

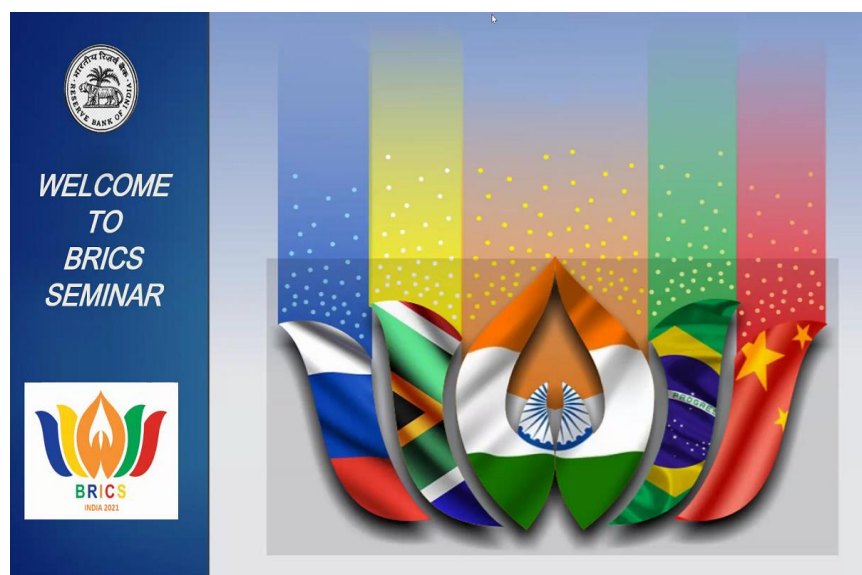


RESERVE BANK OF INDIA/ भारतीय रिजर्व बैंक

BRICS Seminar on Information Security and Consumer Protection

December 15, 2021

The BRICS Seminar on ‘*Information Security and Consumer Protection*’ was organised by the Reserve Bank of India (RBI) on December 15, 2021 under India’s BRICS Chair (2021). The Seminar was chaired by Executive Director Mr. R. Subramanian, RBI and comprised of three sessions, viz., the keynote address on “Information Security & Consumer Protection: Way Ahead” by Prof. H. Krishnamurthy; a Roundtable Discussion on “Social Engineering and Anti-Fraud Measures”, and a Panel Discussion on “Consumer Protection in Digital Payment Systems”. The seminar was attended by over 130 members of the central bank and government officials of BRICS countries.



Dr. Mohua Roy, Adviser-in-Charge, International Department, RBI in her **Opening Remarks** emphasised the role played by evolving payment systems and technology in furthering financial inclusion at all levels together with recognising the need to be vigilant and dynamic in adopting consumer protection and anti-fraud policies.



Mr. Subramanian, in his **Inaugural Address** appreciated the progress made by various workstreams and various publications issued under BRICS India chair. He further highlighted that although the COVID-19 pandemic has been an unprecedented crisis, it has acted as a catalyst for digital transformation. Recognising the interconnectedness of the financial systems, he talked about the increasing incidents of cyber frauds such as phishing, vishing, QR code/ UPI scam, etc., the threats posed by them and emphasised the need of adopting robust cybersecurity and consumer protection measures to make the systems resilient.

The **Keynote Address** by Prof. H. Krishnamurthy, former Chief Research Scientist at Indian Institute of Science and Member, RBI's Standing Committee on Cyber Security, emphasised the need for strengthening the cybersecurity posture, enhancing trust and confidence for consumer protection, cost effective technology solutions and improving service delivery for achieving digital financial inclusion goals. While speaking on the need for cooperation and information sharing of cyber incidents, he commended the 'BRICS Rapid Information Security Channel', which focuses on the formats and procedures for cooperation of the BRICS countries in countering cyber-attacks and suggested that BRICS nations further strengthen such exchange programs. In this context, he underscored the need to address the issue of data protection, data quality, data security and data secrecy and privacy issues.

He remarked that as the delivery of financial services is embarking on a major business transformation, enhancing the trust and confidence of all stakeholders is a pre-requisite for protecting the interest of customers. With the increase in ransomware attacks in 2021, security issues should be considered in its entirety, from the point of view of 'zero trust' and not merely in terms of perimeter security.

