

## **Card Transactions**

**(Updated as on May 11, 2023)**

### **1. What are various types of cards?**

**Ans:** Cards can be classified on the basis of their issuance, usage and payment by the card holder. There are three types of cards (a) debit, (b) credit, and (c) prepaid.

### **2. Who issues these cards?**

**Ans:** Debit cards are issued by banks and are linked to a bank account. Credit cards are issued by scheduled commercial banks (excluding Payments banks), Regional Rural Banks (in collaboration with other banks), and Urban Cooperative Banks, Non-Bank Financial Companies (subject to approval from RBI). Prepaid cards are issued by eligible banks and authorised non-banks.

### **3. What are the usages of debit cards?**

**Ans:** The debit cards can be used to withdraw cash from an ATM, purchase of goods and services at points of sale (PoS) terminals or e-commerce (online purchase). They can be used domestically, or internationally.

### **4. What are the usages of credit cards?**

**Ans:** The credit cards can be used for purchase of goods and services at PoS terminals / e-commerce. These cards can be used domestically and internationally (provided they are enabled for such use). Credit cards can also be used to draw cash advances from ATMs, subject to prescribed terms, and conditions.

### **5. What are the usages of prepaid cards?**

**Ans:** By nature, prepaid cards can be (a) Small PPIs and (b) Full-KYC PPIs. The usage depends on the type of PPI and is subject to prescribed limits and conditions. These cards can be issued by both banks and non-banks.

- Small PPIs can be used only for purchase of goods and services at a group of clearly identified merchant locations / establishments, which have a specific contract with the issuer (or contract through a payment aggregator / payment gateway) to accept the PPIs as payment instruments.
- Full KYC-PPIs can be used for purchase of goods and services, funds transfer or cash withdrawal.

FAQs on Prepaid Payment Instruments (PPIs) give further detailed information on PPIs.

### **6. What are various methods of using a card at a PoS terminal?**

**Ans:** A card can be dipped (Chip based card), tapped (Contactless Near Field Communication {NFC} Card) or swiped (Magnetic-Stripe card) at a PoS terminal.

**7. What are Magnetic Stripe cards, EMV Chip & PIN cards and Contactless NFC cards?**

**Ans:** The EMV Chip & PIN card stores card data in a chip, while the data in magnetic stripe card is stored on the magnetic stripe present on the card. In a Contactless NFC card, the card is read by keeping the card near the card reader. The EMV Chip & PIN cards and Contactless NFC cards are considered to be safer when compared to Magnetic Stripe cards.

**8. What are Card Present (CP) and Card Not Present (CNP) transactions?**

**Ans:** A CP transaction is a transaction that is carried out through physical presence of card at the point of transaction. It is also known as face-to-face or a proximity payment transaction. An example is a transaction carried out at an ATM or a PoS terminal. A CNP transaction does not require the card to be physically presented at the point of transaction. It is also called as a remote transaction. An example is an online transaction or a mobile banking transaction using the card.

**9. Who decides the limits for cash withdrawal or purchase of goods and services through a card?**

**Ans:** The limits on cash withdrawal at ATMs and for purchase of goods and services are decided by the card issuer. Within these limits, the card holder may set and modify transaction limits for various uses like domestic, international, PoS, ATMs, online transactions, contactless transactions, etc. Cash withdrawal using debit cards and full-KYC prepaid cards at PoS terminals has been allowed by Reserve Bank of India (RBI) whereby, a maximum of ₹2,000 can be withdrawn per transaction within an overall monthly limit of ₹10,000. Cardholders can check with their issuers for details of such facilities provided by them.

**10. Is there any way a customer can quickly come to know whether a fraudulent transaction has taken place using her / his card?**

**Ans:** RBI has been taking various steps to ensure that the card payment environment is safe and secure. RBI has mandated issuers to send alerts for all card transactions so that a card holder is aware of transactions taking place on her / his card. In order to benefit from it, the cardholders are advised to register for SMS / e-mail alerts.

**11. How are the transactions carried out through cards protected against fraudulent usage?**

**Ans:** All CP and CNP transactions on cards issued in India are secured with AFA. This AFA can be in any form and few commonly used forms are PIN, dynamic one-time password (OTP), static code, etc. The requirement of AFA is not mandatory for transactions where outflow of foreign exchange is contemplated. Similarly, in case of CP transactions (except ATM transactions) using NFC contactless technology, transactions for a maximum value of ₹5,000 per transaction are allowed to be undertaken without AFA requirement, subject to adherence to EMV standards.

**12. What are the liabilities of a card issuer in case of fraudulent use of a card by an unauthorised person?**

Ans: In case of CNP transactions, RBI has mandated providing AFA for domestic transactions. If a transaction has taken place without AFA and the customer has complained that the transaction is not effected by her / him, the issuer bank shall reimburse the loss to the customer without demur. Further, liability of a customer in case of an unauthorised electronic payment transaction is limited as per the provisions of RBI [circulars DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017](#), [DCBR.BPD.\(PCB/RCB\).Cir.No.06/12.05.001/2017-18 dated December 14, 2017](#), and para 17 of [Master Directions on PPIs dated August 27, 2021 \(updated as on November 12, 2021\)](#).

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