

NPCI/NFS/OC424/2024-25

January 13, 2025

To,

All Members of National Financial Switch (NFS)

Subject – Implementation of revised fee structure of NRP & PRD process

National Financial Switch (NFS) is a shared ATM network that interconnects NFS members and ATM switches.

NPCI has made dispute resolution mechanism for all the stakeholders to facilitate resolution of the customer issues. On analysis of data, it has been observed that arbitrations are raised without necessary due diligence at Bank end. It may also be noted that about 56% of the arbitrations are disposed in favour of beneficiary/acquirer bank indicating that remitting/issuing banks may not be doing the due diligence before raising the arbitration.

Few recommendations for Issuing and Acquiring Banks as presented in the last Steering Committee meeting held on September 20, 2024 have been enclosed in **Annexure 1**.

The fee structure have been revised and shall be implemented for both NRP and PRD process as per the details provided below:

1. NPCI Review Panel (NRP) Processing Fees of 500 + GST per arbitration.
2. Panel for resolution of disputes (PRD) Processing Fees of 3,000 + GST per arbitration.

This shall be effective for the PRD cases raised from January 1, 2025.

Member banks are advised to make arrangements to handle the chargeback process accordingly. The information herein may please be disseminated to all the concerned.

With warm regards,

SD/-

Giridhar GM

Chief – Customer Success

Annexure 1

Recommendation to Member Banks

As Acquirer

- Review the cases thoroughly and accept in pre-Arbitration stage.
- Submit CCTV footage at the pre-arbitration stage so that Issuer can take a quick decision to avoid cases going to Arbitration.
- Bank should raise pro-active credit adjustments for failed transactions.
- Banks should do 3-way recon and cash in ATM recon on daily basis
- The above will help in reduction of time for resolution of dispute and reduction in customer compensation amount as well.

As Issuer

- Banks can avoid referring cases to arbitration stage, for transactions which are successful as per EJ.
- Banks should check dispute history of the customers and take appropriate decision to avoid reference to Arbitration stage.
- Issuing banks should avoid reference to Arbitration for cases where Acquiring bank has submitted adequate documentary evidence in support of the dispute.
- Member banks can agree on best practices to be adopted for referring cases to Arbitration.