

**NPCI/NFS/OC No.317/2018-19**

**24<sup>th</sup> December, 2018**

To,  
**All Members of NFS ATM Network**

Madam / Dear Sir,

**Sub: NFS ATM Network – EMV Liability Shift guidelines**

RBI, vide its circular dated 26th May 2016, have advised, inter alia, that ATMs and micro-ATMs installed/operated by banks/White Label ATM Operators (WLAOs) are enabled for processing of EMV Chip and PIN cards.

We refer to OC 306 dated 10<sup>th</sup> September, 2018 on EMV migration of ATMs. EMV liability shift for ATM transactions routed through NFS ATM network is not applicable only till 31<sup>st</sup> December, 2018.

In the NFS Steering Committee meeting (SCM) held on 29<sup>th</sup> November, 2018, EMV liability shift process was discussed. The EMV liability shift process approved in the SCM is given in **Annexure A**.

We would like to inform that the EMV liability shift process for transactions routed through NFS ATM network as mentioned in **Annexure A** shall be made effective from 01<sup>st</sup> January, 2019.

Please note importantly that –

1. The EMV liability shift process shall be applicable for domestic ATM cash withdrawal and Card to Card fund transfer transactions routed through NFS ATM network including Card & PIN micro-ATM transactions.
2. EMV liability shift shall also be applicable for international scheme cards (DFS, JCB, UPI, etc.) accepted on NFS ATM network as per respective schemes' guidelines. Updated addendum to NFS Operating and Settlement Guidelines (NFS-OSG) shall be shared separately.



3. EMV liability shift shall be applicable for transaction from 1<sup>st</sup> January, 2019 onwards.
4. Liability shift will not be applicable in the case of card lost / stolen fraud scenario, as ATM transactions are card-present online - PIN authorized transactions.
5. There will be no change in the NFS-RAW data files and settlement reports for EMV transactions. However, changes are made in NFS-DMS to capture additional details to facilitate identification of card and ATM terminal capability, and the method in which the transaction has been processed in NFS ATM Network (as per RuPay specifications).

Please make a note of the above change and disseminate the instructions contained herein to officials concerned.

For any queries or clarification, please contact:

Name	e-mail ID	Mobile Number
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Yours sincerely,



**Ram Sundaresan**

**SVP & Head – Operations**

Encl:

1. **Annexure A** - Procedural guidelines for EMV Liability shift
2. **Annexure B** – Issuer Declaration form
3. **Annexure C** – Acquirer Compliance form
4. **Annexure D** – Issuer Response form

## Annexure A

### Guidelines for handling disputes under EMV Liability Shift

#### 1. EMV liability shift for counterfeit card fraudulent transactions

Acquirer shall be liable under EMV liability shift process, if an EMV chip and PIN based card is cloned and this counterfeit card is used at ATMs and Micro-ATMs, which lack the capability of processing transactions on the basis of EMV chip data.

Table indicating Issuer / Acquirer liability is given below:

Card Capability	ATM Terminal Capability	Liability
Magnetic Stripe only card	Non-EMV Chip enabled ATM	Issuer
Magnetic Stripe only card	EMV Chip enabled ATM	Issuer
EMV Chip Card	EMV Chip enabled ATM	Issuer
Counterfeit magnetic stripe card with track data copied from an EMV chip card	Non-EMV Chip enabled ATM	Acquirer
Counterfeit magnetic stripe card with track data copied from an EMV chip card	EMV Chip enabled ATM	Issuer

These guidelines shall be applicable for domestic ATM Cash withdrawal and Card to Card fund transfer transactions routed through NFS ATM network including Card & PIN Micro-ATM transactions.

#### 2. Following fields shall be made available in DMS for transaction search for raising disputes and adjustments:

##### a) Field Name – Service Code

Card capability i.e. whether it is magnetic stripe only card or EMV chip card based on service code condition. Service code value 2xx and 6xx in Data Element 35 (Track 2 data) in online message denotes that the card is EMV chip card.

##### b) Field Name – Card data input capability

ATM Terminal capability – Data Element 61 sub field 1 of PoS Data Code having the card data input capability value shall denote whether the terminal is capable of accepting EMV chip card (ICC) or not.

