

NPCI/NFS/OC No.241/2016 -17

07th February, 2017

To,

All Members of National Financial Switch (NFS)

Madam / Dear Sir,

Sub: NFS ATM Network – Dispute management guidelines for Interoperable Cash Deposit (ICD) transactions.

We refer to our OC 220 dated 18th August, 2016, on settlement and reconciliation procedure for Interoperable Cash Deposit (ICD) transactions in NFS. NFS members live on ICD shall be able to raise disputes and adjustments in NFS-DMS for handling customer complaints and any exceptions identified during reconciliation.

Objective

The objective of this circular is to familiarise NFS members with the dispute management guidelines for ICD transactions.

ICD transaction record in Dispute Management System (DMS)

There shall be two records for Own Account Deposit (Account linked to the Card) transaction in DMS as given below:

ICD Transaction	Type of transaction (Record)	Bank code in Acquirer field	Bank code in Issuer field	Card No.	Remarks
Validation Leg	IQ (Issuer & Beneficiary)	Acquirer	Issuer / Beneficiary (Both are same)	Depositor's Card No	NA
Deposit Leg	FD	Acquirer	Beneficiary	Issuer details	Considered for fund movement (transaction amount), interchange and switching fees for settlement



There shall be three records for Third Party Account Deposit (any other account) transaction in DMS as given below:

ICD Transaction	Type of transaction (Record)	Bank code in Acquirer field	Bank code in Issuer field	Card No.	Remarks
Validation Leg	PV (Issuer)	Acquirer	Issuer	Depositor's Card No (Issuer)	Considered for interchange fee payable by Issuer to Acquirer and NPCI switching fees for settlement
	CQ/UQ/AQ/MQ (Beneficiary)	Issuer	Beneficiary	Beneficiary details	NA
Deposit Leg	CD/UD/AD/MD	Acquirer	Beneficiary	Beneficiary details	Considered for interchange fee payable by Beneficiary to Acquirer and fund movement (transaction amount) for settlement

Dispute management guidelines

Depositor (cardholder) needs to approach their bank (Issuer) for complaints on ICD transaction.

Issuing bank can raise dispute on Beneficiary bank for transaction settled by NPCI (RC-00/71), but not credited to beneficiary account where no credit adjustment is raised.

Issuing bank can raise dispute on Acquirer for the following:

- a. Cash is deposited (not returned to depositor), the transaction is not settled at NPCI (RC not equal to 00 or 71) and no credit adjustment is raised for the deposited amount.
- b. Cash is retained by the cash deposit machine (CDM) as suspect notes and credit adjustments is not raised for genuine notes and/or declaration is not provided for any counterfeit notes impounded.

Details of dispute cycle are provided in **Annexure A**.

Detailed process to be followed for handling disputes for ICD transaction is given in **Annexure B**.

List of documents to be submitted for various dispute / adjustment types is given in **Annexure C**.

RBI Reporting

As per RBI guidelines, Banks live under ICD service has to submit the following reports on monthly basis:

1. Statement of Interoperable Cash Deposit enabled ATMs (CDMs)
2. Report on counterfeit notes detected at Interoperable Cash Deposit enabled ATMs (CDMs).

All participating member banks shall update the reports in DMS by the 5th of every succeeding month in the format prescribed by RBI as per **Annexure D**. Detailed process of updating reports in DMS is given in Annexure B.

Please note the following for raising / addressing disputes and adjustment for ICD transactions in DMS:

1. A separate menu option is provided in DMS for raising disputes and adjustments for ICD transactions.
2. Disputes and adjustments can be raised only on transaction type 'CQ/UQ/AQ/MQ' for Issuer - Beneficiary dispute cycle and 'PV/FD' for Issuer - Acquirer dispute cycle.
3. All disputes and adjustments shall be allowed through front end in DMS. Inquiry request, Chargebacks, representment, credit and debit adjustment shall be allowed through bulk option.
4. Raising disputes shall not be allowed between Issuer and Beneficiary OR Issuer and Acquirer, where both the parties are same.
5. There shall be no movement of Interchange fee for disputes and adjustments.
6. Customer compensation of Rs.100/- per day for delayed credit and Late chargeback fee of Rs.25/- shall not be applicable for disputes on ICD transactions.

Please note that Card 2 Card transactions will not be settled along with ICD settlement. As per existing process, the Card 2 Card transactions will be settled along with ATM settlement only.

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

For any queries or clarification, please contact:

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Yours faithfully,



Ram Sundaresan
Head – Operations

- Encl:**
1. Annexure A - Details of dispute cycle in DMS for ICD transactions.
 2. Annexure B - Process for raising disputes / adjustments for ICD transactions in DMS.
 3. Annexure C - List of documents to be submitted at each stage of dispute for ICD transactions.
 4. Annexure D - Format for RBI reporting.