



For India's population of over 1.3 billion, cash still remains the favoured and for many the only means of payment, particularly in semi-urban and rural areas. While debit card issuance increased rapidly in the last few years, the number of ATMs have not increased commensurately. India's ATM penetration relative to population is one of the lowest amongst the emerging markets with less than a fifth of these in rural areas.

With a view to drive financial inclusion as well as ATM penetration in the country, the RBI endorsed the launch of White Label ATMs (WLAs) that allow private non-bank companies to institute and operate their own brand of ATMs in the country. A non-bank entity with a minimum net worth of ₹ 100 crores can apply for WLA licence. The primary objective of authorizing non-bank entities to operate WLAs was to enhance the spread of ATMs in semi-urban and rural areas, specifically in Tier III to VI areas, where bank-owned ATM network was not growing.

WLAs are linked to the National Financial Switch (NFS) of National Payments Corporation of India (NPCI), which means debit card holders of any bank can use WLA services seamlessly. WLA Operators manage and operate the ATMs; take care of the infrastructure along with the cash requirement for the ATMs, thus enabling basic banking services for the masses. They get paid an interchange fee fixed by the RBI, which is paid by the bank of the consumer who uses their ATM service. As they are regulated by RBI, they also need to follow stringent security norms specified by RBI. In effect there are three intrinsic parties who are part of WLA operations: Non-bank entities like Hitachi Payment Services; card networks like RuPay, Visa or MasterCard; and a sponsor bank for cash management and funds settlement.

On the consumer front, WLAs are no different than other bank ATMs. A debit card holder of any bank can withdraw cash from WLAs as well as avail other services such as balance enquiry,

pin change etc. Similar to other bank ATMs, a certain number of transactions at WLAs are also free as per RBI guidelines. Recently, the RBI has also permitted deployment of cash recycling machines at WLAs to enable interoperable cash deposit services.

With the government's financial inclusion program such as Jhan Dhan Yojana and Direct Benefit Transfers (DBT), more ATMs are required in semi-urban and rural locations. As consumers receive government subsidies as direct cash transfers in their bank accounts, ATMs are an important touch point that facilitates easy access to cash. White Label ATMs provide the much needed infrastructure thereby complementing various government initiatives.

A growing economy and ever-increasing demand for financial services will put massive pressure on the banking system that will be quite untenable at the existing level of infrastructure. Here, the ecosystem needs to invest in further developing the infrastructure and educating consumers in smaller towns and villages to persuade across-the-board adoption of various payment channels.

Hitachi Payment Services is one of the select non-bank entities in India, that has been licensed by the Reserve Bank of India (RBI) to deploy WLAs under the brand name Hitachi Money Spot. With over 3500 Hitachi Money Spot ATMs across the country, most of them in rural and semi-urban India, it is propelling the socio-economic progress of the citizens while improving the financial infrastructure for a progressive India.