Relevant values as per RuPay specifications are given below for reference:

DE 61 subfield – 1	
Value	Card Data Input Capability (Description)
0	Unknown
1	Magnetic Stripe Read capability
2	ICC capability
4	Magnetic stripe and ICC capability
8	Magnetic stripe, contact ICC & Contactless capability

**c) Field Name – PAN Entry mode**

Transaction – First 2 digit of PoS Entry shall denote the PAN entry mode. It denotes the way or manner in which the transaction has been processed.

Relevant values as per RuPay specifications are given below for reference:

DE 22 – first 2 digits	
Digit 1 & 2	PAN Entry mode (Description)
00	PAN entry mode unknown
02	Magnetic Stripe Read
05	ICC
80	Fall back Transactions
90	Full and unaltered magnetic stripe read (enables CVD validation)
95	Chip card with unreliable CVD or iCVD

**Note:** The above mentioned 3 fields are added in the adjustment report.

**3. Fall back transactions and Liability shift for Fall back transactions**

**a. Fall back transactions:**

When a Chip Card is presented at a Chip terminal, the transaction should be completed as a Chip Card transaction. If the transaction cannot be completed in this manner, the transaction shall “fall back” to a magnetic stripe transaction and must be submitted to the Issuer for authorization.

The Chip Card transaction may not be completed in the event that the Chip Card and the Terminal fail to reach completion of the transaction due to technical problem.

Fall back transactions will be processed as per the below mentioned requirements:

- The Acquirer and the ATM terminal is EMV chip complaint and the ATM is enabled for accepting and processing EMV chip cards.
- If the transaction cannot be completed as a Chip Card Transaction, a 'fall back' to magnetic stripe transaction is allowed.
- Fall back transactions must be indicated in the financial request transaction by sending DE 22 (POS Entry Mode) to '80X'.

b. Liability shift for Fall back transactions

**Issuers Liability** - Transactions accepted as Fall back transactions are the liability of the Issuer if both of the following conditions apply

- i. Card is an EMV Compliant Chip card.
- ii. Transaction is authorized by the Issuer and the appropriate values identifying the transaction as a Fall back transaction are included within the related Authorization Message by the Acquirer.

**Note:** Issuer may decide to approve or decline Fall back transactions as per their internal policy and risk mitigation process.

**Acquirers Liability** - Transactions accepted as Fall back transactions are the liability of the Acquirer if both of the following conditions apply

- i. Card is an EMV Compliant Chip card.
- ii. Transaction is authorized by the Issuer and the appropriate values identifying the transaction as a Fall back Transaction or any of the other data elements required as per the RuPay EMV specification to identify it as Fall back transaction, are not included or incorrectly populated within the related Authorization Message by the Acquirer.

**Acquirers should ensure that the process of Terminal wise (ATM / Micro-ATM) monitoring of Fall back transactions for taking immediate corrective action is implemented at the earliest.**

**4. Dispute (Chargeback) process for counterfeit card fraud under EMV liability shift**

**As Issuer**

- a. A separate reason code 'Counterfeit EMV Card Fraud' is made available in NFS DMS for raising chargeback.



- No representment rights shall be available for chargeback under this reason code.
- Acquirer can file compliance with NPCI if the guidelines contained herein is not complied by the Issuer.
- b. EMV liability shift shall be applicable for transactions from 1<sup>st</sup> January 2019 onwards, thus Issuer should not raise chargeback under this reason code for transaction dated prior to 1<sup>st</sup> January 2019.
- c. Issuer should block/hotlist the card before raising the chargeback and confirm while raising chargeback.
- d. Issuer should report the counterfeit card fraud to risk management team of NPCI (email id – [fraudrisk@npci.org.in](mailto:fraudrisk@npci.org.in) ) as per the specified process **before** raising the chargeback.
- e. Issuer to confirm that the transaction is not done by the card holder and the card was with the cardholder at the time of the transaction, which is now disputed as fraudulent transaction. Issuer should confirm that it is a fraudulent transaction suspected to be done by using counterfeit / skimmed card in form of an Issuer Declaration as per the format given in **Annexure B**.
- f. **Submission of Issuer Declaration form for chargebacks raised under this reason code is mandatory.** Copy of email sent to [fraudrisk@npci.org.in](mailto:fraudrisk@npci.org.in) may be submitted along with Issuer Declaration form for reference.
- g. Issuer may submit customer dispute letter / email along with Issuer Declaration, if available.
- h. Issuer should raise chargeback through chargeback menu option given in DMS front end and not through Bulk upload option, as Issuer Declaration form is to be submitted mandatorily for this reason code.
- i. Issuer shall not be able to raise chargeback under reason code – ‘Counterfeit EMV Card Fraud’ if already a chargeback has been raised for the transaction under any other reason code.
- j. Issuer shall be allowed to raise chargeback under new fraud reason code only if the Service code value is 2xx or 6xx (i.e. card was EMV chip card) and PoS entry mode is other than 05 and 95 (i.e. transaction was not processed as EMV transaction).
- k. Customer compensation of Rs.100 per day of delay for ATM disputes will not be applicable for these cases.

