



NPCI/ NFS/OC No.56 /2011-12

March 26, 2012

To

All Member Banks of National Financial Switch (NFS)

Dear Sir/Madam,

**Disabling Cash Retraction Facility in ATMs – Advice on Acceptance of EJ containing Cash Dispensation Messages/Error Codes as Valid Proof during Dispute Resolution**

Please refer to our Operating Circular no. 47 dated January 19, 2012 (enclosed), on the subject of disabling cash retraction facility in ATMs to contain cash retraction fraud.

For disputes raised through Online Dispute Management System, EJ copy is accepted as proof of dispensing cash to the cardholder. However, while some ATM makes provide a clear message in EJ regarding cash dispensation, some other ATM makes convey the proof of cash dispensation through an error message. It is likely that EJ copy containing error message may be rejected by Member Banks on the ground that this is viewed as invalid under the NFS guidelines. This may prolong the process of dispute settlement.

In order to clear this ambiguity and present a clear direction on EJs containing error messages, it has been decided to accept certain ATM error codes captured in the EJ of respective ATM makes as a proof of cash dispensation. The table of such error codes is given in the appendix along with EJ samples for the convenience of Member Banks. This table has been compiled based on our discussion with key ATM vendors.

Member Banks are advised to use this table as a reckoner in disputes involving non receipt of cash and to accept EJs containing such error codes as valid proof of cash dispensation. NPCI intends to submit a copy of this circular along with EJ error code table to RBI with a request to circulate these documents to Banking Ombudsman for ready reference of the latter.

In this context, we would like to again request Member Banks to report to NPCI, the following details on a quarterly basis for onward reporting to the regulator:

1. Cases of complaints received from the customer when cash was left back.
2. Number of ATMs where the cash retraction feature has been disabled.

Yours faithfully,

M. Balakrishnan  
Chief Operating Officer

Encl.: As above



**APPENDIX**

**ATM VENDOR WISE ANALYSIS OF ATM BEHAVIOUR & DISPENSE ERROR CODES**

**(Cash Retraction Disabled Scenarios)**

**Scenario 1: Customer Does a Normal Transaction**

**Description:** Customer does a successful cash withdrawal transaction and collects the dispensed cash

ATM Vendor	Status Message (Dispense Error Code)	Action	EJ Format (Suggested)	Remarks
DIEBOLD	None	Not applicable	TRANSACTION LUNO123 DIEBOLD SYSTEMS PVT.LTD 25/12/11 16:05 ATM ID : DSPL1234 SEQ NO. : 1443 CARD NUMBER : 99999999XXXX1234 ACCOUNT NO : 0000000123456789 CASH WITHDRAWAL TRANS AMOUNT: RS. 5000.00 RESP CODE : 000 STATUS LUNO123	
WINCOR	Not Applicable	None	16:39:27 -> TRANSACTION START 16:39:27 TRACK 2 DATA: 12345678***** 16:39:29 PIN ENTERED 16:39:38 TRANSACTION REQUEST AB 16:39:38 TRANSACTION REPLY NEXT 121 FUNCTION 2039 16:39:41 CASH REQUEST: 00010000 16:39:41 CASH 2:2,1; 16:39:45 CASH PRESENTED BANK LTD. INDIA DATE TIME TERM 02/11/11 13:35 ATMID CARD NUMBER 12345XXXXXXXXX1234 RECORD NO. 4748 WITHDRAWAL RS.300.00 FROM A/C.000000123456789 AVAIL BAL RS.585.00 16:39:47 CASH TAKEN 16:40:10 <- TRANSACTION END	
NCR	No Error Message		ABC BANK DATE TIME TERM.ID 04/26/07 10:45 MUMON032 LOCATION: XYZ ... CARD NO : 429393XXXXXX4090 RECORD NO. 8364 BALANCE INQUIRY ACCOUNT NO. 09580050007893 AVAIL BAL 98.56 INR	No error message printed.



**Scenario 2: Customer Forgets Cash in Dispenser Clamp**

**Description:** Customer does a normal cash withdrawal transaction but does not collect the cash. Since retract mechanism is disabled, the cash continues to remain in the clamp and after the customer leaves the ATM premises, the cash remains in the clamp and is not retracted by the ATM presenter. Hence, Bank has technically dispensed the cash and the transaction is successful.

