

NPCI/NFS/OC No. 148/2014 -15

8th January, 2015

To,

All Members of National Financial Switch (NFS)

Dear Sir/Madam,

Sub: **NFS ATM Network - Advisory on Customer complaints resulting into Chargebacks**

Issuing bank raises chargeback through Dispute Management System (DMS) upon receipt of customer complaints for non-receipt of cash (full or partial), for ATM cash withdrawals done by its customers at NFS network ATMs.

In the NFS Steering Committee meeting (SCM) held on 17th December 2014, following points on ATM complaints were discussed and deliberated:

- ✓ Frequent chargebacks received by Issuing banks for same cardholders.
- ✓ Fraudsters attempting to defraud Acquirers by creating error condition in ATM through manual intervention/tampering.

It was decided in NFS SCM to issue Advisory to all NFS members to review the complaint management process at their end so as to ensure that proper scrutiny is done before raising chargebacks for frequent ATM cash withdrawal complaints received from same cardholders.

Banks are advised as follows:

1. Proper scrutiny of the conduct of account is done before raising chargebacks for frequent ATM cash withdrawal complaints received from same cardholders.

This will facilitate Issuing Banks to check the genuineness of the ATM complaints lodged by their customer by investigating the customer's period of relationship with the Bank, status of a/c, method and frequency of lodging disputes, etc. Based on the investigation, banks can take appropriate action at their end.



Page 1 of 3

2. To regularly review the below mentioned MIS reports available in Dispute Management System (DMS)
 - i. MIS Reports >> Download MIS Report >> MULTIPLE_CHARGEBACK_REPORT_MONTHLY
 - It contains details of 3 or more chargeback raised for a unique card in a month.
 - ii. MIS Reports >> Download MIS Report >> MULTIPLE_CHARGEBACK_REPORT_QUARTLY
 - It contains details of 5 or more chargeback raised for a unique card in a last three months.
3. Chargebacks should be raised as per the guidelines provided in OC 109/113 (Single Dispute Multiple Transactions) where customer has complained for non-receipt of cash in either one or more of the transactions, but not all the transactions done at the same ATM on the same day.

Additionally NFS members are requested to follow the below mentioned guidelines:

Issuers:

1. To ensure that chargebacks are raised based only on customer complaints.
2. To raise chargeback at regular interval during the day/in batches instead of accumulating them and raising all the chargebacks at day end. Raising chargebacks early in the day shall enable Acquirers to check the chargebacks received and process credit adjustments on the same day for failed transactions resulting early credit to customers.

Acquirers:

1. To reconcile ATM transactions on daily basis and process credit adjustments for failed transactions on T+1 day. (T being the transaction date)
2. To check the chargebacks received and process credit adjustments on the same day of receipt of chargeback for failed transactions, wherever possible. (Reference OC123 dated June 26, 2014)

This will facilitate Issuers to process early credit and making available the funds immediately to customers for failed transactions rather than waiting for completion of chargeback cycle. This would also reduce the number of chargebacks in NFS ATM network.

3. To share information related to suspect / fraud instances (identified during reconciliation and/or while addressing disputes) along with relevant documents and CCTV footages to Issuers in support of their claim. Sharing of this information shall help Issuers to review the complaints raised by their cardholders and take necessary action.

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

For any queries or clarification, please contact:

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Yours faithfully,



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