**Please note:**

- Issuer should do proper due diligence and should be satisfied that the fraudulent transaction was done using counterfeit card and the card was with the cardholder at the time of the disputed transaction.



- Chargebacks should not be raised routinely under this reason code except for fraudulent transaction reported by the cardholder and which satisfies the guidelines contained herein.

### **As Acquirer**

- a. Acquirer shall not be able to raise representment for the chargebacks raised under reason code – 'Counterfeit EMV Card Fraud'.
- b. Acquirer can file Compliance with NPCI within 21 days from the chargeback date, if chargeback is raised incorrectly i.e. not as per the guidelines contained herein.  
E.g. Proper Issuer Declaration not submitted, chargeback incorrectly raised for fall back transactions, chargeback raised for transaction dated prior to 1<sup>st</sup> January 2019, etc.
  - Acquirer should give proper explanation justifying the reason of raising Compliance.
  - Transaction details contained in online message / DMS will be considered while reviewing the case.
  - Acquirer may submit detailed transaction switch log which has additional details, if required and/or any other document in support of their claim.
- c. Acquirer should raise Compliance with NPCI by submitting the scanned copy of duly filled Acquirer Compliance Form given in **Annexure C** by sending an email to [nfsops@npci.org.in](mailto:nfsops@npci.org.in) & [nfsdms@npci.org.in](mailto:nfsdms@npci.org.in)

### **Compliance handling process**

- a. Compliance raised by Acquirer shall be shared with Issuer. Issuer can submit their response in the Issuer Response form as per the format given in **Annexure D** within 7 days from the date of intimation.
- b. NPCI may seek further information / clarification from members.
- c. NPCI shall give decision based on the dispute raised, online transaction, documents submitted by members, etc. Decision of NPCI shall be final and binding on members.
- d. If the decision is given in favour of Acquirer, the disputed amount, interchange fee, etc. shall be debited to Issuer and credited to Acquirer through RTGS settlement.
- e. Processing fee of Rs.500/- plus GST shall be applicable for raising compliance. It shall be debited to the member against whom the decision is given.









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**Annexure B**

**ISSUER DECLARATION FORM**

**(For chargebacks raised - EMV liability shift guidelines)**

Bank Details:

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

Bank Name					
Branch Address (where Cardholder holds account)					
Contact Details (officials whom NPCI or Acquirer can contact for clarification):					
No.	Name & Designation:	Department	Telephone	Mobile	E-mail ID:
1					
2					

**Transaction details:**

Card number	Type of Transaction (Cash WDL or C2C)	ATM ID	ATM Location	RRN
Transaction Date	Transaction Time	Transaction Amount	Disputed Amount	Response code

**Cardholder Dispute Details:**

Sr. No.	Particulars	Declaration by Issuer
1	Whether the complaint was raised at the Branch / call center / through email / through Internet or mobile app, etc. <i>( Please specify )</i>	
2	Date of receiving complaint <i>(dd-mmm-yyyy)</i>	
3	Chargeback Date <i>(dd-mmm-yyyy)</i>	

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Sr. No.	Particulars	Declaration by Issuer
4	Date & time of Hot listing the card (dd-mmm-yyyy)	
5	Date of reporting done to NPCI's Risk Management Team i.e. email sent to <a href="mailto:fraudrisk@npci.org.in">fraudrisk@npci.org.in</a>  Copy of email attached (Y / N )	Email from (email id):  Date:  Copy attached:
6	What type of Account does the card pertain to? a) SB/ CA/ OD/ CC (please specify)  b) Staff/ Customer (please specify)  c) Account opening date	a)  b)  c)

We hereby confirm that we have done proper due diligence of the complaint received and are satisfied that the fraudulent transaction is suspected to be done by using counterfeit card. The transaction was not done by the cardholder and the card was with the cardholder at the time of transaction, which is now disputed as fraudulent transaction. We also confirm that the dispute is eligible for EMV Liability Shift as per the OC 317 dated 24<sup>th</sup> December, 2018 on EMV Liability Shift guidelines.

