

July 17, 2009

The Chairman and Managing Director / Chief Executive  
Officers  
All Scheduled Commercial Banks including RRBs /  
Urban Co –operative Banks / State Co-operative Banks /  
District Central Co-operative Banks  
ATM network providers

Madam / Dear Sir

**Reconciliation of transactions at ATMs failure – Time limit**

Please refer to our letter [DPSS No. 1424](#) and [711/ 02.10.02 / 2008-2009](#) dated February 11, 2009 and October 23, 2008 respectively on the captioned subject. In terms of instructions contained therein, banks are required to reimburse to the customers, the amount wrongfully debited on account of failed ATM transactions within a maximum period of 12 days, from the date of receipt of customer complaint. Reserve Bank of India has been receiving number of complaints, regarding the non adherence of banks to the instructions stipulated therein. Further, it has come to our notice that different banks have put in place different cut-off limits for permitting cash withdrawals from/for other bank customers. These issues have been comprehensively reviewed by the Reserve Bank of India. The banks may follow the following directives:

- i) It is mandatory for the banks to reimburse the customers, the amount wrongfully debited on account of failed ATM transactions, within a maximum period **of 12 working days** from the date of receipt of the customer complaint.
- ii) For any failure to re-credit the customers account within 12 working days from the date of receipt of the complaint, the bank shall pay compensation of Rs.100/-, **per day**, to the aggrieved customer. This compensation shall be credited to the customer's

account automatically without any claim from the customer, on the same day when **the bank affords** the credit for the failed ATM transaction.

- iii) The issuer bank is entitled to claim such compensation paid to the customer from the acquirer bank, if the delay is attributed to the latter. By the same logic the ATM network operators shall compensate the banks for any delay on their part.
- iv) Banks shall extend the scope of concurrent audit to cover cases of delay in reimbursing the customers for failed ATM transactions.
- v) Each bank shall place a quarterly review of ATM transactions to its Board of directors, indicating *inter alia*, the quantum of penalties paid, reasons thereof and the actions taken to avoid recurrence of such instances. A copy of the note along with the observations of the Board shall be forwarded to the Chief General Manager, Reserve Bank of India, Department of Payment & Settlement Systems, Mumbai.

2. The directive is issued under section 18 of Payment and Settlement Systems Act 2007, (Act 51 of 2007). Non-adherence to the provisions of this circular shall attract penalty as prescribed under the Payment and Settlement Systems Act 2007 (Act 51 of 2007).

3. Please arrange to place a copy of this circular before the Board.

4. Kindly acknowledge receipt.

Yours faithfully,

(G. Padmanabhan)  
Chief General Manager