

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

