

## “Cashless ATM” and Misuse of ATM Transactions Prohibited

U.S. | Acquirers, Issuers, Processors, Agents

Visa, Plus Networks



**Overview:** Visa is reminding acquirers that miscoding POS purchase transactions as ATM cash disbursements and submitting POS purchase transactions into the Plus network is prohibited.

Visa is aware of a scheme where POS devices marketed as “Cashless ATMs” are being deployed at merchant outlets and are operating in violation of the *Visa Core Rules and Visa Product and Service Rules* and *Plus Core Rules and Plus Product and Service Rules*.

### Prohibited Use of Cashless ATMs

Cashless ATMs are POS devices driven by payment applications that mimic standalone ATMs. However, no cash disbursements are made to cardholders. Instead, the devices are used for purchase transactions, which are miscoded as ATM cash disbursements. Purchase amounts are often rounded up to create the appearance of a cash disbursement. The purchase transactions are subsequently submitted to Visa’s Plus network,<sup>1</sup> which is exclusively reserved for ATM cash disbursements, or VisaNet.<sup>2</sup>

Cashless ATMs are primarily marketed to merchant types that are unable to obtain payment services—whether due to the Visa Rules, the rules of other networks, or legal or regulatory prohibitions. Therefore, supporting this scheme affects the integrity of VisaNet and the Plus network, as well as the Visa payment system.

<sup>1</sup> Applies to a Plus transaction if it is completed with a non-Visa-branded card or a Plus-enabled proprietary card, and/or a card enabled on the Plus network.

<sup>2</sup> Applies to a Visa transaction if it is completed with a Visa card or a Visa Electron card.

### ATM Transaction Requirements

Transactions designated as ATM cash disbursements (e.g., POS Condition Code 02, Merchant Category Code (MCC) 6011—Financial Institutions – Automated Cash Disbursements) may only be used to dispense cash in the local currency or the type of currency or travelers cheques displayed on the ATM. An acquirer must ensure that all Visa and Plus Network transactions contain complete, accurate, and valid data. Acquirers miscoding POS purchase transactions as ATM cash disbursements are in violation of these requirements.

Additionally, any obfuscation of information from transactions to further this scheme also violates these requirements. This includes non or mis-identification of a merchant outlet (as these are POS purchase transactions) or using altered or fictitious location information.

## Third Party Agent Registration and Oversight

Acquirers are required to register all independent sales organizations or third-party servicers with Plus prior to commencement of contracted services related to the Plus network on behalf of them. Any entity (e.g. an independent sales organization) soliciting merchants for Visa payment acceptance or engaged in ATM placement must be registered with Visa under the appropriate third party agent category.

Acquirers have an obligation to conduct proper oversight to ensure they and their ATM operators and independent sales organizations comply with the Visa Rules. Prior to entering into an ATM operator agreement, an acquirer must perform a background investigation and inspection to determine that a prospective ATM operator does not have any significant derogatory background information about any of its principals.

## Compliance Enforcement

Acquirers will be subject to non-compliance assessments and/or penalties, when they—or their third party agents—are found in material non-compliance with the Visa Rules.

When found to have willfully violated the Visa Rules, adversely affecting the goodwill associated with Visa and/or the Plus system, brand, products and services, an acquirer may be subject to further compliance enforcement.

### Additional Resources

Refer to the [Visa Rules Library](#) for the following rule sets (available to clients and processors only):

- *Visa Core Rules and Visa Product and Service Rules*
- *Plus Core Rules and Plus Product and Service Rules*

Refer to the *Visa Global Acquirer Risk Standards*, available on the [Global Acquirer Risk Standards](#) page at Visa Online.

**Note:** For Visa Online resources, you will be prompted to log in.

### For More Information

Contact your Visa Account Executive.

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