

To dispense new ₹100 note via ATMs, banks may have to shell out ₹100 cr

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## Cash logistics firms say recalibration is a time-consuming and laborious process

NEW DELHI, JULY 20

Reaching the new ₹100 banknotes to the general public may turn out to be bad news for banks and cash logistics service companies.

The new notes, which are of altogether different dimensions from the existing ₹100 notes, will require recalibration of all Automated Teller Machines (ATMs), and service providers feel this will entail both time and money.

The RBI, on Thursday, announced that it would shortly issue ₹100 denomination banknotes in the Mahatma Gandhi (New) Series, bearing the signature of Governor Urjit R Patel.

The new denomination carries the motif of Rani Ki Vav (a stepwell in Gujarat's Patan district) on the reverse, depicting the country's cultural heritage. The base colour of the note is lavender. The note has other designs and geometric patterns aligning with the overall colour scheme, both at the obverse and reverse.

### Existing ₹100 notes

The central bank also clarified that all existing ₹100 notes would continue to be legal tender.

As is normal, when a new design of banknote is introduced, printing and supply of these notes for distribution to the public through the banking channel increases gradually.

The dimension of the new ₹100 banknote will be 66 mm × 142 mm, while that of the existing ones is 73 mm x 157 mm. This difference will necessitate recalibration of ATMs. Since existing bank note will also continue, there will be a need to provide space for both currencies in ATMs. These machines have a certain number of currency cassettes that need to be adjusted according to the size of the currency.

“We believe that the exercise of recalibration of the new ₹100 note may cost ₹100 crore and take about 12 months as there are 2.4 lakh ATMs to be recalibrated in the country,” said Loney Antony, MD, Hitachi Payment Services, adding that as the recalibration of ATMs for the new ₹200 note is still not completed, the recalibration of the new ₹100 note could take longer unless it is planned properly.

At the same time, Rituraj Sinha, Group Managing Director with SIS (a company engaged in cash logistics), said, “all ATMs will need to be recalibrated to dispense the new INR denomination currency”, but clarified that it is hard to estimate the cost of recalibration.

As on May 30, there were 2,25,608 ATMs across the country, according to the RBI. However, service providers put the number at between 2.1 and 2.4 lakh. The Confederation of ATM industry (CATMi) has raised a question: “How do we recalibrate ATMs in terms of new and old notes?” Therefore, overall, “the continuity of old notes, introduction of new notes through the ATM channel and their availability will determine whether to recalibrate or not”, said V Balasubramanian, Director, CATMi.

Radha Rama Dorai, Managing Director (ATM & Allied Services), FIS, said that the ATM industry is about to complete calibrating ATMs for notes in the ₹200 denomination.

“This recalibration would again require investment in terms of cost and efforts,” he said, while Himanshu Pujara, Managing Director at Euronet Services India, said recalibration is time-consuming and “a very big cost on an already struggling industry”.

Published on July 20, 2018

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Why not simply withdraw old currencies from circulation via banks with a time frame of say 1 year and make Rs 200, 100 & 50 the only denomination and re-calibrate all ATM's once and for all to supply these notes alone? Or if its easy just the Rs 200 & 100 alone and the old notes dont need ATM's (no one demands for a particular size notes on ATM's, only the denomination matters) and govt can slowly remove old notes via banks. Its high-time we remove Rs 500 and 2000 from circulation to taste the real benefits of demonetisation otherwise it would just be one big waste of public time and money.

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