



## STATE BANK OF PAKISTAN

TELEGRAMS  
BANK RATE

Post Box No. 4456, Karachi  
(74000)

Payment Systems  
Department

PSD Circular No.1 /2006

April 06, 2006

### All Commercial Banks & Switch Operators

Dear Sir / Madam,

### **Guidelines for Standardisation of ATM Operations**

ATM is one of the most important e-banking delivery channels in Pakistan. Account holders have the facilities to withdraw cash, inquire balances and transfer funds 24/7 throughout the year. While offering great convenience to customers, there are very few incidences where ATMs retain cash due to technical reasons. In order to reduce inconvenience to the customers, following guidelines are issued for compliance by all the commercial banks and switch operators:

- ❖ All branches of commercial banks having ATMs are required to carry out ATM cash balancing and reconciliation every working day at a time fixed by their head offices. However, this time should not be during peak hours and should not cause disruption of ATM services for extended hours.
- ❖ The actual cash is to be balanced with cash journal provided by the ATM and reconciliation is to be carried out for difference in cash balances in order to identify suspect transaction(s).
- ❖ Individual transactions are to be identified wherein customer account has been debited without cash disbursement. On the basis of verified transactions, branches should immediately complete process of "Automatic Credit" which should not exceed the agreed timeframe annexed at "A". However, for exceptional transactions such as partial retract and where primary evidence is not available, timeframe will be applicable from the date of claim by the customer.
- ❖ Commercial banks operating ATMs should develop detailed documented procedure for "Automatic Credit" and arrange training of relevant staff members. The procedure should facilitate the customers as well as meet the control objectives of the bank.
- ❖ Branch must report its Card Facilitation Centre (CFC) details of claims settled, outstanding claims and balance in suspense account on daily basis. (The term CFC has been referred to a centralised unit in a commercial bank responsible to manage e-banking channels). The CFC shall maintain a data base of resolved, unresolved cases of its own customers and balance in suspense account. This information will enable quick response of queries relating to automatic settlement of account and submission of claims where necessary.

- ❖ All banks are required to identify at least two key personnel (Address, Phone #, Fax # and e-mail address) of CFC who will be responsible to respond queries. This information should also be made available on the websites.
- ❖ Immediately after crediting account of the customer, the issuing bank must inform the customer in writing accordingly.
- ❖ It is recommended that banks install external camera/cameras in ATM cabins/rooms within three months from the date of issue of this circular to have secondary evidence against cash claims to satisfy customers. The location should be adjusted in a way that PIN could not be captured.
- ❖ Customer whose account has been debited without cash disbursement should not be charged for minimum balance to the extent of the undisbursed amount and time for which it remained payable.
- ❖ These timelines have been agreed for a period of 6 months from the date of issue of this circular. Banks are required to review and redesign their internal processes and through the use of IT solutions, should further reduce these timelines.
- ❖ The new procedures will apply on transactions executed on or after May 01, 2006. However, banks are required to clear all outstanding claims positively by May 15, 2006.
- ❖ Definitions of Terms Used and Explanatory Notes are attached at Annexure "B" and "C" respectively.
- ❖ All banks are required to report details (as given in annexure "D") to Payment Systems Department, State Bank of Pakistan, Karachi, latest by the 15<sup>th</sup> of next month preceding the quarter.

**If you have any queries, please contact us at 021-2453416 or 021-2453444.**

Yours faithfully,

  
(Muhammed Saleem Rehmani)  
Director

## Procedure & Timelines for "Automatic Credit" of Suspense ATM Cash.

### Annexure A

S.Nos.	Execution of transaction by a cardholder of	Procedures	Max. No. of Days
1	Same Bank at Same Branch	Branch to re-credit the customer account.	Next Business Day
2	Same Bank at Different Branch, Intra-City(Within same city).	1) Acquiring Branch, after verification, to issue credit instructions to its card issuing branch and inform its CFC. 2) Card issuing branch to re-credit the customer account.	3 Business Days
3	Same Bank at Different Branch, Inter-City(Different cities).	1) Acquiring Branch, after verification, to issue credit instructions to its card issuing branch and inform its CFC. 2) Card issuing branch to re-credit the customer account.	4 Business Days
4	Different Banks within same city-member of same switch (MNet or 1-Link).	1) Acquiring branch, after verification, to issue credit instructions to its CFC. 2) Acquiring bank CFC to issue credit instructions to its respective switch. 3) Respective switch-(MNet or 1-Link) to issue credit instructions to its issuing bank CFC. 4) Issuing bank CFC to issue credit instructions to its card issuing branch. 5) Card issuing branch to re-credit the customer account.	6 Business Days
5	Different Banks in different cities-member of same switch (MNet or 1-Link).	1) Acquiring branch, after verification, to issue credit instructions to its CFC. 2) Acquiring bank CFC to issue credit instructions to its respective switch-(MNet or 1-Link). 3) Respective switch-(MNet or 1-Link) to issue credit instructions to its issuing bank CFC. 4) Issuing bank CFC to issue credit instructions to its card issuing branch. 5) Card issuing branch to re-credit the customer account.	6 Business Days
6	Different Banks within same city-member of different switch (MNet and 1-Link).	1) Acquiring branch, after verification, to issue credit instructions to its CFC. 2) Acquiring bank CFC to issue credit instructions to its respective switch-(MNet or 1-Link). 3) Respective switch-(MNet or 1-Link) to issue credit instructions to the other switch-(MNet to 1-Link or Vice Versa). 4) Other switch to issue credit instructions to its issuing bank CFC-(MNet to 1-Link or Vice Versa). 5) Issuing bank CFC to issue credit instructions to its card issuing branch. 6) Card issuing branch to re-credit the customer account.	7 Business Days
7	Different Banks in different cities-member of different switch (MNet and 1-Link).	1) Acquiring branch, after verification, to issue credit instructions to its CFC. 2) Acquiring bank CFC to issue credit instructions to its respective switch-(MNet or 1-Link). 3) Respective switch-(MNet or 1-Link) to issue credit instructions to the other switch-(MNet to 1-Link or Vice Versa). 4) Other switch to issue credit instructions to its issuing bank CFC-(MNet to 1-Link or Vice Versa). 5) Issuing bank CFC to issue credit instructions to its card issuing branch. 6) Card issuing branch to re-credit the customer account.	7 Business Days

