

NPCI/NFS/OC No. 294/2018 -19

10th May, 2018

To,

All Members of National Financial Switch (NFS)

Madam / Dear Sir,

Sub: NFS ATM Network – Submission of documents by Acquirer for cases referred to Arbitration.

We refer to Operating Circular (OC) No. 151 dated 22nd January, 2015 detailing the list of documents to be submitted by NFS members at various stages of ATM dispute cycle and OC No.205 dated 23rd June, 2016 related to submission of Acquirer declaration form for suspect/fraud ATM complaints.

Submission of EJ/JP as per OC No.151

As per OC-151, while re-presenting the Chargeback, following documents should be submitted by Acquirers as proof of successful cash dispensation:

- Copy of Electronic Journal/Journal Print (EJ/JP) log of the disputed transaction along with 3 preceding and 3 succeeding **successful cash withdrawal** transactions.

We have been informed by member Banks that few Acquirers are not submitting correct/proper EJ/JP log while re-presenting the Chargeback in the Dispute Management System (DMS). It was also brought to our notice by member Banks that the EJ submitted by few Acquirers at the time of Pre-arbitration rejection / Arbitration, are different in some cases as compared to the EJ submitted at the time of representment.

Some examples of incorrect/improper EJ/JP logs are as follows:

- Acquirer does not submit the copy of EJ/JP while representing the chargeback, but provides some other document.

OR

- Copy of EJ/JP is not of the disputed transaction and pertains to some other transaction.

Non-submission of correct/proper EJ/JP while representing the Chargeback at any stage leads to delay in resolving customer complaints.

In the NFS Steering Committee Meeting (SCM) held on 11th April, 2018, it was approved that the EJ/JP log should not be changed by the Acquirers at any stage of the dispute cycle from what has been submitted while re-presenting the Chargeback.

The brief process is given below for reference:

- Copy of Electronic Journal/Journal Print (EJ/JP) log of the disputed transaction along with 3 preceding and 3 succeeding successful cash withdrawal transactions should be submitted while representing the Chargeback.
- Acquirers can continue to submit additional documents as mentioned in OC-151 at different stages of dispute cycle.
- If the Acquirer has submitted correct/proper EJ/JP logs at the time of representment but wants to submit EJ/JP logs containing additional transactions, it would be permissible.

For disputes referred to the Panel for Resolution of Disputes (PRD), EJ/JP logs submitted by the Acquirer during the representment and Pre-arbitration rejection / Arbitration, will be considered by the Panel. However, if correct/proper EJ/JP logs are not provided at the time of representment, it may result in the PRD decision going against the Acquirer on technical grounds.

Submission of Acquirer Declaration form as per OC No.205

As per OC-205, for ATM cash withdrawal disputes, where Acquirer is certain that the cash has been received by the cardholder and the complaint is suspect/fraudulent, the Acquirer can give a declaration to that effect at the time of representment / rejecting Pre-arbitration / Arbitration. Acquirer should provide proper explanation in the declaration as to why they believe that the complaint is suspect / fraudulent.

We have been informed by member Banks that for suspected fraudulent transactions, the Acquirer Declaration Form provided by the Acquirers on majority of the cases, does not contain proper reason for suspecting the transaction to be fraudulent in nature. In the absence of complete information, it is difficult for the PRD members to take an informed decision.



In the NFS Steering Committee Meeting (SCM) held on 11th April, 2018, it was approved that the Acquirer Declaration form should contain proper explanation for fraudulent transactions. In case proper justification is not provided by the Acquirer in the Declaration form, then the PRD Panel may not consider the form.

For disputes referred to the PRD, Declaration form submitted by the Acquirer during the representment and Pre-arbitration rejection / Arbitration, will be considered by the Panel. In case the declaration form is not submitted with detailed explanation by the Acquirers, it may result in the PRD decision going against the Acquirer on technical grounds.

In view of the above, Acquirers should ensure that correct/proper EJ/JP logs are submitted at the time of representment itself and that the same EJ/JP logs are submitted throughout the dispute cycle. Also, the Declaration form submitted by Acquirers for suspect / fraudulent complaints should contain detailed explanation.

The above mentioned two changes in process will be applicable on chargeback raised with immediate effect.

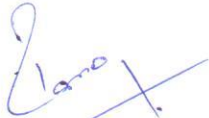
Members are requested to take note of the above and ensure compliance.

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

For any queries or clarification, please contact:

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Yours faithfully,



Ram Sundaresan

SVP & Head – Operations