

NPCI/NFS/OC No.220/2016 -17

18<sup>th</sup> August, 2016

To,

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

Madam / Dear Sir,

**Sub: NFS ATM Network – Settlement and reconciliation procedure for Interoperable Cash Deposit (ICD) transactions.**

We are pleased to inform operationalising one more value added service (VAS) i.e. Interoperable Cash Deposit (ICD) in NFS. Using this mode, bank customers would be able to deposit cash for crediting beneficiary account either in the same bank or with any other bank (enabled for ICD) by using their Debit/ATM card at the Cash Deposit Machine (CDM) of NFS members enabled for this service.

**1. Objective**

The objective of this circular is to familiarise NFS members with the settlement and reconciliation procedure for ICD transactions.

The important features of the ICD transactions are as follows:

- a. **Inter-operable:** This will help customers of the participating NFS member bank to deposit cash at the CDM of the bank for crediting beneficiary account either in the same bank or with any other bank (enabled for ICD) by using their Debit/ATM card.

Please note that the cardholder's bank (Issuing bank), bank whose CDM is used (Acquiring Bank) and the bank of the beneficiary (Beneficiary bank), all members should be enabled for ICD transactions in NFS.

- b. **Card based transaction:** For ICD transactions, the depositor will have to use his card and PIN at the Acquiring bank's CDM for depositing cash. It will be the cardholder's (Issuing) bank responsibility to authorize the transaction based on Card and PIN.
- c. **2 set of transactions:** There will be 2 leg of the transaction for ICD. First will be validation leg and the second will be deposit leg. Transaction flow of both the legs of transactions is given below in this document for reference.
- d. **Own account and third party deposits:** Cardholder can deposit cash in his own account i.e. account linked to the card used for depositing cash OR for crediting third party account held with any participating bank. The cardholder will have option to select 'own account deposit' or 'third party account deposit'.

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- e. **Multiple Identifier for 'Third Party Account Deposit'**: It is proposed to have following options for giving beneficiary details for crediting third party account:
- i) Beneficiary's 16/19 digit Debit /ATM Card Number
  - ii) Beneficiary's Mobile Phone Number & MMID
  - iii) Beneficiary's Account Number & IFSC
  - iv) Aadhaar Number
- (Aadhaar number shall be checked at NPCI end for determining the beneficiary bank based on the Aadhaar mapper. Beneficiary bank shall be required to ascertain the mapped account number against the Aadhaar number entered by the depositor for crediting the account)*
- f. **Displaying Beneficiary Account Holder's Name**: The beneficiary account holder's name, as sent by the beneficiary in the validation leg, will be displayed to the depositor. After seeing the beneficiary name displayed on the screen, depositor can continue with the transaction for depositing cash or can cancel the transaction, if cardholder so desires.
- g. **Transaction Limits**: There will be transaction limit of up to Rs. 49,999/- per transaction for ICD transactions in NFS. The check needs to be applied by Acquirer and Beneficiary bank at their end for online transactions.

## **2. Transaction flow of ICD**

The transaction of ICD shall consist of the following two legs:

- a. Validation Leg: For Card & Beneficiary Account Validation
- b. Deposit Leg: For Credit to the Beneficiary's Account

The transaction flow of validation leg and deposit leg is given in **Annexure A**.



### 3. Settlement and reconciliation procedure for ICD transactions

There will be three entities involved in ICD transaction as mentioned below:

- b) Acquirer : whose CDM is used by cardholder for depositing cash
- c) Issuer : whose card is used for cash deposit (cardholder's bank)
- d) Beneficiary : who holds the beneficiary's account

Settlement entries for ICD transaction is depicted in the table given below:

Sr. No.	Issuer	Acquirer	Beneficiary	Transaction amount		Interchange + Service tax		Switching fees + Service tax	
				Debit	Credit	Debit	Credit	Debit	Credit
1				-	-	-	-	Issuer*	NPCI*
2				Acquirer	Beneficiary	Beneficiary (50%)	Acquirer (50%)	Issuer	NPCI
3				-	-	Issuer (50%)	Acquirer (50%)	Issuer	NPCI
4				Acquirer	Beneficiary	Issuer (50%) + Beneficiary (50%)	Acquirer	Issuer	NPCI
5				Acquirer	Beneficiary	Issuer (50%) + Beneficiary (50%)	Acquirer	Issuer	NPCI

\*Shall be applicable only if such transactions are routed to NFS.

