

# RBI's networth criteria may hit ATM operations

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# Banks seek more time for service providers to meet ₹100 crore criteria

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Banks have flagged the possibility of ATM operations getting impacted, transaction costs going up and cash-management business getting concentrated in the hands of a few players following the Reserve Bank of India tightening norms for engaging service providers for cash-management activities.

Implementation of the networth criteria (₹100 crore to be maintained at all times) will create a situation where there will be very few players in the market, and those players will not be able to cater to the requirements of all banks, affecting customer service and resulting in cost escalation, said a senior banker.

Banks have requested the regulator to give more time to service providers to meet the networth criteria.

As per the RBI norm, service providers have to meet the networth criteria as on March 31, 2019.

They have suggested that compliance with the networth criteria should be staggered – ₹50 crore by March-end 2019 and ₹100 crore by March-end 2020. Currently, only three – CMS, SIS and AGS (Secure Value) – out of the 12 agencies with an all-India presence, meet the ₹100-crore networth criteria.

## Infrastructure issues

Referring to the physical /security infrastructure to be maintained (including minimum fleet size of 300 specifically fabricated, GPS-enabled cash vans with tubeless tyres; separate passenger and cash compartments in the van with a CCTV covering both compartments, two armed security guards, and setting up of 'currency chest' type vaults), service providers say they are facing difficulties in compliance.

The feedback given by service providers to banks on this count is that the cost will increase 30 per cent to 40 per cent for banks, which in turn may lead to an increase in per transaction cost by ₹6 to ₹10.

A majority of the service providers have requested for more time for implementing the RBI norms, as they would be required to carry out necessary changes in the existing vehicles without disrupting day-to-day activities.

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