



UNIVERSITI SAINS ISLAM MALAYSIA

جَامِعَةُ الْعُلُومِ الْإِسْلَامِيَّةِ الْمَالِيزِيَّةِ

ISLAMIC SCIENCE UNIVERSITY OF MALAYSIA

Law of Banking and Security

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- Electronic Banking

Electronic Banking

- Electronic Fund Transfers (EFT)
- Automated Teller Machines (ATM)
- Electronic Funds Transfer at Point of Sale (EFTPOS)
- Home banking
- SMART cards
- Debit cards
- Charge cards
- Internet Banking

EFT

- 1. Consumer: ATM, EFTPOS, Tel, Internet, home
- 2. Corporate: Financial EDI
- 3. Interbank: RENTAS and SWIFT
- 4. Plastic Cards: Smart card, debit, credit.

Disadvantages of Cash

- 1. Public: Theft, easy to lose
- 2. Business: Counterfeit, Theft and robbery, administration cost
- Advantageous of EB
 - 1. Cost saving
 - 2. Convenience
 - 3. International Access
 - 4. Shared resources

ATM

- 1st ATM: In London 1967. In Msia: by HSBC in 1982.
- 1. Balance
- 2. withdrawals
- 3. Statement
- 4. deposit cash
- 5. Pay bills

EFTPOS

- Fund transfer at the point of sale.
- Eg debit card
- There will be master contract bwn EFTPOS system member participants

Electronic Banking

- Consumer electronic banking
- Offences under the Cyber Crime Act 1997
- The Digital Signature Act 1997

Telephone Banking

- Voice response
- Voice recognition
- Programmable telephone
- 1. Account inquiry
- 2. Payment of bills
- 3. Funds management
- 4. Transfer of fund
- 5. Message service

Internet Banking

- Apply for loan
- Bills
- Account
- Statement
- Interbank transfer
- Fund Transfer

Financial EDI

- International trade
- Process of exchanging info
- Eg. Importer: Upon receipt of import documents. The importer details are linked to the EDI. Upon the arrival of the goods, the payments are cleared.

RENTAS

- Real-time electronic transfer of funds
- Online computer system.
 - Electronic transmission of credit and debit interbank funds transfer
 - To record the trading of government securities between member institutions

Products

- Smart Card: Debit and credit
- Debit cards
- Credit Cards: First in US in 1914.
- Charge Cards: Similar to credit card but the holder must settle the balance in full every month.

SWIFT

- Society for worldwide interbank financial transfer.
- Located in Belgium
- The network enables users to transmit between themselves payments, statements, associated with international finance.

Laws on Electronic Banking

- Law of contract
- Legislation:
 - BAFIA: s 119- authorisation of BNM
 - Digital Signature Act 1997- Data security
 - Communications and Multimedia Act 1998: consumer protection
 - Computer Crimes Act 1997: offences- misuse of computers.
 - Payment Systems Act 2003: Written authorisation of BNM for EFT.

Cyber crimes

Offences covered under the Malaysian
Computer Crime Act 1997

Interpretation : Section 2

■ Computer

means an electronic, magnetic, optical, electrochemical, or other data processing device, or a group of such interconnected or related devices, performing logical, arithmetic, storage and display functions, and includes any data storage facility or communications facility directly related to or operating in conjunction with such device or group of such interconnected or related devices, but does not include an automated typewriter or typesetter, or a portable hand held calculator or other similar device which is non-programmable or which does not contain any data storage facility;

Interpretation

- Computer network means the interconnection of communication lines and circuits with a computer or a complex consisting of two or more interconnected computers;
- "computer output" or "output" means a statement or a representation whether in written, printed, pictorial, film, graphical, acoustic or other form-
 - (a) produced by a computer;
 - (b) displayed on the screen of a computer; or
 - (c) accurately translated from a statement or representation so produced;

Data

- Data means presentations of information or of concepts that are being prepared or have been prepared in a form suitable for use in a computer;
- "function" included logic, control, arithmetic, deletion, storage and retrieval and communication or telecommunication to, from or within a computer;
- "premises" includes land, buildings, movable structures and any conveyance by land, water and air;

Interpretation

- Program means data representing instructions or statements that, when executed in a computer, causes the computer to perform a function.
- (2) For the purposes of this **Act**, a person secures access to any program or data held in a computer if, by causing a computer to perform any function, he-
 - (a) alters or erases the program or data;
 - (b) copies or moves it to any storage medium other than that in which it is held or to a different location in the storage medium in which it is held;
 - (c) uses it; or

Part II of the Computer Crime Act 1997

SECTION 3: Unauthorised to access to computer material.