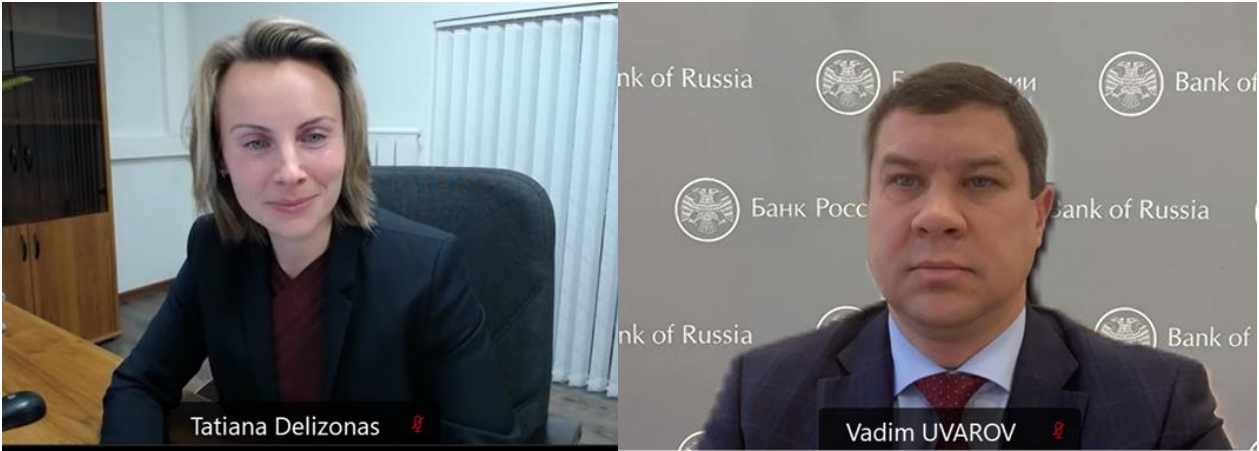


Threat Intelligence to Security Intelligence

- Threat intelligence is knowledge that allows you to prevent and mitigate attacks on digital systems.
- Rooted in data, threat intelligence provides context like who's attacking you, what their motivation and capabilities are, and what indicators of compromise (IOCs) in your systems to look for.
- It helps you make informed decisions about your security.
- Security intelligence is a broad concept that is actually made up of two kinds of intelligence — **operational** and **strategic**. These two types of intelligence differ in their sources, the audiences they serve, and the formats in which they appear.

He advised regulators to also look into the aspects of security audit of partners of banks such as insurance companies and other third parties keeping in view the growing horizon of targets for cyber-attacks.

The Roundtable discussion on *Social Engineering and Anti-Fraud Measures* was moderated by Ms Tatiana Delizonas, Bank of Russia (BoR). Mr. Vadim Uvarov, Director, Information Security Department, BoR gave a special presentation on Bank of Russia's experience in countering frauds and protecting financial service consumers.



The other speakers included Mr Emran Islam, Senior Financial Sector Expert, International Monetary Fund (IMF); Mr. Gerhard Cronje, Head of Cyber IS Unit, South

African Central Bank; Mr. Sanjay Bahl, Director General, Computer Emergency Response Team - India (CERT-In); Mr. T. K. Rajan, Chief General Manager, Department of Supervision, RBI and Mr. Stanislav Kuznetsov, Deputy Chairman of Executive Board, SberBank, Russia.



The discussions by the speakers covered types of social engineering and the way it is used for committing frauds; key measures for protection, detection and response controls complemented with need of information sharing, law enforcement, international cooperation and enhancing consumer awareness. The speakers also discussed the importance of enhancing the capabilities of financial institutions' systems in preventing fraud attempts through supportive legislations, regulation, supervision and increasing awareness of these frauds. Some of the initiatives taken by other BRICS countries like the financial cyber literacy campaigns and the cyber training programme undertaken by the Bank of Russia; the newly enacted South African Cybercrimes Act; advisories issued by CERT-In against various frauds were discussed. Measures taken by RBI including directions for regulated entities on digital payment security, multi-factor authentication for digital transactions; exploring the possibility of rating of banks against cyber security risk were also part of the discussion. The speakers emphasised the need for a multi-pronged multi-disciplinary approach, information sharing, law enforcement, international cooperation and coordination.

The **Panel Discussion on “Consumer Protection in Digital Payment Systems”** was moderated by Mr. V. G. Sekar, Chief General Manager, RBI.



The panellists included Mr. Harish Natarajan, Lead Financial Sector Specialist, World Bank; Mr. Francisco Silveira, Deputy Head, Conduct Supervision Department, Central Bank of Brazil (BCB); Mr. Sudhanshu Prasad, General Manager, Department of Payment and Settlement Systems, RBI; Mr. Akhil Handa, Chief Digital Officer, Bank of Baroda and Mr. Ravi Rajagopalan, MD-CEO, Empays Payments Systems.

The basic idea that emerged from the panel discussion was that while the digital technologies-driven inclusion continues at a rapid pace, there is a need to focus on the associated challenges such as, customer protection, trust, privacy, transparency and security. The digital and financial vulnerabilities are exposing the consumers to new forms of cyber threats and financial frauds. In this context, a robust consumer protection framework and an effective grievance redressal mechanism ensures the consumer trust and thereby promotes financial stability, growth and encourages innovation as well as competition over time. Despite the rapid technological progress, all BRICS countries suffer from digital divide and the implications of this divide are profound, especially after the pandemic. This issue has to be addressed on a priority basis.



The discussion covered recent RBI measures such as the Charter of Consumer Rights and the One Nation One Ombudsman Scheme and alerts through multiple channels for digital transactions; the legal framework on payments institutions established by the Central Bank of Brazil (BCB) and its initiatives of setting of transaction limits during non-peak hours, cautionary freezing of account in cases of suspected frauds and a special return mechanism under PIX - their instant payment system.

A key challenge which is currently emerging is that open banking, third-party applications, tokenisation and agent network managers have direct access to consumer's bank account or are interacting frequently with them and generally away from any direct oversight of the regulator. In a digitising world, the relevance of the consent of the consumer is becoming more significant and it is increasingly vital that the consumer is truly informed and literate about the implications of his consent.

The Seminar ended with the Dr. Roy thanking all the speakers and panellists for their insightful exposition. She also expressing of gratitude for the cooperation provided by the BRICS central bank teams during 2021 to the India Chair. She extended support to People's Bank of China as India hands over the BRICS Chair to China in 2022.