	Same Bank
	Different Bank

### 4. Raw files, STL and Daily Settlement Reports (DSR)

Separate NTSL/DSR reports and raw data files, STL, verification reports, etc. shall be made available for ICD transactions under menu option 'Files>>>Download Raw Data MIS\_ICD'. The reports shall be made available in the same format as other NFS transactions under Issuer and Acquirer section which can be used by NFS members for settlement and reconciliation.

- The details of ICD transactions in raw data file & STL reports are given in **Annexure B** for reference.
- Sample NTSL/DSR report is given in **Annexure C** for reference.

#### Note for identifying ON US transactions:

- ON US transactions can be identified on the basis of Issuer Card no. (BIN) / Beneficiary details (BIN/IIN); Acquirer ID and RRN.
- These values will be same in each record with same transaction type e.g. PV / CQ / CD / etc. available in Acquirer raw data file and Issuer raw data file.



## **5. Deemed successful transactions (RC-71)**

Transactions that are timed out at Beneficiary's end i.e. leg 6 in Fig.2 & Fig.4 above is not received by NPCI will be treated as 'deemed successful' with response code (RC) as '71'. These transactions shall be considered in settlement as 'deemed successful' for the deposit leg having transaction type as CD/UD/MD/AD/FD in raw data files. Beneficiary bank should consider the transaction amount available in raw data file for reconciling deemed successful transactions.

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

## **6. Report of transactions not settled for the day and transactions settled subsequently**

ICD transaction consists of two legs (1) validation leg and (2) deposit leg, and both the transaction legs have two different RRN and STAN. Unique 'Deposit ID' will be sent by NPCI in the validation leg to the Acquirer. Acquirer should send the same 'Deposit ID' in the deposit leg of the transaction to NPCI. During settlement and for transaction life cycle management (disputes / adjustments) both the legs of the transaction shall be matched based on the 'Deposit ID'.

In an exceptional scenario, if Acquirer sends incorrect 'Deposit ID' and if it does not match with the 'Deposit ID' in validation leg, then that particular deposit transaction shall not be considered for settlement by NPCI on that day. Report of such non-settlement deposit transactions shall be made available to NFS members in DMS under menu option '**CD Reports >>>Not settled Cash Deposit Transaction Report**'.

NPCI shall update the correct 'Deposit ID' in deposit leg of transaction by referring the validation leg and/or based on the clarification sought from the Acquirer. Once the correct 'Deposit ID' is updated and the transaction is matched with validation leg, it will be considered for settlement. Such transactions settled subsequently will be separately shown in next day's NTSL/DSR report. A report containing such transactions settled subsequently shall be made available to NFS members in DMS under menu option '**CD Reports >>>Settled Cash Deposit Transaction Report**'

## **7. Successful Cash Deposit report for Issuing bank**

Cardholder's (Issuing) bank is not involved in deposit leg of the transaction. To know the status of the deposit transaction, a separate report 'Issuer Successful Cash Deposit Transaction Report' shall be made available to the Issuing bank on daily basis along with raw data files, STL reports, etc. in DMS. This report shall contain details of approved (including deemed approved) cash deposit transactions along with validation leg of transaction. This report will help the Issuing bank to know the details of approved cash deposit transactions for which interchange fees is levied to the bank.



The detailed process of dispute management life cycle (dispute / adjustment) will be provided in a separate circular.

Please make note of the above mentioned process and disseminate the instructions contained herein to the officials concerned.

For any queries or clarification, please contact:

Name	e-mail ID	Mobile Number
Sarit Das	<a href="mailto:sarit.das@npci.org.in">sarit.das@npci.org.in</a>	8108108694
Mehfooz Khan	<a href="mailto:mehfooz.khan@npci.org.in">mehfooz.khan@npci.org.in</a>	8108122867
Avinash Kunnoth	<a href="mailto:avinash.kunnoth@npci.org.in">avinash.kunnoth@npci.org.in</a>	8879772725
Abhay Parekh	<a href="mailto:abhay.parekh@npci.org.in">abhay.parekh@npci.org.in</a>	8879772794

Yours faithfully,



**Ram Sundaresan**  
Head – Operations

- Encl:** 1. Annexure A - Transaction flow of ICD  
2. Annexure B - Details of ICD transaction in Raw data files and STL Reports  
3. Annexure C - Sample DSR for ICD transactions  
4. Annexure D – NFS OC.219 dated 18<sup>th</sup> August, 2016 – Interchange fees for ICD in NFS