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# Rising costs, manpower crisis hit banks' ability to upgrade ATMs

Surabhi Updated on January 01, 2019

2019 is going to be an “upgrade or replace” year for ATMs as banks clamour to meet the various regulatory mandates and deadlines

With the Reserve Bank of India's deadline to upgrade ATMs looming, banks are trying to meet the timelines but rising costs and manpower shortage have been making the task a huge challenge.

## Bigger banks way behind

This is because smaller banks seem to be mostly compliant, but the bigger ones are still trying to upgrade their large network of ATMs.

“Every bank is scrambling right now to meet the deadline; the intent is there, they are trying. There may be a few banks that are unable to complete the entire compliance because a lot of things need to be done individually in every machine.

“A lot of that requires somebody going there. A number of banks and agencies are not staffed to go to every machine, so that can have its impact,” noted Surinder Chawla, Head - Geography, Branch and Business Banking, RBL Bank, adding that some may not be fully



compliant on the relevant dates even if they want to.

Chawla said RBL Bank's 388 ATMs are fully compliant with the RBI norms.

Another banker, who spoke on condition of anonymity, said there is talk of seeking a relaxation from the RBI in the graded timelines, but it is still some time away.

“It will not be possible to physically go to each ATM in the given timeline. There is also a lack of manpower,” he pointed out, noting that many small- and mid-sized banks that have limited ATM networks have managed to meet the deadline.

Earlier, the Confederation of ATM Industry had warned that service providers may be forced to close down almost 1.13 lakh ATMs across the country by March 2019, including one lakh off-site ATMs and over 15,000 white-label ATMs. At present, there are 2.38 lakh installed ATMs.

As part of its ‘control measures for ATMs’, the RBI has directed banks and white-label ATM operators (WLAOs) to implement anti-skimming and whitelisting solutions by March 2019, and also upgrade, in a phased manner, all ATMs with supported versions of the operating system by June 2019.

Chawla said that while costs will go up, the changes will also help improve risk control. “There may be a case to review the interchange fee that is allowed to be charged. The fee was set a few years back; times have changed, costs have changed, so there may be a case to review that,” he said.

According to Radha Rama Dorai, Managing Director, ATM and Allied Services, FIS, 2019 is going to be an

“upgrade or replace” year for ATMs as banks clamour to meet the various regulatory mandates and deadlines.

“Banks have already started replacing their older ATMs and upgrading ATMs that have been recently installed... Their field service teams are going to have their hands full in upgrading or replacing ATMs,” she noted.

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### RBI and other central banks

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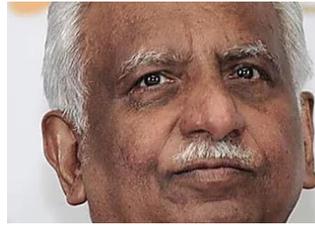
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