

NPCI/NFS/OC No.232/2016-17

7<sup>th</sup> December, 2016

To,  
**All Members of National Financial Switch (NFS)**

Madam/Dear Sir,

**Sub: NFS ATM Network – Advisory relating to Chargeback**

NPCI's NFS Operations division regularly meets members and conducts NFS Operations Working Group meetings. Suggestions received from members during these meetings are reviewed and taken up for implementation, to the extent feasible. This includes DMS based changes, process improvement and any other recommendations for the benefits of members/customers.

### **Recommendation 1**

Take advantage of Credit adjustment overriding Chargeback (CoC) facility available in NFS DMS so that the customers are benefitted with immediate clear credit.

Issuing Banks are advised to avoid raising chargeback on bank holidays, 2<sup>nd</sup> and 4<sup>th</sup> Saturdays and Sundays to the extent possible. The complaints received on holidays can be processed and kept ready for raising chargeback on next working day (morning). This will help Acquirers to check chargeback received by them during the day, ascertain the status of transaction and raise credit adjustment (CoC) for failed transaction on the same day of chargeback. This will help cardholders to get immediate clear credit, instead of waiting for the representation time frame.

### **Recommendation 2**

Reference: NFS OC.214 dated 18<sup>th</sup> July'16 on handling Single Dispute Multiple Transactions (SDMT) cases.

- a. Issuing banks should raise chargeback under regular chargeback option for cases where cardholder has done multiple cash withdrawal transactions on a particular ATM in a day and **has not received full amount for all the transactions** done at the ATM.

If chargeback in such cases are raised under SDMT, all the transactions will be grouped together and Acquirer will not be able to raise CoC for any of the failed transaction. Raising chargeback under regular chargeback option shall enable Acquirer to raise CoC so that the customer can get immediate clear credit.

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- b. We have received feedback from members that some Acquiring banks are not using option of accepting chargebacks raised under SDMT.

Acquiring banks are requested to accept chargeback in case any of the transaction/s grouped under SDMT are failed. DMS allows the user to accept the chargeback against which the check box for accepting the chargeback is displayed on the screen. Other grouped transaction/s on which chargeback is not raised is blocked by the system for further action.

For accepting chargeback for failed transaction, user needs to accept the chargeback against which the check box is available. While accepting chargeback, user should provide the RRN/s of transactions which are failed in the 'Bankadjref' field. The syntax shall be 'RRN1,RRN2,RRN3' where RRN1,RRN2,RRN3 are the RRN/s of the failed transaction/s.

### Recommendation 3

Members should analyse error codes/messages printed in the EJ/JP for cases where chargebacks are accepted and/or credit adjustments are raised. It should be taken up with ATM Vendor / Switch Team for exploring feasibility of generating online reversals for such failed transactions to avoid chargebacks. For those cases where generating online reversals is not feasible, such cases should be identified and verified during reconciliation process on T+1 day basis and pro-active credit adjustments should be raised for failed transactions.

### Recommendation 4

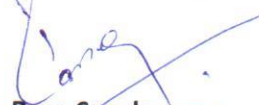
During reconciliation and while handling disputes, if Acquirer observes that transaction time in Electronic Journal (EJ) / Journal Print (JP) is not matching with the transaction time as per switch log, it should be taken up with team concerned / ATM vendor for ensuring that the ATM and Switch time is synchronised. This shall avoid additional clarification/explanation to be given by Acquirer when EJ / JP is given to the cardholder or submitted to any authorities.

You may please make note of the above and disseminate the information contained herein to the officials concerned.

For any queries or clarification, please contact:

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Yours faithfully,



**Ram Sundaresan**  
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