

NPCI/NFS/OC No.341/2019-20

26th August, 2019

To,

All Members of NFS ATM Network

Madam / Dear Sir,

Sub: NFS ATM Network – EMV Liability Shift guidelines

We refer to our OC 317 dated 24th December, 2018 on EMV liability shift guidelines. As mentioned in the OC, it is expected that Issuing Banks should do proper due diligence and should be satisfied that the fraudulent transaction was done using counterfeit EMV card and the card was with the cardholder at the time of the disputed transaction.

A. Process of handling Counterfeit EMV Card Fraud chargebacks

The process of handling Counterfeit EMV Card Fraud chargebacks raised under the EMV liability shift guidelines and due diligence to be followed by banks were discussed in the Operations working group meeting held on 14th June, 2019. As a deterrent and to avoid misuse and further strengthening the due diligence process, it was suggested to make police complaint / lodging of FIR mandatory for chargebacks above ₹50,000/- per card.

The matter was discussed in NFS Steering Committee Meeting (SCM) held on 16th July, 2019, and the following was approved by the SCM to be implemented for handling Counterfeit EMV Card Fraud complaints.

I. For cases where total EMV chargeback amount per card is above ₹50,000/-.

1. Police complaint / FIR / Online complaint to cyber cell of police to be obtained from cardholder.
2. Copy of Police complaint / FIR / Online complaint to cyber cell of police, should be mandatorily submitted by Issuing banks while raising chargebacks.
3. In case Issuing Bank fails to submit Police complaint / FIR / Online complaint to cyber cell at the time of raising chargeback, NRP panel may give the decision against the Issuing Bank.

II. For cases where images/CCTV footage are submitted by Acquirer.

It is recommended that the Issuing Bank submits its response on identification of the cardholder / feedback on the CCTV footage / images shared by the Acquirers. Response may be submitted as part of the Issuer response to the Compliance.

B. Handling fallback transactions for Counterfeit EMV Card Fraud chargebacks

Currently chargebacks for fallback transactions can be raised for counterfeit EMV card fraud transactions in Dispute Management System (DMS) under the reason code 'Counterfeit EMV Card Fraud'. As per OC 317, the Acquirer liability under the EMV liability shift process is applicable only where the Card is EMV chip enabled and the ATM is non-EMV chip enabled. Where both the Card and the ATM are EMV chip enabled and for some reason, the transaction is approved though sent as a fallback transaction by the acquirer. Issuing bank do not have the chargeback rights on fallback transactions for Counterfeit EMV card fraud.

We have observed that Issuing Banks are raising chargebacks for fallback transactions which were approved by them. Since the transaction has already been approved by the Issuing Bank, the liability of approving such transactions is that of the Issuing Bank.

In this regard, it may be noted that we would be disabling the option of raising chargebacks on fallback transactions in DMS.

The above changes are applicable for chargebacks raised under reason code 'Counterfeit EMV Card Fraud' from 01st September, 2019, onwards.

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

For any queries or clarification, please contact:

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Yours sincerely,



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