

NPCI/AePS/2019-20/009

October 16, 2019

To,

All AePS Member Banks

Dear Madam / Sir,

Sub: AePS – Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions

We refer to RBI circular DPSS.CO.PD. No.629/02.01.014/2019-20 dated 20th September, 2019 towards harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems.

RBI circular states that for every failed transaction, the credit amount shall be auto reversed to the customer's account *suo moto*, without waiting for customer's complaint/claim along with the compensation in case of delay as per stipulated time. The circular also harmonises the turnaround time (TAT) for such adjustments and compensation to be charged to the participant deferring the adjustment.

It is also classified that transaction failures could be on account of various factors not directly attributable to the customer. Eg. Disruption of communication links, time out of sessions etc.

Please refer **Annexure A** for change in TAT and customer compensation along with the interim process to be implemented.

Please make note of the above and disseminate the instructions contained herein to the officials concerned.

For any queries or clarification, please contact:

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Yours faithfully,


Giridhar G M

Chief – Offline Product Operations

Annexure A

AePS transactions include financial transactions such as Cash withdrawal, BHIM Aadhaar & Fund Transfer (with successful bio-metric authentication) which are settled by NPCI with Member banks.

AePS disputes are due to reasons such as Cash or Goods and Services not received by customer. For AePS disputes, there is an existing process for calculation and settlement of customer compensation from chargeback date for dispute types such as Chargeback, Pre-arbitration acceptance / deemed acceptance, Arbitration acceptance and NRP/ PRD decision in favour of Issuing bank.

As per new RBI circular, the framework for auto reversal and compensation for AePS transactions are as follows:

Framework for Auto Reversal and Compensation for AePS transactions		
Description of the Incident	Timeline for auto reversal	Compensation Payable
Cash Withdrawal – Micro – ATMs Customers account debited but cash not received	Pro-active reversal (R) for the failed transaction within a maximum of T + 5 days.	₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.
Aadhaar Pay Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate "Credit Adjustment" within T + 5 day.	₹100/- per day if delay is beyond T + 5 days.
Fund Transfer Remitters Account is debited but beneficiary account not credited.		

Member Banks to note that:

- T is the day of transaction and refers to calendar date.
- The prescribed TAT is the outer limit for resolution of failed transactions.
- Customer compensation shall be applicable on disputes/adjustments such as
 - a) Chargeback acceptance/deemed acceptance
 - b) Credit adjustment
 - c) Pre-arbitration acceptance/deemed acceptance
 - d) Arbitration acceptance OR NRP/PRD decision in favour of Issuing Bank
 - e) Good faith Chargeback acceptance/deemed acceptance



Roles and Responsibilities (Cash withdrawal / BHIM Aadhaar)

Acquirer / Issuer

- a) For transaction failures at Issuer's Switch and NPCI switch, it is the responsibility of the Issuer Bank to reverse the amount to customer's account.
- b) For transaction failures at Acquirer/BC/Merchant location and where customer has not received Cash, availed Good or Services:
 - Acquirer/BC/Merchant to initiate a credit adjustment within 4 calendar days from the transaction date. Amount to be reversed to the Customer's account within 5 calendar days.
 - Where Acquirer/BC/Merchant have failed to initiate a Credit adjustment/Refund, if the customer lodges a complaint with the Issuing bank, Issuing bank to initiate a chargeback with specific MMT (Member Message Text) as 'Transaction not successful – Failed at BC/Merchant location' to identify disputes arising due to such Failed Transactions.

Roles and Responsibilities (Fund Transfer)

Acquirer / Issuer

- Issuer Bank to initiate Debit Adjustment for Timed out transaction (RC -08) where customer account is credited online within 4 days from the transaction date.
- Acquirer Bank shall wait for Debit adjustment upto 4 days from the date of transaction, if not received then reverse the customer account on 5th day.

In view of RBI circular, we have to introduce certain changes in the BCS back office system which is as mentioned herein below:

(The changes in BCS shall take some time. Therefore, we shall implement an interim process for compensation calculation and settlement.)

1. Existing DRC penalty for failed Cash Withdrawal transactions will be discontinued. However, Member banks shall continue to receive the DRC reports.
2. Debit Adjustment TAT for Fund transfer transactions shall be revised from the existing 5 calendar days to 4 calendar days.

Manual process for calculation & settlement of customer compensation (before implementation of changes in BCS)

- Customer compensation on the disputes/adjustments for transaction dated from 15th October, 2019 shall be calculated as per new RBI circular and settled through manual adjustment at regular intervals.
- The penalty amount settled through manual adjustment shall be captured in Daily Settlement Report (DSR/NTSL) as separate line item with proper narration.
- The dispute wise / adjustment wise details of the compensation calculated shall be provided at regular intervals under 'File Download' option in BCS system.