

**RESERVE BANK OF INDIA
CUSTOMER SERVICE DEPARTMENT**

ATM OPERATIONS OF BANKS

A review of ATM operations of banks with large ATM network was recently conducted by the RBI. The review mainly aimed at identifying major complaint-prone operational areas and steps to overcome these. Review was based on following grounds identified for rising trend in ATM complaints.

- I. Frequent breakdowns,
- II. Discrepancies in cash dispensation
- III. Cash-out (Machines running out of cash)
- IV. Quality of Notes
- V. Grievance Redressal

Observations:

a) Frequent breakdowns:

Power failure, network failure, Cash handler faults, reject bin full, machine breakdowns are some of the major reasons for ATM breakdowns. To ensure that these breakdowns are kept to a minimum some of the important measures initiated by the banks are:

- a. Periodic visits by ATM channel managers / vendors to ATMs.
- b. Monitoring of uptime of ATMs by vendors as well as by the banks on a real time basis.
- c. Online system enabling immediate notification to vendors about 'down' ATMs for restoration on a priority basis.
- d. Top Management's oversight on Down Time reports
- e. Detailed servicing and replacement of system if necessary of ATMs with more than a fixed number of complaints in a month
- f. Periodic preventive maintenance
- g. Corrective action on the basis of Root Cause Analysis.

b) Discrepancies in cash dispensation:

For major ATM network banks the percentage of complaints on account of short/non dispensation of cash was less than 0.15% of total complaints. Regulatory prescription of resolution of such complaints within 7 days and penalty for failure to do so have ensured that most of these discrepancies are rectified immediately and not kept pending beyond 7 working days. Online monitoring of ATMs having high number of dispenser problems, follow up with manufacturers for periodical preventive maintenance, training of custodians to ensure proper cash loading and oversight of Senior Management on resolution and corrective action are some of the steps taken to address the discrepancies in cash dispensation.

c) Cash-out (Machines running out of cash):

Regular monitoring and forecasting cash requirements ensures that the ATMs are loaded optimally to avoid cash-outs (running out of cash). ATMs are loaded with currency based on the frequency of cash dispensation to ensure that the ATMs do not run out of cash during peak period. Cash levels are set and monitored at intervals and when cash in the machine falls below a pre-determined level, the vendor is informed to replenish cash immediately.

d) Quality of Notes :

Efforts are made to ensure that ATMs are loaded with either newly minted or ATM fit notes which are sorted and processed on hi-tech note sorting machines by agency custodians / vendors who are imparted regular training in this regard.

e) Access to Grievance Redressal Mechanism:

Systems are in place to provide smooth access to grievance redressal mechanism for ATM related complaints. The grievance redressal procedure is displayed in the ATM premises. Banks have automated systems enabling registration of ATM related complaint at any branch / Call Centre by visit / call. The auto escalation of complaints is also enabled in these systems which facilitates speedy resolution of complaints.

Security Measures: With spread of ATM network instances of frauds are also on the rise. Ensuring secure environment is a must for building customer confidence in

electronic banking. The measures initiated to strengthen the security in ATM transactions are enumerated below:

- Caretakers at offsite ATMs and sensitive locations to discourage attempts to tamper with the ATM.
- Arrangements with local police authorities for regular beats in case of ATMs located in sensitive areas.
- Disabling cash retraction facility at ATMs as per RBI guidelines in view of large number of frauds committed by fraudsters taking advantage of this facility
- Security Screen on the Machine requiring the customer to confirm the digits entered
- reduction of per screen transaction time,
- logging out of a customer in case of even a single invalid pin
- Dip-card readers: Dip Card Readers (card is not swallowed by the machine) preempt capture of data through extraneous devices. Many banks are now using Dip-card Readers. SBI has 100% Dip-card Readers.
- Mystery Shopping
- Analysis of complaints to identify complaint prone ATMs and monitoring transaction at these ATMs

Customer Awareness and Education Measures: Customer education and awareness is one of the important tools to ensure secured electronic banking. Following are some of the measures undertaken by banks in this regard:

- Posters / notices containing safety tips on usage of card / ATM are prominently displayed at the ATM machines.
- Customers are provided with user manual / letter along with the card at the time of card issue which details on the safety guidelines for operating ATMs.
- Customers are also imparted knowledge on safety measures / precautions on ATM transactions through print media and radio advertisements.
- Feedback from customers through surveys/Phone calls