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RBI Explores Universal "Kill Switch" and "Switch On/Switch Off" Facility

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Context

The **Reserve Bank of India (RBI)**, in its **Annual Report**, has announced that it is **exploring the implementation of a universal "Kill Switch" mechanism**, along with a **"Switch On/Switch Off" facility**, across **all digital payment channels** in India. The **Kill Switch** is being designed as an **emergency security protocol** that allows a user to **immediately freeze all financial operations and fund transfers** from their **bank account or digital wallet**, the moment they realise they are caught in a **scam**, especially **real-time frauds** like the **fake "digital arrest" video calls** that have become increasingly common.

What each facility does:

Facility	Function
Kill Switch	**Instantly freezes all financial operations and fund transfers** from a user's account or wallet
Switch On/Switch Off	Lets users **selectively enable or disable specific transaction channels** (UPI, IMPS, international cards, etc.)

How activation works:

Channel	Use Case
Mobile banking app	Single-tap **emergency button** built into native banking apps
Designated SMS code	Quick activation when app access is compromised
Toll-free portal / call centre	Alternative channel for non-tech users
Internet banking portal	Activation from any computer with credentials
IVR (Interactive Voice Response)	Voice-based emergency activation

Payment systems to be covered:

Payment Mode	Coverage
Debit and credit cards	Already covered through existing card controls
Unified Payments Interface (UPI)	To be brought under the new framework
Immediate Payment Service (IMPS)	Covered
National Electronic Funds Transfer (NEFT)	Covered
Internet banking	Covered
Digital wallets	Covered

About the News

What is the RBI exploring?

A **universal Kill Switch** and a **Switch On/Switch Off** facility across **all digital payment channels** in India, to give users **emergency control** over their accounts during **cyber frauds**.

How will the Kill Switch work in practice?

A user who suspects fraud can **activate the Kill Switch** through their **mobile banking app, SMS code,**

toll-free portal, IVR, or internet banking. Once triggered, the bank **instantly blocks all outward fund movements** from the user's account.

What payments will it cover?

Unified Payments Interface (UPI), IMPS, NEFT, internet banking, debit and credit cards, and digital wallets. Unlike current card-only blocking, this is a **universal switch** across the entire **electronic payment spectrum**.

What is "Granular Channel Toggling"?

The **Switch On/Switch Off** feature lets users **disable specific transaction modules** while keeping others working. For example, a user can **turn off international transactions** but keep **domestic ATM withdrawals active**. This adds **everyday safety** to **regular usage**, not just emergencies.

Background Concepts (Q&A)

What are "Mule Accounts", and Why are They Central to Cyber Financial Fraud?

Mule accounts are **bank accounts used by criminals to receive, hold, and move fraudulently obtained money**, often **without the original account holder fully understanding their role**. In a typical cyber fraud, **the victim is tricked** into transferring money to a mule account, after which the funds are **rapidly moved through a chain of further mule accounts**, often into **wallets, gaming credits, or cryptocurrency**, to make the **money trail very hard to trace**. Mule accounts are **created in two main ways**: (a) **knowingly**, when a person sells or rents out their bank account to fraudsters for a small fee (a serious offence in itself); or (b) **unknowingly**, when fraudsters open accounts using **fake or stolen identity documents** and **forged KYC details**. Tackling mule accounts is one of the **biggest priorities** for the **RBI, banks, the Indian Cyber Crime Coordination Centre (I4C) under the Ministry of Home Affairs**, and **financial intelligence agencies**. Tools like the **Kill Switch** help by **stopping the original transfer** before money even reaches the mule chain.

Practice MCQs

Q1. With reference to the RBI's proposed Kill Switch facility, consider the following statements:

1. The Kill Switch will allow users to instantly freeze all financial operations and fund transfers from their account.
2. The facility will be available across UPI, IMPS, NEFT, internet banking, and digital wallets, not just debit and credit cards.
3. Activation will be possible through the mobile banking app, SMS code, IVR, internet banking, and toll-free portal.
4. The Switch On/Switch Off feature will allow users to selectively disable or enable specific transaction channels.

How many of the above statements are correct? (a) Only one (b) Only two (c) Only three (d) All four (e) None

Q2. Consider the following statements about the rationale behind the Kill Switch and Switch On/Switch Off mechanism:

1. Real-time cyber frauds like fake "digital arrest" video calls have increased in India.
2. Once siphoned, fraudulent funds are usually layered quickly through mule accounts, making recovery difficult.
3. Existing fraud-reporting and chargeback channels are mostly post-fraud, which causes delays in stopping money movement.
4. The Kill Switch facility is intended only for high-net-worth individuals and not for general retail users.

Which of the above are correct? (a) 1, 2 and 3 only (b) 1, 3 and 4 only (c) 2 and 4 only (d) 1 and 4 only (e)

All four

Q3. With reference to mule accounts and cyber financial fraud, consider the following statements:

1. Mule accounts are bank accounts used by criminals to receive and move fraudulently obtained money.
2. Mule accounts may be created knowingly by individuals selling their account access, or unknowingly through fake identity documents.
3. Tackling mule accounts is a key priority for the RBI, banks, and the Indian Cyber Crime Coordination Centre (I4C).
4. The Kill Switch facility helps stop transfers before money even enters the mule chain.

Which of the above are correct? (a) 1, 2 and 3 only (b) 1, 3 and 4 only (c) 2 and 4 only (d) 1 and 4 only (e) All four

Q4. Consider the following statements about cyber fraud reporting and digital payment security in India:

1. The national helpline number for reporting financial cyber frauds in India is 1930.
2. The Indian Cyber Crime Coordination Centre (I4C) functions under the Ministry of Home Affairs.
3. RBI has issued Master Directions on Digital Payment Security Controls.
4. The Reserve Bank-Integrated Ombudsman Scheme provides a unified grievance redressal mechanism for customers of RBI-regulated entities.

Which of the above are correct? (a) 1, 2 and 3 only (b) 1, 3 and 4 only (c) 2 and 4 only (d) 1 and 4 only (e) All four

Answer Key

1. (d), All four statements are correct.
2. (a), Statements 1, 2, 3 are correct. Statement 4 is wrong; the **Kill Switch is being designed for all retail users**, NOT just high-net-worth individuals. The whole point is to **protect ordinary citizens**, especially those vulnerable to **digital arrest, OTP, KYC, and similar frauds**.
3. (e), All four statements are correct.
4. (e), All four statements are correct.

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