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News: White Label ATMs

- The Reserve Bank of India (RBI) has taken significant steps to promote ATM penetration, especially in Tier III to VI centres, by permitting non-bank companies to set up, own and operate White Label ATMs (WLAs).
- These WLAs provide various banking services to customers based on cards issued by banks, and the RBI has implemented measures to improve their viability and functioning.
- As of now, four authorised non-bank entities are operating White Label ATMs in the country.

White Label ATMs (WLAs)

- ATMs set up, owned and operated by non-banks are called WLAs.
- Non-bank ATM operators are authorised under the Payment & Settlement Systems Act, 2007 by the RBI.
- They provide banking services to customers using debit/credit/prepaid cards issued by banks.

- Besides dispensing cash, WLAs offer services like account information, cash deposit, bill payment, mini statements, PIN change, and cheque book requests.

Steps to Enhance WLA Presence and Viability

Cash Sourcing Flexibility

- WLAs are allowed to source cash from retail outlets to address cash sourcing constraints.
- Following the demonetization (Rs 500 & Rs 1000 Bank Notes), as WLAs are having difficulties in sourcing cash from their sponsor bank(s).
- WLA operators can buy wholesale cash directly from the Reserve Bank and currency chests.
- They can also source cash from any scheduled bank, including Cooperative Banks and Regional Rural Banks.

Expanded Services and Partnerships

- WLAs are permitted to offer bill payment and interoperable cash deposit services.
- They can display advertisements for non-financial products/services, enhancing revenue streams.

- Banks can issue co-branded ATM cards in partnership with authorized WLA operators.
- This allows WLAs to facilitate 'on-us' transactions, increasing their attractiveness to customers.

On-Tap Authorization

- RBI introduced on-tap authorization for WLAs to encourage more non-bank players to enter the ATM industry.
- This streamlined approval process simplifies WLA establishment and fosters greater competition.

Driving ATM Penetration

- The focus is on expanding ATM penetration in Tier III to VI centres to improve banking accessibility in underserved areas.
- WLAs play a crucial role in achieving this objective, offering convenient banking services to a broader customer base.

Facilitating Consumer Complaints and Protection

- The Consumer Education and Protection Department of RBI address complaints against WLAs.

- From April 2022 to June 2023, 98 complaints were received and handled by the Consumer Education and Protection Cells (CEPCs) of RBI.
- RBI has undertaken various steps to promote education and financial literacy, with one of the initiatives being the National Strategy for Financial Education (NSFE) 2020-2025.

Different types of ATMs

Type of ATM	Description
Brown Label ATM	<p>ATMs where the hardware and the lease of the machine are owned by a service provider, but the cash management and connectivity to banking networks are provided by a sponsor bank.</p> <p>They have the branding of the bank.</p>
Orange Label ATM	<p>ATMs provided for share transactions.</p> <p>They are mainly used by investors and traders for buying and selling stocks and securities.</p>

Yellow Label ATM	<p>ATMs are set up for the purpose of e-commerce.</p> <p>They are mainly used by online shoppers and merchants for making payments and purchases.</p>
Pink Label ATM	<p>ATMs monitored by guards who ensure that only women access these ATMs. They are set up to provide safety and convenience to women customers.</p>
Green Label ATM	<p>ATMs are provided for agricultural transactions.</p> <p>They are mainly used by farmers and rural customers for various banking needs.</p>