ATM Vendor	Status Message (Dispense Error Code)	Action	EJ Format (Suggested)	Remarks
DIEBOLD	DR01:23:00:30	Presented Money Forgotten	TRANSACTION LUNO123 DIEBOLD SYSTEMS PVT.LTD 25/12/11 15:29 ATM ID : DSPL1234 SEQ NO. : 1444 CARD NUMBER : 99999999XXXX1234 ACCOUNT NO : 1001000200551319 CASH WITHDRAWAL TRANS AMOUNT : RS. 5000.00 RESP CODE : 000 =====	Error printed if cash is not collected
	DR01:3F:00:40	Forgotten Money Removed	002DR01:3F:00:40 25/12/11 15:30:30 SERIAL # 1444 Forgotten Money Removed	This error is printed once the forgotten cash is removed.
WINCOR	No error	ATM does not retract the notes & goes back in service	17:28:21 -> TRANSACTION START 17:28:21 TRACK 2 DATA: 12345678***** 17:28:26 PIN ENTERED 17:28:32 TRANSACTION REQUEST AB 17:28:32 TRANSACTION REPLY NEXT 121 FUNCTION 2039 17:28:36 CASH REQUEST: 00010000 17:28:36 CASH 2:2,1; 17:28:39 CASH PRESENTED *063*17:28:50 CASH PRESENT TIMER EXPIRED 17:28:55 <- TRANSACTION END	



NCR	No Error Message	Cash shown to customer and it will wait at the exit until picked by the customer or someone else	ABC BANK DATE TIME TERM.ID 04/26/07 10:45 MUMON032 LOCATION: XYZ ... CARD NO : 429393XXXXXX4090 RECORD NO. 8364 BALANCE INQUIRY ACCOUNT NO. 09580050007893 AVAIL BAL 98.56 INR	No Error Message in the EJ.  Whenever next customer tries for cash withdrawal transaction his transaction fails and machine will go into suspend mode* for 5 minutes. ATM also sends message to switch about this scenario. After 5 minutes, dispenser re-initializes and cash at the exit is pulled back to the purge bin to make the machine available for the next customer.  *Note: Certain switch may handle this differently and may need to change the flow based on what Bank wants to do after such cash not collected cases.
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NPCI/ NFS/OC No. 47/2011-12

January 18, 2012

To

All Member Banks of National Financial Switch (NFS)

Dear Sir/Madam,

**Disabling Cash Retraction Facility in ATMs to Contain Cash Retraction Fraud**

During the past one year, several instances of fraud had been reported by member banks of NFS. The most common type of fraud pertains to cash retraction.

The modus operandi is one of forcibly holding on to a few pieces of notes in ATM machines that has cash retraction system while allowing one or two pieces of notes to be retracted and then claiming non receipt of cash. Since retracted transactions are credited back to the customer's account, the balance in fraudster's account remains unaffected even after collecting bulk of the delivered cash. Presently, ATMs do not have the capability to count the pieces of retracted notes. For Acquiring Banks, this created an ambiguity during periodic cash reconciliation on whether the shortage was genuine or due to fraudulent partial retraction or fraud on the part of staff loading cash on ATMs.

This matter was discussed in detail at a special meeting of the NFS Steering Committee held on April 7, 2011. One of the possible solutions suggested at the meeting was to disable the cash retraction facility in ATMs. To understand the impact of this approach, NPCI requested select Member Banks to conduct a Pilot at centres that reported high incidence of cash retraction fraud and submit their findings to NPCI.

The Pilot proved extremely effective in eliminating the misuse of cash retraction mechanism in ATMs for committing fraudulent transactions. During the Pilot period, not a single instance of cash retraction fraud was reported, a very positive indication that this could be the best approach for preventing cash retraction frauds. A Report based on the outcome of the Pilot was submitted to the Regulator for seeking their approval to this approach. RBI has accepted this proposal and vide. their letter no. DPSS.CO.PD No. 1230/02.17.001/2011-12 dated January 9, 2012 (enclosed herewith), has granted approval for disabling cash retraction facility in ATMs.

