

NPCI/NFS/OC No. 118/2014 – 15

20th May, 2014

To,

All the Members of National Financial Switch (NFS)

Dear Sir / Madam,

Sub: NFS – Importance of Daily Reconciliation Process

Objective:

The objective of issuing this circular is to reiterate the importance of daily reconciliation of ATM transactions.

This circular recommends process to be followed by banks for efficiency in reconciliation and handling exceptional transactions.

Issuing transactions:

- For issuing transactions, banks must do reconciliation of CBS, Switch and NFS raw data. This three-way reconciliation will help banks to timely identify and handle exceptional transactions.

Acquiring transactions:

- For acquiring transactions, banks must do reconciliation between Switch and NFS raw data. Where individual acquiring transactions are accounted in CBS separately, it would be expedient to do three way reconciliation process. This will help banks to timely identify and handle exceptional transactions.
- Also, for acquiring transactions, reconciliation considering Electronic Journal (EJ files) will help banks to identify and address the following cases:
 - Transactions successful at switch but failed at ATM level.
 - Transactions successful at ATM level but is reversed or captured as declined at switch.

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Reconciliation of cash in ATMs:

- Reconciliation of Cash in ATM i.e. tallying physical cash balance at the ATM on the basis of ATM Counters, cash balance report (CBR) or switch admin transactions data with ATM GL balance as per CBS will help banks to identify excess cash or shortages at the ATM. Such excess or shortages, as the case may be, must be investigated and appropriate action should be taken immediately so as to ensure that these exception items are not carried over indefinitely.

Daily reconciliation will help banks to:


- Ensure that the amount receivable or payable for ATM transactions are settled by NPCI and exceptions (if any) can be addressed immediately by processing adjustment in DMS.
- Address the issue of surplus credits getting accumulated.
- Process credit adjustments on time which will result in -
 - Reduction of chargebacks, thereby saving the operational efforts involved in addressing chargebacks and penalties associated with not raising credit adjustments on time.
 - Reduction in customer complaints for failed transactions.
- Resolve customer complaints immediately.

Proper implementation of daily reconciliation process shall not only help the banks to have a better control over the GLs for ATM transactions and address customer complaints effectively but shall also benefit the overall ATM ecosystem.

For any further queries or clarification, please contact:

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Yours faithfully,


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