



STATE BANK OF PAKISTAN
PAYMENT SYSTEMS DEPARTMENT
I.I. CHUNDRIGAR ROAD
KARACHI

PSD Circular No. 1 / 2008

January 15, 2008

The Presidents / Chief Executives

All Commercial Banks
MNet & 1LINK Switches

Dear Sir / Madam,

Guidelines for Retained / Disabled Cards on ATMs

ATMs have been providing important e-banking facility to banks' customers. ATMs may, however, retain cards on certain occasions due to technical reason or disable the card if a card holder makes three attempts with invalid PIN. In order to provide convenience to card holders, SBP, in consultation with the stakeholders, have developed following guidelines:

A. Retained Cards:

- 1) Banks are required to change program / system software which should provide following message when a card is captured by Automated Teller Machine (ATM):
 - a) that the card has been captured
 - b) card can be collected from Acquiring Branch within two working days
 - c) card can be collected from Issuing Branch within next 8 working days. Thereafter, a replacement card will be issued for which the bank may charge
- 2) Acquiring Branches need to check ATMs once a day for card capture. This activity may be performed while carrying out cash balancing and reconciliation to avoid undue inconvenience to the customers.
- 3) Acquiring Branches are to log all retained cards under dual control immediately upon removal from the ATM and arrange return of such cards to the concerned cardholder within the time frame prescribed above.

- 4) Acquiring Branch to return the card after proper identity check through the presentation of original CNIC. In case of doubt or as advised by the Issuing Bank / Branch, the Acquiring Branch may decline the delivery and forward the card to Card Facilitation Centre (CFC) of Issuing Bank through CFC of their own Bank along with the reasons of refusal of delivery to the card holder. Acquiring Branches are also required to get a disposition log or signed receipt (with date and time) along with the photocopy of original CNIC.
- 5) Cards retained at the request of an Issuing Bank must be returned to the Issuing Bank by Acquiring Bank on the following working day of card capture.
- 6) If the card holder does not collect his / her card from Issuing Branch within the prescribed time, then the Issuing Branch must cut the card into half vertically through the magnetic stripe. In such cases, Issuing Bank may charge for a replaced card issued to the card holder.
- 7) Acquiring Branch must report to its CFC details of number of cards retained, number of cards returned to cardholders and number of cards returned to Issuing Bank on daily basis.
- 8) Acquiring Bank's CFC is to intimate the actual status of the captured cards to the Issuing Bank's CFC and its Primary and Secondary switches on daily basis. The intimation process must be automated and system driven.
- 9) Any retained card that appears "Suspicious" (for example, plain white plastic card, cardboard card or any other card that is unusual in nature) is to be preserved. Details of such cards should be reported to SBP each quarter. These cards may also be handed over to Law Enforcement Agency when demanded, in consultation with their legal departments and with proper documentation.
- 10) Acquiring Bank will not incur liability for fraudulent or unauthorized transactions initiated with a card which was returned to the card holder following its retention at an ATM, provided that Acquiring Bank acted in accordance with the guidelines of this Circular. Acquiring Bank, however, will be liable for the losses sustained by the Issuing Bank for any fraudulent or unauthorized transactions made subsequent to card retention, if Acquiring Bank failed to comply with all the guidelines of this Circular.

B. Warm / Disabled Cards:

- 11) The system marks the card as Warm (Disabled) upon exhausting PIN retry attempts or any other cardholder error and returns the card to the cardholder. ATM must display the message:
- a) that the card has been disabled
 - b) card holder should contact the Issuing Bank / Branch to get his / her card re-enabled (means no new PIN to be generated)
 - c) Issuing Bank / Branch to re-enable the card with in 24 hours of the request (which may be either through call at customer support center or in writing) of the card holder; fully complying with the risk management procedures of the bank

C. General:

- 12) Issuing Banks to maintain the proper record of retained / returned / cut / re-enabled cards for at least 6 months for the purpose of investigation of crimes related to cards.
- 13) Commercial banks need to develop standardized forms and documented procedures to manage the processes mentioned above. Staff responsible to manage the processes at branch level should also be appropriately trained.

This circular will apply on all cards issued by banks operating in Pakistan for local currency transactions.

The above guidelines shall be effective from 1st April 2008 and their compliance will be monitored under the relevant provisions of Payment Systems and Electronic Fund Transfer Act 2007.

Yours sincerely,


(Muhammed Saleem Rehmani)
Director