In light of the above circular, all our Member Banks are advised to take note and ensure quick implementation of the following guidelines and confirm full compliance by **March 31, 2012**:

सी-9, 8वीं मंजिल  
आरबीआई प्रिमायसेस  
बान्द्रा-कुर्ला कॉम्प्लेक्स  
बान्द्रा पूर्व  
मुंबई - 400 051

C-9, 8th Floor  
RBI Premises  
Bandra-Kurla Complex  
Bandra East  
Mumbai 400 051

दूरभाषा / Phone: 022 2657 3150  
फैक्स / Fax: 022 2657 1001  
ई-मेल / email: contact@npci.org.in  
वेबसाईट / Website: www.npci.org.in

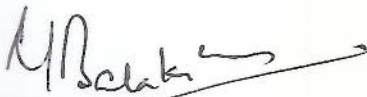
- a) Educate the customer on the consequences of cash retraction and the reasons for disabling the facility as customer awareness is very crucial to bring about discipline in collecting the cash ejected.
- b) Display information regarding disabling cash retraction at each and every ATM location and ensure wide propagation. The message may be flashed on the ATM machine before conducting the transaction.
- c) Draw a time plan by identifying the fraud prone areas to start with and complete the activity within the timeframe.
- d) Ensure that new ATMs being installed do not provide cash retraction features.
- e) Report to NPCI on a quarterly basis, cases of complaints received from the customer when cash was left back.

Disabling the cash retraction feature is a practical approach and the implementation of this feature will certainly benefit the Banking Industry as a whole. Apart from making the NFS Network more secure, it will support the Member Banks in concentrating their efforts in resolving genuine disputes of their customers. This will have an immediate and positive impact on the dispute volumes and facilitate in bringing the dispute percentage in line with International Benchmarks. Pro-active support and cooperation of NFS Member Banks is hence requested in promptly implementing the above guidelines. We are in readiness to extend necessary support in case of need.

Queries, if any may be addressed to NPCI as detailed below:

1. Shri. Amit Shetty, Senior Manager, NFS Business, [amit.shetty@npci.org.in](mailto:amit.shetty@npci.org.in) , +91 810810 8674
2. Shri. Satish Hegde, Manager, NFS Business, [satish.hegde@npci.org.in](mailto:satish.hegde@npci.org.in) , +91 810810 8618

Yours faithfully,



 M. Balakrishnan  
Chief Operating Officer

Encl: As above



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

www.rbi.org.in

DPSS.CO.PD.No. 1230 / 02.17.001 / 2011-12

January 9, 2012

Managing Director & Chief Executive Officer  
National Payments Corporation of India  
C-9, 8<sup>th</sup> Floor, RBI Premises  
Bandra Kurla Complex  
Bandra East  
Mumbai – 400 051

Dear Sir,

**Disabling Cash Retraction Facility in ATMs to contain Cash Retraction fraud incidents**

Please refer to your letter NPCI / NFS / 2011-12 / 1716 dated November 24, 2011 on the captioned subject.

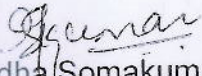
2. We advise that your proposal for disabling cash retraction facility in ATMs to contain cash retraction fraud incidents has been approved.

3. In this regard, you are requested to advise the banks as follows –

- a) To educate the customer on the consequences of cash retraction and the reasons for disabling this facility as customer awareness is very crucial to bring about discipline in collecting the cash ejected. Information regarding disabling cash retraction may be displayed at each and every ATM location and should be widely propagated. The message may be flashed on the ATM machine before conducting the transaction.
- b) To draw a time plan by identifying the fraud prone areas to start with and completion of the activity within the timeframe. Ensure that new ATMs being installed do not provide cash retraction features.
- c) Report to NPCI, cases of complaints received from the customer when cash was left back on a quarterly basis.

4. You are advised to submit a report on success of disabling cash retraction feature within three months.

Yours faithfully

  
(Radha Somakumar)  
Assistant General Manager

भुगतान और निपटान प्रणाली विभाग, केन्द्रीय कार्यालय, 14वीं मंजिल, केन्द्रीय कार्यालय भवन, शाहीद भगतसिंह मार्ग, मुम्बई - 400 001, भारत  
फोन : (91-22) 2266 5336 फैक्स : (91-22) 2265 9566 ई-मेल : helpdpss@rbi.org.in

Department of Payment & Settlement Systems, Central Office, 14<sup>th</sup> Floor, Central Office Building, S.B.S. Marg, Mumbai - 400 001, India  
Tel : (91-22) 2266 5336 Fax : (91-22) 2265 9566 E-mail : helpdpss@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाएँ