

## Regulatory changes in ATM operations

### Why in news?

\n\n

The Confederation of ATM Industry (CATMi) raised concerns on the regulatory changes proposed recently for ATM service operations in India.

\n\n

### What are the proposed regulatory changes?

\n\n

\n

- **From RBI** - Cash-in-transit companies involved in ATM replenishment services, cash pick-up and cash drops, should have a net worth of at least Rs 100 crore and a fleet of 300 vehicles.

\n

- Also, in order to mitigate risks involved in open cash replenishment, banks have to replace open cash replenishment with lockable cassettes in ATMs.

\n

- Lockable cassettes are the boxes in which currency notes of each denomination are stacked, which could then be simply swapped to replenish cash.

\n

- The replacement should be done in at least a third of the ATMs operated by Banks every year, so that the transition could be completed by March 31, 2021.

\n

- **From the Home Ministry** - ATMs could not be replenished after 9 pm in cities, and cash vans could not carry more than Rs 5 crore on a single trip.

\n

- The vehicles transporting cash should be equipped with -

\n

\n\n

\n

1. Security alarms with GSM-based auto-dialers

\n

2. Motorised sirens

- \n
3. Tubeless tyres
  - \n
  4. At least two security guards
  - \n

\n\n

### **What are the concerns?**

\n\n

- \n
- The cost of cash transits is currently Rs 9,000-10,000 per ATM per month.
  - \n
  - Compliance with norms notified by the Ministry and RBI will cost another Rs 4,900 per ATM per month.
  - \n
  - Unless banks compensate them for all these investments, many contracts may have to be surrendered, leading to largescale closure of ATMs.
  - \n
  - Currently, banks charge each other an “interchange fee” of Rs 15 for every cash transaction and Rs 5 for every non-cash transaction at their ATMs by customers of other banks.
  - \n
  - The ATM service providers get Rs 8-9 on average per transaction.
  - \n
  - While the ATM industry wants the interchange fee to be raised, the public sector banks are uncomfortable with putting extra burden on their customers.
  - \n

\n\n

### **What can happen if this matter is not addressed?**

\n\n

- \n
- At least 1.13 lakh ATMs that are managed by service providers could head for closure.
  - \n
  - A large number of these ATMs will be in the rural areas and in tier 4 and tier 5 cities.
  - \n
  - Their shutting could push up customer visits to bank branches, increase the workload of the staff and the cost per customer for the bank.
  - \n

- Thus, a working committee comprising officials from RBI, Indian Banks' Association, and CATMi should be formed to look into the issue.  
\n
- Alongside, the Indian Banks' Association will have to work out a new fee that is acceptable to all stakeholders.  
\n

\n\n

\n\n

**Source: The Indian Express**

\n\n

\n\n

\n

