

NPCI/NFS/OC No.132/2014-15

15<sup>th</sup> September, 2014

To,  
All Member of National Financial Switch (NFS)

Madam/Dear Sir,

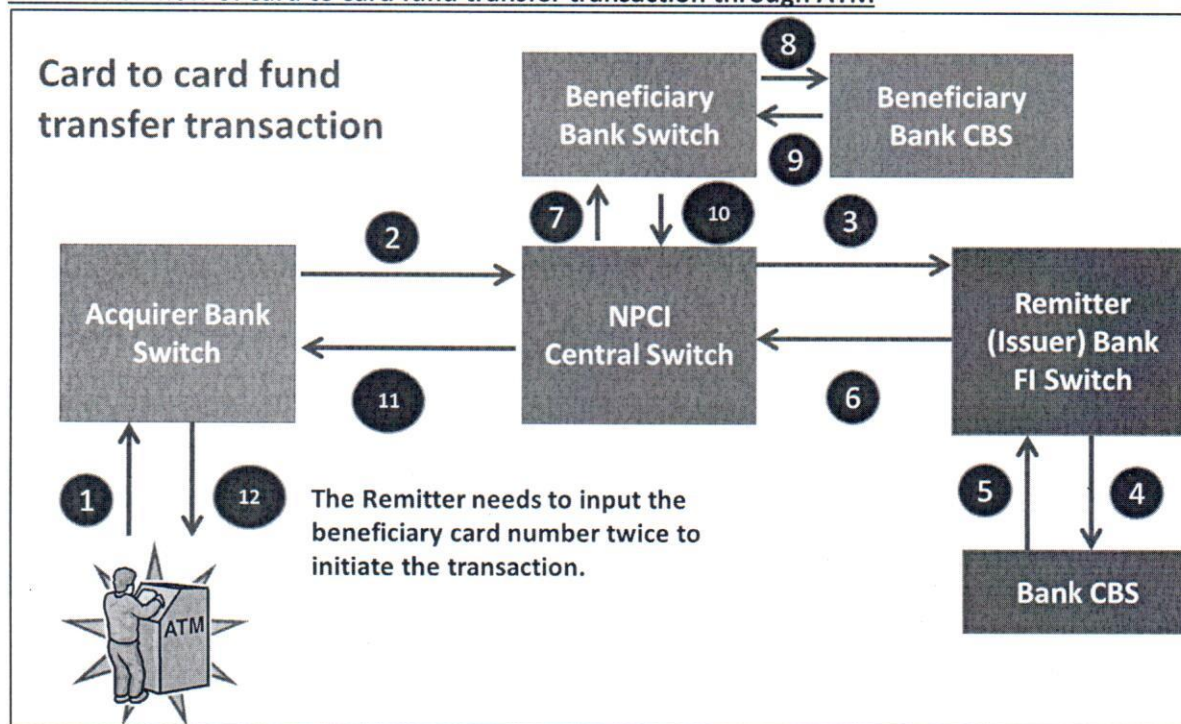
**Sub: Settlement, reconciliation and dispute management procedure for card to card fund transfer**

One of the value added services operationalised by NPCI in NFS is card to card funds transfer. Using this mode, bank customers would be able to transfer funds from one account to another account either in the same bank or with another bank by using their Debit/ATM card at the ATMs of those NFS members who are enabled for this service.

**Objective:**

The objective of this circular is to familiarise NFS members with the settlement, reconciliation and dispute management procedure for card to card fund transfer transactions.

**Transaction flow of card to card fund transfer transaction through ATM**



(Fig. 1)

**Note:** In case of beneficiary timed out response (i.e. Leg 10 shown in Fig. 1 above), the transaction shall be treated as deemed successful transaction with response code (RC) as '71' for the credit (beneficiary) leg and it will be considered for settlement.

**Settlement and reconciliation procedure for card to card fund transfer transaction**

There shall be three entities involved for card to card fund transfer transaction as mentioned below:

- a) Acquirer : whose ATM is used by cardholder for transferring funds
- b) Remitter (Issuer) : who holds the remitter’s account
- c) Beneficiary : who holds the beneficiary’s account

Settlement entries for card to card fund transfer (Net of reversals, if any) is depicted in the table given below:

Sr.No	Remitter (Issuer)	Acquirer	Beneficiary	Transaction amount		Interchange + service tax		Switching fees + service tax	
				Debit	Credit	Debit	Credit	Debit	Credit
1				-	-	-	-	Remitter*	NPCI*
2				Remitter	Beneficiary	-	-	Remitter	NPCI
3				Remitter	Beneficiary	Remitter	Acquirer	Remitter	NPCI
4				-	-	Remitter	Acquirer	Remitter	NPCI
5				Remitter	Beneficiary	Remitter	Acquirer	Remitter	NPCI
<b>All amounts in (₹)</b>									
	Same Bank								
	Different Bank								

\* Only if the transactions are routed through NFS

**Raw Files, STL & Daily Settlement (DSR) reports**

Card to card fund transfer transactions shall be provided in the existing raw files, STL and DSR reports in same format which can be used by NFS members for reconciliation and settlement.