We hereby declare that to the best of our knowledge and belief, the information furnished herein and in the statements/ annexures enclosed herewith are true, correct and complete. We further confirm that we shall readily submit any further information that may be called for by NPCI so as to settle this case.

**Date:**

**Signature & Bank Seal:**

**Place:**

**Name:**

**Designation & Department:**



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**Annexure C**

**Acquirer Compliance Form**  
**(for Chargeback received under EMV liability shift guidelines)**

Bank Details:

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

Bank Name				
Contact Details (officials whom NPCI or Issuer can contact for clarification):				
No.	Name & Designation:	Telephone	Mobile	E-mail ID:
1				
2				

**Transaction details:**

Card No.	Transaction type (Cash WDL / C2C)	ATM ID	RRN	Transaction ID
Beneficiary Details (only for Card to Card fund transfer transactions)	Transaction Date	Transaction Time	Chargeback date	Transaction amount

**ATM Details:**

What is the ATM make	Whether the ATM is Onsite / Offsite	Whether ATM is ENABLED for processing EMV Chip & PIN card transactions	ATM Location

**Documents / CCTV / Images submitted: (Please mentioned YES or NO in the relevant box for each item)**

EJ / JP	Switch log	ATM Internal Camera footage	CCTV/ External footage	Any Other Document (Please specify)

**Note: All documents submitted by the Acquirer should be stamped and signed by Bank official**



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**Acquirer's explanation for raising Compliance:**

Table with 4 columns: S.No., Name & Designation, Telephone, Mobile, E-mail ID.

We hereby declare that to the best of our knowledge and belief, the information furnished herein and in the statements/ annexures enclosed are true, correct and complete. We confirm that the copy of EJ/IP and Switch report/logs are true copies of the records automatically generated and stored in the system. We further confirm that we shall readily submit any further information that may be called for by NPCI so as to settle this case.

Date: Signature & Bank Seal:
Place: Name:

**Designation & Department:**

Table with 4 columns: ATM Name, ATM Location, Whether ATM is... (Chip & PIN card), Whether the... (Switch log)

Note: All documents submitted by the Acquirer should be stamped and signed by Bank official



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**Annexure D**

**Issuer Response Form**

**(for Compliance raised by Acquirer under EMV liability shift guidelines)**

**Bank Details:**

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

<b>Bank Name</b>					
<b>Contact Details (officials whom NPCI or Issuer can contact for clarification):</b>					
<b>No.</b>	<b>Name &amp; Designation:</b>	<b>Department</b>	<b>Telephone</b>	<b>Mobile</b>	<b>E-mail ID:</b>
1					
2					

**Transaction details:**

<b>Card No.</b>	<b>Transaction type (Cash WDL / C2C)</b>	<b>ATM ID</b>	<b>ATM Location</b>	<b>RRN</b>
<b>Beneficiary Details (only for Card to Card fund transfer transactions)</b>	<b>Transaction Date</b>	<b>Transaction Time</b>	<b>Chargeback Date</b>	<b>Transaction Amount</b>

**Dispute Details:**

<b>Date and time of lodging complaint with Bank</b>	<b>Whether Issuer Declaration Form was properly filled and submitted while raising chargeback</b>	<b>Date &amp; Time of Hot listing the card</b>	<b>Date of reporting to <a href="mailto:fraudrisk@npci.org.in">fraudrisk@npci.org.in</a> (please attach copy of email)</b>

List of additional documents submitted, if any

- 1)
- 2)
- 3)

**Note: All documents submitted by the Acquirer should be stamped and signed by Bank official**



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**Issuer's Response on Compliance raised by Acquirer (submit complete details with proper explanation):**

[Empty table area for providing details]

We hereby declare that to the best of our knowledge and belief, the information furnished herein and in the statements/ annexures enclosed are true, correct and complete. We confirm that the copy of Switch report/logs are true copies of the records automatically generated and stored in the system. We further confirm that we shall readily submit any further information that may be called for by NPCI so as to settle this case.

**Date:**

**Signature & Bank Seal:**

**Place:**

**Name:**

**Designation & Department:**