

Restriction on Number of Transactions performed for Cash withdrawal at Point of Sale (POS)

1. Cash withdrawal at Point of Sale (POS) is a feature through which debit/prepaid card holders can withdraw cash by swiping their debit/prepaid cards (issued in India) at POS Terminals at merchant locations.
2. As per the directive given by RBI vide circular number DPSS.CO.PD.No.449/ 02.14.003/2015-16, (i) the limit for cash withdrawal at POS (for debit cards and open system prepaid cards issued by banks in India) is INR 1000/- per day in Tier I to II Center's and INR 2000/- per day in Tier III to VI Center's and (ii) customer charges, levied on cash withdrawals shall not exceed 1% of the transaction amount at all Center's irrespective of the limit of Rs 1000 / Rs 2000.
3. It may be noted that currently there is no restriction on the number of transactions being performed for Cash withdrawal at POS from acquiring perspective. It has been observed that there are multiple transactions being performed on the same RuPay card amounting to the approved limit and for each transaction Issuer needs to pay a flat fee of INR 10 to the Acquirer.
4. This gives opportunity to certain sections of merchants to participate in unfair practices in increase their number of Cash @ PoS transactions, earning part of reverse interchange as incentive.
5. While there are appropriate rules implemented by various acquiring Banks, to bring transparency & control, effective 1st January, 2018, Acquiring Banks should restrict only 3 Cash at POS transactions per RuPay Card per day at the terminal level.

All Member Banks are requested to kindly take a note of the aforesaid.

Yours faithfully,


Dilip Asbe
CEO - Incharge