**Raw Files & STL Reports**

Details of card to card fund transfer transactions in raw file & STL report					
Type of transaction (Record)	File	Transaction Type		Card no.	Transactions settled (successful)
		Raw file	STL report		
Acquirer	Acquirer file	FT	FTD	Remitter	Response Code - 00
Remitter (Issuer)	Issuer file	TD	FTD	Remitter	Response Code - 00
Beneficiary	Issuer file	TC	DEP	Beneficiary	Response Code - 00 & 71

Note:

- 1. For ON US transactions, RRN shall be same in all the three records for a particular transaction.
- 2. ON US transactions can be identified on the basis of Card no. (BIN), Acquirer ID and RRN.

**Daily Settlement Report (DSR)**

A separate line item shall available in DSR for card to card fund transfer transactions under Acquirer and Issuer (Beneficiary & Remitter) section. Sample DSR report is provided in annexure ‘A’ for reference.





### Deemed successful transactions (RC-71)

For transactions that are timed out at Beneficiary's end (Leg '10' in Fig. 1 above), response code (RC) shall be '71' and the transaction will be considered as 'deemed successful' for the credit (beneficiary) leg i.e. for transaction type 'TC' provided in issuer raw file. NFS members should consider the transaction amount available in raw file for reconciling deemed successful transactions.

Beneficiary bank should ensure that all the transactions settled (with RC – '00' and '71') by NFS are credited to the cardholder's account. In case cardholder's account has not been credited online for a particular transaction, it should be identified and manually credited to the cardholder's account by the beneficiary bank as part of their daily reconciliation process. If Beneficiary bank is unable to credit the cardholder's account due to any reason, in such cases the beneficiary should immediately raise credit adjustment for that transaction to return the funds to the remitter. This is critical to avoid customer inconvenience and disputes for card to card fund transfer transaction.

### Dispute Management Procedure

There shall be two records for a card to card fund transfer transaction in DMS as mentioned below:

Type of transaction (Record)	Bank code in Acquirer field	Bank code in Issuer field	Card No.	Response Code for Successful Transaction	Remarks
Debit leg (TD)	Acquirer	Remitter	Remitter	00	Considered for Interchange and switching fees for settlement
Credit leg (TC)	Remitter	Beneficiary	Beneficiary	00 & 71	Considered for funds movement for settlement (transaction amount)

Details of dispute cycle are provided below:

Dispute Type	To be raised by	Remarks
Chargeback	Remitter	Remitter can raise chargeback for settled transaction i.e. with RC-00 & 71, if customer complains that beneficiary cardholder's account is not credited.
Representment	Beneficiary	Beneficiary can represent the chargeback providing the proof of credit (details) by the way of a declaration provided in annexure 'B'.
Chargeback Acceptance	Beneficiary	Beneficiary can accept the chargeback in case amount cannot be credited to cardholder's account due to any reason.
Pre-arbitration	Remitter	Remitter can raise pre-arbitration in case the dispute is not resolved at chargeback stage i.e. beneficiary cardholder's account is not credited or proper declaration is not provided.
Pre-arbitration reject	Beneficiary	Beneficiary can reject the pre-arbitration providing the proof of credit (details) by the way of a declaration provided in annexure 'B' along with additional documents like copy of statement of cardholder's account having the credit entry for the disputed transaction.

Pre-arbitration acceptance	Beneficiary	Beneficiary can accept the pre-arbitration in case amount cannot be credited to cardholder's account due to any reason.
Arbitration	Remitter	Remitter can raise Arbitration in case the dispute is not resolved at pre-arbitration stage i.e. beneficiary cardholder's account is not credited/proper supporting documents are not provided by beneficiary.
Debit adjustment	Not applicable	Since beneficiary timed out transactions shall be considered as deemed successful and settled by NFS, there would not be any requirement for raising debit adjustment by the beneficiary.
Credit adjustment	Beneficiary	In case beneficiary is not able to credit the beneficiary cardholder's account due to any reason, the amount needs to be returned to the remitter by raising credit adjustment with appropriate reason code.


Please note the following for raising / addressing disputes and adjustment for card to card fund transfer transactions in DMS

- A separate menu option is provided in DMS for raising disputes and adjustments for card to card fund transfer transaction. Menu options for raising dispute and adjustments are provided in annexure 'C' for reference.
- Disputes and adjustments can be raised only on transaction type 'TC' having response code as '00' and '71' (i.e. successful transactions) for which funds are settled between Remitter and Beneficiary.
- The timelines (TAT) for raising dispute shall be same as applicable for NFS cash withdrawal transactions including applicable penalties. Customer penalty of Rs.100 per day for delayed resolution shall not be applicable for card to card fund transfer transactions.
- There shall be no movement of Interchange fee for disputes and adjustments.
- Disputes / adjustment cannot be raised for partial amount.

