

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO.1720

TO BE ANSWERED ON THE 25th November, 2016/ Agraphayana 4, 1938 (SAKA)
ATMs Operating Agencies

1720. DR. RAVINDRA KUMAR RAY:

Will the Minister of FINANCE be pleased to state:

- (a) the norms for appointing ATM operating agencies/companies by Public Sector Banks (PSBs);
- (b) the details of agencies which are operating ATMs of banks in the country, agency/ bank-wise;
- (c) whether there is any provision for ATM operating companies to submit their audit reports every year in time; and
- (d) If so, the details thereof and if not, the action against such defaulting companies?

ANSWER

**The Minister of State in the Ministry of Finance
(SHRI SANTOSH KUMAR GANGWAR)**

(a) It is informed that Banks have been permitted outsourcing of financial services vide circulars dated November 3, 2006 and March 11, 2015 on 'Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks' issued by Reserve Bank of India (RBI).

Due diligence in outsourcing involves an evaluation of all available information about the service provider, inter alia including but not limited to security and internal control, audit coverage, reporting and monitoring environment, Business continuity management. The terms and conditions governing the contract between the bank and the service provider should be carefully defined in written agreements and vetted by bank's legal counsel on their legal effect and enforceability.

(b) Total ATMs for Scheduled Commercial Banks as on June 30, 2016 is 201334. The details of White Label ATMs (WLAs) managed by agencies is as under:-

Name of the Entity	Metro Centres	Urban Centres	Semi-Urban Centres	Rural Centres	Total
Tata Communications Payment Solutions Ltd.	1310	1226	2507	3212	8255
Hitachi Payment Services Pvt. Ltd.	159	228	355	298	1040
Muthoot Finance Ltd	28	60	74	22	184
BTI Payments Pvt. Ltd	132	142	1495	2028	3797
Vakrangee Limited	106	63	45	90	304
Riddhi Siddhi Bullions Limited	21	96	73	14	204
AGS Transact Technologies Ltd	62	10	0	1	73
Total (WLAs)	1818	1825	4549	5665	13857

(c) Regular audits by either the internal auditors or external auditors of the bank is conducted to assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement.

(d) The audit reports are to be acted upon by the banks.
