

RBI/2007-2008/95

UBD (PCB) Cir No. 6 /09.18.300/2007-08

July 13, 2007.

The Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

Guidelines for issue of ATM-cum-Debit Cards by UCBs.

Please refer to our circular UBD (PCB).BPD.Cir.No.50/09.69.000/05-06 dated April 28, 2006 permitting the banks fulfilling certain eligibility norms to install ATMs and issue ATM-cum-debit cards.

2. It has been now been decided to issue guidelines for issuance of ATM-cum-Debit Cards. Banks which are authorized to install on-site /off-site ATMs, as per the policy in force, may introduce ATM-cum-Debit cards with the approval of their Board keeping in view the guidelines as given in Annex I. **Issuance of offline debit card is however, not permitted.** The details of the ATM-cum-debit cards introduced may be advised to the Regional Office concerned of the Reserve Bank of India together with a copy each of the agenda note put up to their Board and the resolution passed thereon.

3. UCBs should not issue ATM-cum- debit cards in tie-up with other non-bank entities.

4. UCBs may review operations of these cards and put up review notes to their Boards at half-yearly intervals, at the end of March and September, every year. A report on the operations of these cards issued by banks should be forwarded to the Reserve Bank of India , Department of Payment and Settlement Systems (DPSS) with a copy to the Regional office concerned of Reserve Bank of India on a half yearly basis, say at the end of March and September every year, incorporating information as indicated in Annex II.

Yours faithfully,

(N.S.Vishwanathan)
Chief General Manager-in-Charge

Guidelines for Issuance of ATM-cum- Debit Cards by UCBs-

1. Coverage

The guidelines apply to the cards encompassing all or any of the following operations:

Electronic payment involving the use of card, in particular at point of sale and such other places where a terminal / device for the use / access of the card is placed.

The withdrawing of bank notes, depositing of bank notes and cheques and connected operations in electronic devices such as cash dispensing machines and ATMs.

2. Cash Withdrawals

No cash transaction, that is, cash withdrawals or deposits should be offered at the Point of Sale, with the ATM-cum-debit cards under any facility, without prior authorization of RBI under Section 23 of the Banking Regulation Act, 1949.

3. Eligibility of Customers

The banks can issue ATM-cum-debit cards to select customers as per their own eligibility criteria subject to compliance with 'Know Your Customer' guidelines. Banks can extend the ATM-cum-debit card facility to those having saving bank account / current account / fixed deposit accounts with built-in liquidity features maintained by individuals, corporate bodies and firms. Debit card facility should not be extended to cash credit / loan account holders.

4. Security and other aspects

(a) The bank shall ensure full security of the card.

(b) No bank shall despatch a card to a customer unsolicited, except in the case where the card is a replacement for a card already held by the customer.

(c) Banks shall keep for a sufficient period of time, internal records to enable operations to be traced and errors to be rectified (taking into account the law of limitation for the time barred cases).

(d) The cardholder shall be provided with a written record of the transaction after he has completed it, either immediately in the form of receipt or within a reasonable period of time in another form such as the customary bank statement.

(e) The cardholder shall bear the loss sustained up to the time of notification to the bank of any loss, theft or copying of the card but only upon a certain limit or fixed amount or a percentage of the transaction agreed upon in advance between the card holder and the bank, except where the card holder acted fraudulently, knowingly or with extreme negligence.

(f) Each bank shall provide means whereby its customers may at any time of the day or night notify the loss, theft or copying of their payment devices.

(g) On receipt of notification of the loss, theft or copying of the card, the bank shall take all action open to it to stop any further use of the card.

5. Terms and Conditions for issue

The relationship between the bank and the card holder shall be contractual. As such:

- a) Each bank shall make available to the cardholders in writing, a set of contractual terms and conditions governing the issue and use of such a card. These terms shall maintain a fair balance between the interests of the parties concerned.
- b) The terms and conditions shall be expressed clearly.
- c) The terms shall specify the basis of any charges, but not necessarily the amount of charges at any point of time.
- d) The terms may be altered by the bank, but sufficient notice of the change shall be given to the cardholder to enable him to withdraw if he so chooses. A period shall be specified after which time the cardholder would be deemed to have accepted the terms if he had not withdrawn during the specified period.
- e) (i) The terms shall put the cardholder under an obligation to take all appropriate steps to keep safe the card and the means (such as PIN or code) which enable it to be used.

(ii) The terms shall put the cardholder under an obligation not to record the PIN or code, in any form that would be intelligible or otherwise accessible to any third party if access is gained to such a record, either honestly or dishonestly.

(iii) The terms shall put the cardholder under an obligation to notify the bank immediately after becoming aware:

of the loss or theft or copying of the card or the means which enable it to be used;

of the recording on the cardholder's account of any unauthorised transaction;

of any error or other irregularity in the maintaining of that account by the bank.
- (iv) The terms shall specify a contact point to which such notification can be made and that such notification can be made at any time of the day or night.
- (v) The terms shall put the cardholder under an obligation not to countermand an order which he has given by means of his card.
- g) The terms shall specify that the bank shall exercise care when issuing PINs or codes and shall be under an obligation not to disclose the cardholder's PIN or code, except to the cardholders.
- h) The terms shall specify that the bank shall be responsible for direct losses incurred by a cardholder due to a system malfunction directly within the bank's control. However, the bank shall not be held liable for any loss caused by a technical breakdown of the payment system if the breakdown of the system was recognizable for the cardholder by a message on the display of the device or otherwise known. The responsibility of the bank for the non-execution or defective execution of the transaction is limited to the principal sum and the loss of interest subject to the provisions of the law governing the terms

Reporting Format for the Issue and Operations of ATM-Cum-Debit Cards-

1. Name of the Bank-
2. Period of Reporting-
3. Type of the card with hardware components-(IC Chip)
eg., Magnetic strip, CPU, Memory-
4. Type of the software used-
5. Security standards followed-
6. Service provider (Self or otherwise)-
7. Total number of outlets where the ATM-cum-debit card can be used-
of which-
 - (a) POS Terminal-
 - (b) Merchant Establishment-
 - (c) ATMs-
 - (d) Others please specify.
8. Total number of cards issued-of which-
 - (a) against Current account-
 - (b) against Savings account-
 - (c) against Float Account-
9. Total Number of Transactions during the period-
10. Amount involved in the Total Number of Transactions-
11. Instances of frauds, if any, during the period.
 - (a) No. of frauds-
 - (b) Amount Involved-
 - (c) Amount of loss to the bank-
 - (d) Amount of loss to the card holder-