- (1) A person shall be guilty of an offence if-
 - (a) he causes a computer to perform any function with intent to secure access to any program or data held in any computer;
 - (b) the access he intends to secure is unauthorised; and
 - (c) he knows at the time when he causes the computer to perform the function that that is the case.
- (2) The intent a person has to have to commit an offence under this section need not be directed at-
 - (a) any particular program or data;
 - (b) a program or data of any particular kind; or
 - (c) a program or data held in any particular computer.
- (3) A person guilty of an offence under this section shall on conviction be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding five years or to both.

Offences

Section 4. Unauthorised access with intent to commit or facilitate commission of further offence.

- (1) A person shall be guilty of an offence under this section if he commits an offence referred to in section 3 with intent-
- (a) to commit an offence involving fraud or dishonesty or which causes injury as defined in the Penal Code

Offences

■ Section 5 Unauthorised modification of the contents of any computer.

- (1) A person shall be guilty of an offence if he does any **act** which he knows will cause unauthorised modification of the contents of any computer.
- (2) For the purposes of this section, it is immaterial that the **act** in question is not directed at-
 - (a) any particular program or data;
 - (b) a program or data of any kind; or
 - (c) a program or data held in any particular computer.
- (3) For the purposes of this section, it is immaterial whether an unauthorised modification is, or is intended to be, permanent or merely temporary.

Offences

- **Section 6: Wrongful communication.**
- (1) A person shall be guilty of an offence if he communicates directly or indirectly a number, code, password or other means of access to a computer to any person other than a person to whom he is duly authorised to communicate.
- (2) A person guilty of an offence under this section shall on conviction be liable to a fine not exceeding twenty-five thousand ringgit or to imprisonment for a term not exceeding three years or to both.

Offences

Section 7 Abetments and attempts punishable as offences.

(1) A person who abets the commission of or who attempts to commit any offence under this **Act** shall be guilty of that offence and shall on conviction be liable to the punishment provided for the offence.

(2) A person who does any **act** preparatory to or in furtherance of the commission of any offence under this **Act** shall be guilty of that offence and shall on conviction be liable to the punishment provided for the offence:

Provided that any term of imprisonment imposed shall not exceed one-half of the maximum term provided for the offence.

■ *Thiangiah & SL Iwn Pendakwa Raya [1997] MLJ 79 (HC).*

Scope to offences

■ Section 9: Territorial scope to offences under this Act.

- (1) The provisions of this **Act** shall, in relation to any person, whatever his nationality or citizenship, have effect outside as well as within Malaysia, and where an offence under this **Act** is committed by any person in any place outside Malaysia, he may be dealt with in respect of such offence as if it was committed at any place within Malaysia.
- (2) For the purposes of subsection (1), this **Act** shall apply if, for the offence in question, the computer, program or data was in Malaysia or capable of being connected to or sent to or used by or with a computer in Malaysia at the material time.
- (3) Any proceeding against any person under this section which would be a bar to subsequent proceedings against such person for the same offence if such offence was committed in Malaysia shall be a bar to further proceedings against him under any written law relating to the extradition of persons, in respect of the same offence outside Malaysia.

Powers given to police enforcement

10. Powers of search, seizure and arrest.

- (1) Whenever it appears to any Magistrate upon information and after such inquiry as he thinks necessary that there is reasonable cause to believe that in any premises there is evidence of the commission of an offence under this **Act**, he may, by warrant directed to any police officer of or above the rank of Inspector, empower the officer to enter the premises, by force if necessary, and there to search for, seize and detain any such evidence and he shall be entitled to.
- (3) it is an offence to enter without warrant

Search

Section 11: **Obstruction of search.**

(1) A person shall be guilty of an offence if he-

(a) assaults, obstructs, hinders or delays any police officer in effecting entrance to any premises under this **Act** or in the execution of any duty imposed or power conferred by this **Act**; or

(b) fails to comply with any lawful demands of a police officer acting in the execution of his duty under this **Act**.

(2) A person guilty of an offence under this section shall on conviction be liable to a fine not exceeding twenty-five thousand ringgit or to imprisonment for a term not exceeding three years or to both.

Prosecution

Section 12: Prosecution.

- A prosecution under this **Act** shall not be instituted except by or with the consent of the Public Prosecutor in writing.