For any queries or clarification, please contact:

Name	e-mail ID.	Mobile number
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Yours faithfully,



**Ram Sundaresan**  
Head – Operations



## Sample DSR report containing card to card (C2C) transactions

Daily Settlement Statement for ABC Bank as on 8/08/2014

Description	No. Of Txn	Debit	Credit
<b>Acquirer Fund Transfer Declined</b>	<b>9</b>		
Acquirer BI Approved Fee	1		5
Acquirer BI Approved Fee - Service Tax			0.618
<b>Acquirer Fund Transfer Approved Fee</b>	<b>3</b>		<b>24</b>
<b>Acquirer Fund Transfer Approved Fee - Service Tax</b>			<b>2.9664</b>
Acquirer MS Approved Fee	1		5
Acquirer MS Approved Fee - Service Tax			0.618
Acquirer WDL Approved Fee	1		15
Acquirer WDL Approved Fee - Service Tax			1.854
Acquirer WDL Transaction Amount	1		500
<b>Beneficiary Fund Transfer Transaction Amount</b>	<b>2</b>		<b>800</b>
Issuer WDL Declined	4		
<b>Remitter Fund Transfer Approved Fee</b>	<b>3</b>	<b>24</b>	
<b>Remitter Fund Transfer Approved Fee - Service Tax</b>		<b>2.9664</b>	
<b>Remitter Fund Transfer Approved NPCI Switching Fee</b>	<b>5</b>	<b>2.5</b>	
<b>Remitter Fund Transfer Approved NPCI Switching Fee - Service Tax</b>		<b>0.309</b>	
<b>Remitter Fund Transfer Declined</b>	<b>4</b>		
<b>Remitter Fund Transfer Transaction Amount</b>	<b>4</b>	<b>1,900.00</b>	
Rejected Chargeback & processed late reversal count	0		
Settlement Charges		0	
Issuer / Acquirer Sub Totals		1,929.78	1,355.06
Settlement Amount		574.72	0

**Confirmation of credit to beneficiary a/c.**

**Annexure – B**

(On Bank's letterhead)

*Format for representment/Rejecting Pre-arbitration for NFS card to card fund transfer*

Madam/Dear Sir,

We refer to the below mentioned chargeback/pre-arbitration raised against our bank through Dispute Management System (DMS) for NFS card to card fund transfer transaction:

Description	Particulars
Dispute date	
Remitter card number (masked)	
Beneficiary card number (masked)	
Transaction date	
RRN	
ATM ID	
Transaction amount	

We hereby confirm that afore mentioned transaction amount was successfully credited to the Beneficiary's account as per the details mentioned below:

Description	Particulars
Date & Time of Credit	
Account Number	
Beneficiary Card Number (masked)	
CBS Reference Number	

We confirm that this declaration will be considered as a conclusive proof of our bank having credited the Beneficiary's account and will be used as an documentary evidence in the dispute management process. We also confirm that the remitting bank can confirm the remitter that beneficiary's account has been credited as above and can share this confirmation form with their customer and/or any other authority as the remitting bank may consider necessary.

(Authorised Signatory)

Bank seal

Name of the Official : \_\_\_\_\_

Designation : \_\_\_\_\_

Date : \_\_\_\_\_

*(Note: Kindly use separate declaration for each Representment)*



Menu Option for raising disputes and adjustments for card to card (C2C) transactions:

The screenshot shows the 'NPCI - Dispute Management System' interface. At the top, there is a navigation menu with options: Admin, Adjustments, Reports, Files, Search, HIS Reports, Bulk Insert, IMPS Adjustments, BIN Addition, and C2C Adjustments. The 'C2C Adjustments' menu is currently open, displaying a list of options: Raise Credit Adjustment\_C2C, Raise Chargeback\_C2C, Raise Representation\_C2C, Accept Chargeback\_C2C, Pre-Arbitration\_C2C, Pre-Arbitration Reject\_C2C, Pre-Arbitration Accept\_C2C, and Arbitration\_C2C. The main content area includes a 'Scheduled Downtimes' section and a description of the NFS Dispute Management System.

This screenshot displays the 'Raise Chargeback\_C2C' form. It contains the following fields:
 

- Date: 20/03/2014
- Card No.: (blank)
- RRN: 407912099356

 A 'Submit' button is located at the bottom of the form.

This screenshot shows a data table and a settlement form. The table lists transaction details, and the form is for settling a chargeback adjustment.

Transid	TrTY	tsp	BeneficiaryNo	RRN	Acquirer	Issuer	Time	Terminal	TDate	SDate	Req Amt	Rec Amt	IssuerFee	AcquirerFee	NpcFee
890680241	TC	00		407912099356	YBL	ING	12:18:19	BHC12345	20/03/2014	20/03/2014	400	400	0	0	0

The 'Settlement form for Chargeback Adjustment' includes the following fields:
 

- Date: 13/05/2014
- Late Chargeback Fee: 25
- Received Amount: 0
- Upload Proof: (with 'Browse' button)
- Bank Adjustment Reference: 407912099356
- Reason Code: Account debited but beneficiary account not credited

Note: Disputes/adjustments are raised on transaction type 'TC' thus the card no. to be entered by the user should be of beneficiary. If beneficiary card no. is not available, keep it blank, transaction can be retrieved on the basis of date and RRN.