



White Label ATMs

[Source: PIB](#)

Why in News?

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.

What are White Label ATMs (WLAs)?

▪ About:

- 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 addresses 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.**](#)

What are the Different types of ATMs?

Type of ATM	Description
▪ Brown Label ATM	<ul style="list-style-type: none"> ▪ 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. ▪ They have the branding of the bank.
▪ Orange Label ATM	<ul style="list-style-type: none"> ▪ ATMs provided for share transactions. ▪ They are mainly used by investors and traders for buying and selling stocks and securities.
▪ Yellow Label ATM	<ul style="list-style-type: none"> ▪ ATMs are set up for the purpose of e-commerce. ▪ They are mainly used by online shoppers and merchants for making payments and purchases.
▪ Pink Label ATM	<ul style="list-style-type: none"> ▪ ATMs monitored by guards who ensure that only women access these ATMs. They are set up to provide safety and convenience to women customers.
▪ Green Label ATM	<ul style="list-style-type: none"> ▪ ATMs are provided for agricultural transactions. <p>They are mainly used by farmers and rural customers for various banking needs.</p>