

Be ready to pay more for ATM transactions this year

You might have to pay more for your [transactions](#) at automated [teller](#) machines (ATMs) in the new year. Bankers have proposed a reduction in the number of free [ATM](#) transaction a month to five — irrespective of whether you are transacting at ATMs of your own bank or those of other lenders.

At present, there is no cap on free transactions at own-bank ATMs, while customers can use other [banks'](#) machines up to five times a month without any extra cost.

And, there's more. Bankers have also proposed to a working group on ATM security that the rate for each ATM transaction (interchange fee or charge) be raised from Rs 15 to Rs 18. Interchange fee implies a charge paid by a bank to another for acceptance of card-based transactions. Usually, it's a fee that a merchant's bank (the 'acquiring bank') pays a customer's bank (the 'issuing bank').

The working group was set up to assess the cost implication of enhancing security at ATMs after the recent stabbing incident at a Corporation Bank ATM in Bangalore. Banks, under the Indian Banks' Association ([IBA](#)), have been working to draft a common response to the challenge.

Among the suggestions are revising charges to ensure viability of the ATM network. "Eventually, customers will have to share the cost burden," said an official of a public-sector bank.

Besides toning up physical security at ATMs, banks are working on steps like improving electronic surveillance, including remote monitoring. Some have also begun partial shutdown of ATMs at night in areas where usage is low.

The other proposals include freedom to display advertising material for non-banking products within the ATM sites. But these ideas could be implemented only after the Reserve Bank of India's approval.

Bankers say several state governments have been asking banks to ensure round-the-clock guards at ATMs which is a costly affair. The cost of 24x7 security at each ATM centre would come to Rs 40,000 a month; there will have to be enough transactions to justify that expense.

The ATM industry in India has grown at a compound annual rate of 26.8 per cent over the period between 2007-08 and 2012-13 — the number of ATM terminals reached nearly 114,000 in 2012-13. As at the end of October, the number of ATMs in the country stood at 137,000, while the requirement was assessed at 400,000.