

# RBI revamps digital fraud compensation rules; expands customer safeguards

For losses up to Rs 50,000, 85% of loss amount or Rs 25,000, whichever is less, to be compensated.

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The RBI said in the case of a complaint arising out of fraudulent EBT in a credit card, a bank should provide shadow reversal equivalent to the amount involved in the EBT within five calendar days from the date of receipt of notification from the customer. (File photo)

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The Reserve Bank of India (RBI) on Wednesday unveiled a revised compensation mechanism for victims of digital payment frauds and widened its framework for limiting customer liability.

According to the central bank, a bona fide victim who has lodged a complaint involving gross loss of up to Rs 50,000 on account of fraudulent electronic banking transaction (EBT) will be compensated 85% of the net loss amount or Rs 25,000, whichever is less, once during the lifetime.

The victim should report the fraudulent EBT on the National Cyber Crime Reporting Portal or National Cyber Crime Helpline (1930) and to the bank within five calendar days from its occurrence, it said in the Reserve Bank of India (Commercial Banks-Responsible Business Conduct) Third Amendment Directions, 2026.

The new directions will apply in cases of electronic banking transactions undertaken by customers of a bank on or after January 1, 2027.

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For a complaint related to fraudulent EBT involving a loss amount of less than Rs 29,412, where a compensation of 85% is paid, 65% will be borne by the RBI, 10% by the customer's bank and the remaining 10% by the beneficiary bank, the RBI said.

In the case of a complaint arising out of cross-border fraudulent EBT, 65% will be borne by the RBI and the remaining 20% by the customer's bank.

For a complaint related to fraudulent EBT involving a loss amount of Rs 29,412 or more but up to Rs 50,000, where a compensation of Rs 25,000 is paid, the RBI, the customer's bank and the beneficiary bank should contribute Rs 19,118, Rs 2,941 and Rs 2,941, respectively, towards the compensation in case of a complaint arising out of domestic fraudulent EBT, it said.

In case a complaint arises out of cross-border fraudulent EBT, the RBI and the customer's bank will contribute Rs 19,118 and Rs 5,882, respectively, towards the compensation, it said.

Beneficiary bank refers to the bank where the fraudulent debited amount is first credited. In cases where there is more than one beneficiary bank, the applicable compensation to be borne by each bank shall be in the proportion of the amount credited to their respective account.

If a recovery is made in relation to a complaint involving fraudulent EBT after the compensation is paid, the customer's bank should recalculate the compensation payable on the net loss amount and accordingly make additional payment from the recovered amount after factoring in the excess amount of compensation, if any, paid before the recovery, the RBI said.

The RBI said in the case of a complaint arising out of fraudulent EBT in a credit card, a bank should provide shadow reversal equivalent to the amount involved in the EBT within five calendar days from the date of receipt of notification from the customer.

Unauthorised electronic banking transaction means a transaction which is not authorised by a customer and includes an EBT occurring on account of negligence by a bank or a third-party breach, the RBI said.

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