



EDBS/KH/C/29/2018
23rd April, 2018

The Chief Executive Officer/General Manager
All Retail Banks & Financing Companies
Manama
Kingdom of Bahrain

Dear Sir/Madam,

Re: Failed ATM/PoS Terminal Transactions Resulting in Un-claimed Cash Resting with Licensees

Reference is made to the CBB's Circular, ref. EDDBS/KH/C/1/2018, dated 11th January 2018 and our meeting held on 11th April, 2018 on the subject matter.

Based on the feedback received from the industry, the CBB came to know that a number of licensees have been treating un-claimed cash resting with them as a result of failed ATM/PoS terminal transactions, which are dues to customers, as income and as such reflecting the same in their profit and loss accounts. Moreover, some licensees have been holding un-claimed cash for a long period of time without having taken any measures to transfer such funds back to the customers. In addition, customers are not being educated about their right to claim back such funds as per the local and international practices, pertaining to chargeback limits set by VISA, MasterCard and Benefit Company. The CBB would like to emphasize that treating the un-claimed cash as income is not an acceptable practice.

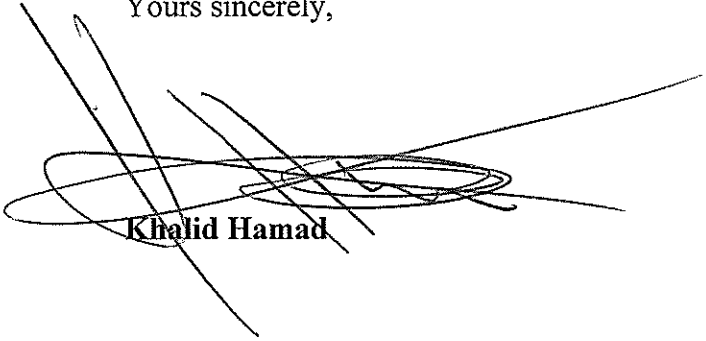
Accordingly, all retail banks and financing companies (licensees) which have been treating cash from failed ATM/PoS terminals as income must reverse all such transactions and related amounts by re-classifying them as liabilities. The subject licensees must confirm this to the CBB prior to the end of April 2018. Moreover, all affected customers must be compensated accordingly by no later than 30th April, 2018. The compensation scheme must include the amount of cash withdrawal transaction in addition to the forgone interest/ profit over the entire holding period. In this regard, licensees should inform the CBB on 1st May 2018 with the actions taken. Any licensee, which do not comply with these directives, will be subject to severe financial penalties. Going forward, all such local failed transactions must be settled daily and non-compliance will be subject to financial penalties.

All licensees must conduct regular awareness campaigns for their customers on the followings:

1. Complaints procedures including awareness on the need to contact the concerned bank/financing company in case of a failed transactions and chargeback limits set locally and internationally;
2. The importance for a customer to regularly check that the bank/financing company is not deducting any amounts that have not been made by the customer or has not taken place by reviewing the SMS messages received from the bank/financing company and reconcile the same with the account statements which can be derived from various electronic channels such as licensees' websites, banking services and various ATM machines. Moreover, customers must be advised to contact the call centres in case of failed transactions.
3. The importance for the acquirers to educate their merchants, hosting each respective acquirer's PoS terminal(s), in exercising their duty to protect clients in case of PoS transaction failure.

Should you have any further queries on this matter, please contact your normal Supervisory Point of Contact (SPoC) at the CBB.

Yours sincerely,



Khalid Hamad

Cc: Mr. Abdulwahid Janahi
CEO
The Benefit Company