted by all card networks that a total card base of about 3.2 million could have been possibly compromised. Out of this 0.6 million are RuPay cards.
6. It was suspected that a compromise was at switch level which is PCI-DSS certified. Hence, subsequently PCI Council (the international body which sets standards on for PCI-DSS) was persuaded to conduct a forensic audit of the switch of one bank which is likely to be the point of compromise. The forensic study is in progress and NPCI is in touch with relevant stakeholders.
7. Based on the advisory issued by NPCI and other schemes, it is gathered that banks have advised their customers to change their debit card PIN. In situations where customers could not be contacted, the cards have been blocked and fresh cards are being issued by member banks.
8. NPCI is closely working with all stakeholders and once the forensic investigation is over and the root cause is identified, we will issue a further set of recommendations as precautionary measures to member banks.

Media Contacts:

Neelasri Barman / Manish Kohli

08879760249 / 07506446583

neelasri.barman@npci.org.in / manish.kohli@npci.org.in