Digital Arrest Scam

Prelims: *Current events of national and international importance | Polity and Governance*

Why in News?

Recently, Supreme Court directed banks, regulators, intermediaries, and law enforcement to jointly curb "digital arrest" scams and improve cyber-fraud money recovery.

Digital Arrest Scam

- **Modus Operandi –** Cybercriminals impersonate police or government officials, threaten victims with "digital arrest," and extort money.
- **Mule Accounts –** Fraudsters use bank accounts to receive and transfer illicit funds.

Supreme Court Directions

- **RBI SOP –** RBI to frame a Standard Operating Procedure (SOP) on mule accounts within four weeks.
- **States –** Directed to strengthen grievance redressal and money restoration mechanisms for cyber fraud victims.
- **Centre –** Asked to examine feasibility of a shared liability and victim compensation framework.
- **Inter-Departmental Committee –** To consult banks and intermediaries on measures to tackle scams.
- **Public Awareness –** Institutions must run campaigns to educate citizens and detect fraud early.

Legal Context

- **Separate Offence –** SC suggested defining digital arrest as a distinct offence under criminal law with stringent penalties.
- **Objective –** Stronger deterrence, faster recovery, and coordinated institutional response.

Reference

[Times of India | Digital Arrest Scam]