

₹2 INCREASE IN INTERCHANGE FEE

# From May 1, ATM Withdrawals will Cost You More

## Falling ATM Transactions

JAN 2023	JAN 2024	JAN 2025
₹57.1cr	₹52.7 cr	₹48.8 cr

Source: RBI

### QUANTUM OF WITHDRAWAL ON THE RISE

FY24 – Average monthly cash withdrawal up 5.5% on year to

**₹1.4 crore**



**Saloni Shukla**

**Mumbai:** The Reserve Bank of India (RBI) and the National Payments Corporation of India (NPCI) have approved a ₹2 increase in the ATM interchange fee for cash withdrawals to make the business viable. The new fees apply from May 1.

On March 6, 2024, the National Financial Switch Steering Committee approved raising the ATM interchange fee for domestic financial transactions to ₹19 and non-financial transactions to ₹7. Following this, NPCI sought RBI's approval to implement the changes.

The revised fee structure, communicated by NPCI to its member banks on March 13 and made public only now, will also attract Goods and Services Tax (GST) levies to be added separately.

In a letter dated March 11, RBI informed NPCI that the ATM interchange fee could be determined by the ATM network itself. NPCI has notified RBI of the date when the revised fee will be implemented, as stated in the letter circulated to member banks, which ET has reviewed.

“This fee hike provides additional support to banks and white-label ATM (WLA) operators, enabling them to maintain and enhance the ATM infrastructure,” said Anush Raghavan, president—Cash Management Solution, CMS Info Systems. “We anticipate that the current fee adjustment

will further incentivise banks to invest in and expand their ATM networks, thereby improving accessibility and convenience for customers nationwide.”

An earlier report from ET, published on June 13, 2024, revealed that ATM operators' association had proposed an increase in the interchange fee, potentially raising it to ₹23 to make the business more profitable.

In 2021, the interchange fee for ATM transactions was raised from ₹15 to ₹17. Additionally, the maximum fee that could be charged to customers per transaction was increased from ₹20 to ₹21. This fee is typically passed on to customers as part of their banking costs and is charged by the bank that issues the card (issuer) to the bank where the ATM transaction takes place (acquirer).

Currently, savings account holders in six metro cities—Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, and New Delhi—are entitled to five free transactions per month at their own bank's ATMs. Additionally, three free transactions are allowed at other banks' ATMs.

Sources have confirmed that the increase in the ATM interchange fee will be passed on to customers. At present, banks absorb the costs associated with free transactions. RBI data reveals that, as of January 2025, India had 2,16,706 ATMs.

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However, ATM transaction volumes have been steadily declining. According to RBI data, while over 57 crore cash withdrawal transactions were made through ATMs at the end of January 2023, this figure dropped to 52.72 crore by January 2024. By January 2025, the number of cash withdrawals further declined to 48.83 crore.

Despite the fall in the number of ATM transactions cash continues to play a vital role in India's economy. The previous hike in interchange fees from ₹15 to ₹17 in

2021 led to an expansion of the ATM network. In FY24, the average monthly cash withdrawals from ATMs rose 5.51% on year, reaching ₹1.43 crore.

The NPCI letter also mentioned that for ATM transactions in Nepal and Bhutan, the interchange fee for balance inquiries will be set at ₹7, excluding GST. However, the fee for cash withdrawal transactions remains unchanged.

The revised interchange fee will not apply to Micro-ATMs, interoperable cash deposit transactions, or international ATM withdrawals.