

PRACTICE

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# ATM & Types of Card



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**Automated Teller Machine (ATM):**

An ATM is a computerised machine that provides customers of banks the facility of accessing their accounts for dispensing cash and to carry out other financial and non-financial transactions without the need to visit the bank branch. For transacting at an ATM, the customer should traditionally have a valid card and Personal Identification Number (PIN). RBI has also allowed card-less withdrawals at ATMs.

**Various Types of ATM**

**White Label ATM:** ATMs set up, owned and operated by non-banks are called White Label ATMs (WLAs). Non-bank ATM operators are authorised under the *Payment & Settlement Systems Act, 2007* by the Reserve Bank of India (RBI).

**Brown Label ATMs:** These ATMs are owned and maintained by service provider whereas a sponsor bank whose brand is used on ATM takes care of cash management and network connectivity. The Brown Label ATMs have come up as an alternative between Banks based ATMs & White label ATMs.

**Green Label ATM:** ATMs which are dedicated to promote agriculture banking transactions are called Green Label ATMs.

**Orange Label ATM:** Orange label ATMs are the machines which are provided for share transactions.

**Yellow Label ATM:** Yellow label ATM Machine means the ATM which is provided for online purchase (e-commerce).

**Pink Label ATM:** These are the ATMs machines that are provided for women

**Bitcoin ATM:** A bitcoin ATM is a standalone device or kiosk that allows members of the public to buy or sell bitcoin or other crypto currencies for a terminal. Bitcoin ATMs are connected to the Internet and often utilize QR codes to send and receive tokens to users' digital wallets.

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### Services / facilities available at ATMs:

In addition to dispensing cash, ATMs / WLAs may offer many other services / facilities to customers. Some of such services include:

- Account Information
- Cash Deposit
- Regular Bill Payment
- Purchase of Re-load Vouchers for Mobiles (not permitted at WLAs)
- Mini / Short Statement Generation
- PIN Change
- Request for Cheque Book

### Personal Identification Number (PIN):

PIN is the numeric password which is separately mailed / handed over to the customer by the bank while issuing the card. Most banks require the customers to change the PIN after the first use. Customers should not disclose PIN to anybody, including to bank officials. Customers should change the PIN at regular intervals.

### On-Us and Off-Us transaction:

A transaction carried out at an ATM of the card issuing bank is called an On-Us transaction. A transaction carried out at any other ATM is called an Off-Us transaction. For instance, if a card issued by bank A is used at an ATM of bank A then it is an On-Us transaction; if the card is used at a WLA or at an ATM of any other bank, the transaction is Off-Us.

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### Free Transactions at ATMs:

A bank must offer to its savings bank account holders a minimum number of free transactions at ATMs as under:

**Transactions at a bank's own ATM (On-Us transactions) at any location:** Banks should offer their savings bank account holders a minimum of five free financial transactions in a month, irrespective of the location of ATMs. Any number of non-cash withdrawal transactions will be provided free.

### Transactions at any other banks' ATM (Off-Us transactions) at Metro locations:

In case of ATMs located in six metro locations, viz. Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, and New Delhi, banks shall offer their savings bank account holders a

minimum of three free transactions (including financial and non-financial transactions) in a month.

**Transactions at any other banks' ATM (Off-Us transactions) at non-Metro locations:** At any location, other than the six metro locations as above, banks must offer its savings bank account holders a minimum of five free transactions (including financial and non-financial transactions) at other bank ATMs in a month.

Customers can be charged for transactions at ATMs over and above the mandated number of free transactions. Presently, these charges cannot exceed a maximum of Rs. 20/- per transaction (plus applicable taxes, if any) by bank.

In the case of a failed ATM transaction, the banks have been mandated to re-credit the customer's account within 5 calendar days from the date of the failed transaction. Also, the card issuing bank has to pay compensation of Rs. 100/- per day for delay in re-crediting the customer's amount beyond 5 calendar days from the date of the failed ATM transaction.

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### **Magnetic Stripe cards and EMV Chip & PIN cards:**

The Magnetic Stripe card stores card data on the magnetic stripe present on the card while the data in an EMV Chip & PIN card is stored in a chip.

### **Types of Cards:**

Cards can be classified on the basis of their issuance, usage and payment by the card holder. There are four types of cards:

- (a) Debit,
- (b) Credit,
- (c) Prepaid, and
- (d) Electronic.

**Debit Cards:**

Debit cards are issued by banks and are linked to a bank account. 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). While they can be used domestically, the international usage is also allowed if requested by the holder of the card. They can also be used for domestic funds transfer from one person to another subject to prescribed limits and conditions.

**Credit Cards:**

Credit cards are generally issued by banks and a couple of non-banks, but can also be issued by other approved entities. 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). The credit cards can also be used to withdraw cash from an ATM and for transferring funds to bank accounts, debit cards, credit cards and prepaid cards within the country, subject to prescribed limits and conditions.



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**Prepaid cards:**

Prepaid cards are issued by banks / non-banks against the value paid in advance by the cardholder and stored in such cards which can be issued in the form of cards or wallets. The usage of prepaid cards depends on its issuer. Prepaid cards can be open or semi-closed in nature and can be used to withdraw cash from an ATM, purchase of goods and services at PoS terminals / e-commerce and for domestic funds transfer from one person to another, subject to prescribed limits and conditions. While open system prepaid cards are issued by banks, semi-closed system prepaid cards can be issued by bank and non-bank entities.

**Electronic cards:**

Electronic cards can be considered as debit cards issued in specific overdraft accounts that are in the nature of personal loan without any specific end-use restrictions. Banks have been permitted to issue electronic cards to natural persons having overdraft accounts so as to enable domestic digital transactions in such accounts. For all purposes like security, Additional Factor of Authentication (AFA), Merchant Discount Rate (MDR), etc., the instructions relating to debit cards are applicable on such electronic cards as well.



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A Card Present transaction is a card 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.

**Example:** A transaction carried out at an ATM or a PoS terminal.

A Card Not Present transaction does not require the card to be physically presented at the point of transaction. It is also called as a remote transaction.

**Example:** An online transaction or a mobile banking transaction using the card.

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