1) Serial No. 1-3 are relevant where an account holder executes a transaction at an ATM installed at branch of card issuing bank.

2) Serial No. 4-5 are relevant where an account holder executes a transaction at an ATM installed at branch other than the card issuing bank's branch. However, both banks i.e. card issuing and ATM on which transaction was executed, are member / connected with the same switch; either MNet or 1-Link.

3) Timelines given in this annexure are also applicable on off-site ATMs with 2 additional business days in each scenario.

4) Two business days are added for tier 2 cities i.e. remote cities which are other than Karachi, Lahore, Islamabad and Rawalpindi and will be applicable on both same city and different cities cases.



## Definitions of Terms Used

### 1) Evidences:

Following necessary evidences should be referred to settle the disputes at Acquirer Bank:

- i) Physical Cash in ATM.
  - ii) ATM Cash GL Account.
  - iii) ATM Journal Roll/ EJ.
  - iv) Banks (Phoenix) Acquirer Report.
  - v) Reconciliation of Inter Branch ATM Transactions.
  - vi) Reconciliation of Switch Settlement (Nostro) Account.
  - vii) Customers Claim. (Secondary Evidence).
  - viii) Video / Camera Recordings. (Secondary Evidence).
- } (Closing balances should be of same time)

- 2) **Transaction date:** Date at which the ATM withdrawal activity was performed.
- 3) **Business day:** Same as transaction date if transaction was performed during designated business hours, or the next working date if transaction was performed after the business hours cut-off time.
- 4) **Acquirer/ Host/ ATM branch/bank:** Branch/ Bank which has ownership of the ATM where the transaction was performed.
- 5) **Originating/ Native/ Card issuing branch/bank:** Branch/ Bank that issued the (ATM / Debit/ Credit Card) also known as issuer branch/ bank.
- 6) **Primary Switch:** The Switch M-Net/1-Link where the bank is a member and is directly connected to.
- 7) **Secondary Switch:** An external switch to which a relationship is established via primary switch.



### Explanatory Notes

- 1) Reference number of complaint must be issued to customer for the purpose of tracking. Every bank should develop a numbering sequence so that tracking is easy and efficient. This procedure shall apply for ATM transactions executed and settled in Pakistan only.
- 2) CFC is a basic requirement for e-business. It is upto the bank to use any classification for such unit/activity.
- 3) This circular will apply on all cards used on ATM machines for local currency transactions.
- 4) All banks will follow the SBP regulations for business in Pakistan. The transactions which are settled in Pakistan will be dealt in accordance with this circular.
- 5) In order to expedite the resolution, banks can process the disputed transactions on the basis of encrypted e-mails.
- 6) Timelines given in Annexure A are also applicable on off-site ATMs with 2 additional business days in each scenario.
- 7) Both MNet and 1-Link in consultation with member banks will develop detailed procedures (including of required forms/standard formats) for settlement latest by April 29, 2006 as part of development of Standard Operating Procedures and Service Level Agreement agreed in Legal Agreement signed on 19-04-2005 by both the Switch Operators.
- 8) Banks and switch operators will have to develop agreed timelines for individual activities by April 29, 2006. However, the maximum number of days for resolution shall remain the same.
- 9) Business hours mean from 9:00 a.m. to 5:00 p.m.

**Position of Commercial Bank as on Last Date of the Quarter**

<b><u>Nature of Transactions</u></b>	<b><u>Total No. of Transactions (Actual)</u></b>	<b><u>Total Amount of Transactions (Actual)</u></b>
1) Automatic Credit:	-----	-----
2) Claims Processed:	-----	-----
3) Outstanding Balance (Suspense ATM Cash)	-----	-----