Banks expect more secure cash replenishment in ATMs

By Dheeraj Tiwari, ET Bureau | Jul 18, 2018, 01.16 PM IST

Banks feel that cash logistic companies will avoid shortcuts while make the movement of cash more secure.

NEW DELHI: **Banks** expect more secure replenishment of their Automated Teller Machines but an increase in their cost of hiring cash logistics companies for the same as the Reserve Bank of India new guidelines came into force starting this month.

The banking sector regulator in April had set a minimum net worth requirement of Rs 100 crore for service providers and their sub-contractors handling cash management logistics on behalf of the banks. It had also directed **cash vans** transporting money should have **CCTV**, GPS connectivity, tubeless tyres, hooters and wireless system.

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“The cash logistic companies have informed us that because of the new regulations their operation cost has seen a considerable increase. We may take up this issue with other banks on how to mitigate this cost,” said a bank executive with state run Bank of India.

Earlier Central Association of Private Security Industry (CAPSI) had raised the issue that new norms are too stringent and would force 60 medium and small companies to close their operations.

In its circular, the RBI had advised banks to review their existing outsourcing arrangements and bring them in line with these instructions within 90 days.

“Further, as the cash held with the service providers and their sub-contractors continue to remain the property of the banks and the banks are liable for all associated risks, the banks should put in place appropriate business continuity plan approved by their boards to deal with any related contingencies,” the RBI said.

According to industry experts the RBI move to regulate the industry is a welcome step.

“The new norms will make cash distribution more efficient and effective, thereby improving cash availability,” said Rituraj Sinha, group managing director, SIS Group.

Banks also feel that cash logistic companies will avoid shortcuts while make the movement of cash more secure.

As per RBI guidelines each cash van should be specially designed and fabricated light commercial vehicle (LCV) having separate passenger and cash compartments, with a CCTV covering both compartments. In addition they have to GPS enabled and monitored live with geo-fencing mapping with the additional indication of the nearest police station in the corridor for emergency.

“Predictable movement on regular routes must be discouraged. Staff should be rotated and assigned only on the day of the trip,” the guidelines note.