

NPCI/NFS/OC No. 156/2014 -15

04<sup>th</sup> March, 2015

To,

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

Madam/Dear Sir,

**Sub: NFS ATM Dispute – Changes in DMS for calculation of compensation for delayed credit.**

We refer to RBI circular no DPSS.PD.No.2632/02.10.002/2010-2011 dated 27<sup>th</sup> May, 2011 on 'Reconciliation of failed transactions at ATMs'. As per the circular, the time limit provided to Issuing banks for resolution of ATM cash withdrawal complaints is 7 working days from the date of receipt of the customer complaint. Failure to credit the customer's account within the prescribed time limit of 7 working days from the date of receipt of the complaint shall entail payment of compensation @ Rs.100/- per day to the customer by the issuing bank only if the complaint is lodged by the customer within 30 days of the date of transaction. The Issuer bank is entitled to claim such compensation paid to the customer from the Acquirer, if the delay is attributed to the latter.

NPCI facilitates the Issuing Bank to recover such compensation from the Acquirer through DMS as part of the daily settlement. Presently, the compensation to customer for delayed credit is calculated in DMS from the date of chargeback.

In a meeting held with few member banks on 7<sup>th</sup> July, 2014, members requested to review the method of calculating the compensation in DMS for delayed credit to customers for ATM cash withdrawal disputes. Member banks informed that they exclude 7 days while calculating the compensation to customer for delayed credit for their ON US ATM complaints.

The recommendation of members to calculate customer compensation after the expiry of 6 days from the date of chargeback was approved by the NFS Steering Committee members in the meeting held on 13<sup>th</sup> August, 2014. We have made necessary development in DMS to exclude 6 days from date of chargeback for calculation of compensation.

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The above mentioned revision in the method of calculation in DMS for compensation for delayed credit will be applicable for:

- a) All pre-arbitration cases accepted / deemed accepted from 10<sup>th</sup> March, 2015
- b) All Arbitration cases accepted from 10<sup>th</sup> March, 2015
- c) All PRD decisions given against the Acquirer from 10<sup>th</sup> March, 2015.

For example, in case the date of chargeback is 1<sup>st</sup> January, 2015 and if pre-arbitration acceptance is done on 15<sup>th</sup> January 2015, the customer compensation amount of Rs.800/-  $[(15^{\text{th}} - 7^{\text{th}}) * 100]$  shall be debited to Acquirer and credited to issuing Bank along with the disputed amount as part of the daily settlement.

The change in calculation of compensation in DMS for delayed credit will be implemented from 10<sup>th</sup> March 2015.

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

For any queries or clarification, please contact:

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Yours faithfully,



**Ram Sunderesan**  
Head – Operations