

February 11, 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

Madam / Dear Sir

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

The use of Automated Teller Machines (ATMs) for cash withdrawal has been increasing in the country. However, of late, we have been receiving a number of complaints from bank customers, regarding debit of accounts even though the ATMs have not disbursed cash for various reasons. More importantly, banks take considerable time in reimbursing the amounts involved in such failed transactions to card holders. In many cases, the time taken is as much as 50 days.

2. After examining the procedures involved in verification and resolution of such complaints, the Reserve Bank has concluded that delay of the magnitude indicated above is not justified, as it results in customers being out of funds for a long time for no fault of theirs. Moreover, this delay can discourage customers from using ATMs. Therefore, it was decided that, to start with banks shall reimburse to the customers the amount wrongfully debited within a maximum period of 12 days from the date of receipt of customer complaints. This decision was communicated to the banks vide our circular RBI/DPSS No. 711/02.10.002/2008-09 dated October 23, 2008. It is, however, observed that banks have not taken adequate care to percolate these instructions to their branches as evident from continuing complaints in this regard.

3. Banks are, therefore, once again advised to strictly adhere to the time discipline indicated in the above mentioned circular. Non-adherence to the time discipline shall attract penalties prescribed under the Payment and Settlement Systems Act 2007 (Act 51 of 2007).

4. This directive is issued under section 18 of Payment and Settlement Systems Act 2007, (Act 51 of 2007).

5. Kindly acknowledge the receipt.

Yours faithfully

(G. Padmanabhan)  
Chief General Manager