

**NLU-IMT COLLABORATIVE PROGRAMS**  
**MS IN CYBER LAW AND CYBER SECURITY**  
**II SEMESTER**  
**E-BANKING & ELECTRONIC PAYMENT SYSTEM (NLU-04)**  
**ASSIGNMENT**

Max. Marks-30

Last Date of Submission- 31 December, 2013

Address for Submission:

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NLU-IMT Collaborative Programs  
National Law University  
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**Instructions:**

1. *Part A has 1 question which carries 15 marks.*
2. *Part B has 4 questions of 5 marks each. Attempt any 3*
3. *You can rely on other sources in addition to study material for writing this assignment*
4. *The assignment should be hand written*

**Part – A : Case Study.**

**Q1.** Rishi is having a bank account with ICICI Bank. Rishi is not a very net savvy person and transacts generally offline. He is not having any net banking account also. ICICI Bank in order to promote net banking was sending its employees to High Networth Individual clients like Rishi so as to enable them to start doing electronic transactions. In this drive, one Sashi who was an employee of ICICI Bank approached Rishi and asked him to open an electronic account. Sashi even made one net banking account for Rishi. Rishi opened a net banking account but still was not very comfortable in using the online account. Nevertheless Rishi never complained also to ICICI bank about the net banking facility they had provided to him for free. Whenever Rishi wanted any transaction to be done he would call Sashi and Sashi would do the transaction for Rishi. After 6 months of opening of the net banking account, Rishi received 1 crore rupees from

a client of his, which Rishi wanted to send to his daughter in London. Rishi called Sashi to transfer 1 crore rupees first from his HDFC account to his own ICICI account and then to his daughter's account in London. Sashi meanwhile had been removed from ICICI Bank services, and an email in this regard had been sent to all the clients whom Sashi was handling. Sashi did not disclose this fact to Rishi and fraudulently transferred 1 crore rupees from Rishi's HDFC account to his own account. Rishi was told by Sashi that since the amount is big and transferring from HDFC to ICICI and then to daughter's account in London will require time, Rishi may wait for one month. Rishi waited for some time. Suddenly one day Rishi saw the email by ICICI Bank that Sashi had been removed from their services due to lack of integrity. Rishi got worried and hurriedly went to HDFC bank to find out that money was transferred from his HDFC bank directly to Sashi's account and from there to some unknown account and the money had been withdrawn. Rishi filed a case against HDFC and ICICI bank for recovery of 1 crore rupees. Rishi's plea was that ICICI Bank induced him to open net banking and thus he opened the net banking in ICICI. Looking at the benefit of netbanking, Sashi induced Rishi to open netbanking even in HDFC bank which Rishi did. Now the money that too a high amount of Rs. 1 crore was fraudulently encashed by Sashi without any check. Though Sashi knew about the netbanking password but both HDFC bank and ICICI Bank had failed to send One time password (OTP) on Rishi's phone and thus both are liable for the 1 crore rupees loss.

Argue on behalf of HDFC Bank and ICICI Bank that they are not liable. You may take help of decided case laws or provisions of law.

Give a final decision as to who will be ultimately liable or none of the banks are liable.

[Note: you are free to add certain more facts which are logically related to above story so as to give more relevance to your logic while arguing from the side of the banks or giving decision. But the additional facts should not contradict or be too improbable from the facts given in question]

**[15 Marks]**

## **Part- B**

*Attempt any **three** of the following.*

**Q2.** Whether suggestions given by RBI working group on Electronic Banking (2012) are valid? Critically examine the suggestions given.

**[5 Marks]**

**Q3.** Explain with the help of the diagrams and examples the working of RTGS networks and NEFT network? Differentiate between RTGS and NEFT transactions.

**[5 Marks]**

**Q4.** Explain the various relationships between a banker and a customer. How has electronic banking changed the traditional relationship? **[5 Marks]**

**Q 5.** Write Short Notes on any **two** of the following: **[5 Marks]**

i. ECS

ii. Mobile Banking

iii. Cheque Truncation System