

# **ZAMBIA ELECTRONIC CLEARING HOUSE LIMITED**

## **NATIONAL FINANCIAL SWITCH Electronic Money (E-Money) Dispute Resolution Guidelines**

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## **Introduction**

This document provides a framework which the National Financial Switch (NFS) participants will use in managing and resolving disputes. The document was formulated by Zambia Electronic Clearing House Limited and the participants for use by all participants on the NFS. The document must be read and interpreted alongside the NFS Electronic Money (E-Money) Operating Standards and procedures, the E-Money Rules and other documents applicable to the NFS.

## **Audience**

The document is intended for ZECHL and NFS participants' use for the resolution of disputes on the NFS.

## **Scope of Document**

This document describes the steps, which should be followed by participants on the NFS system as part of the E-Money Dispute Management Process as it provides the concepts that underlie the Exception Management functionality in the NFS. It is not intended to provide detailed explanations of the business rules used although, where available, references for further reading may be provided.

Although, this document may in some cases address requirements, it is not a functional specification. Additionally, any references to the NFS E-Money Dispute Management Process are not intended to be representative of a user guide. NFS participants, based on the NFS's E-Money Dispute Management Process, should establish their own E-Money Dispute Management Process taking into consideration also the needs of their own systems.

Finally, operational and other non-technical matters are not within the remit of this document and any references to such items are included for informational purposes only.

## 1 DEFINITIONS

### 1.1 DEFINITIONS OF USE CASES

E-Money Transactions can be classified into the following three classes.

1.1.1 **CASH-IN TRANSACTION:** A Cash-In transaction is a transaction in which a customer deposits funds at a terminal belonging to another Participant in their own account.

1.1.2 **CASH-OUT TRANSACTION:** A Cash-Out transaction is a transaction in which a customer withdraws funds at a terminal belonging to another Participant from their own account.

1.1.3 **E-MONEY TRANSFER:** An E-Money Transfer is an electronic movement of funds from a customer belonging to an acquiring Participant to a customer belonging to an Issuing Participant. Transfers can be subdivided in the following four classes depending on the participants involved:

1.1.3.1 Bank to Bank Transfer

1.1.3.2 Bank to E-Wallet (Non-Bank Participant) or Bank to Person Transfer

1.1.3.3 E-Wallet (Non-Bank Participant) or Bank to Person to Bank Transfer

1.1.3.4 E-Wallet to E-Wallet Transfer.

### 1.2 DEFINITION OF TERMS

#### 1.2.1. Acquirer

A participant that enables customers to withdraw cash or access Purchasing services, Depositing Services or Transfer Services including but not limited to Mobile, ATMs and POS devices. Further, an acquirer is a participant that initiates messages sent to an issuer.

#### 1.2.2. Arbitration

Arbitration is a process that disputing parties use to seek a verdict from an independent third party. After reviewing the evidence provided, the neutral arbitrator has the authority to make a decision about the case.

#### 1.2.3. BAZ

Bankers Association of Zambia

#### 1.2.4. CRB

Credit Reference Bureau

#### 1.2.5. Chargeback

This is a transaction that an accountholder disputes and requests their participant to reverse it through the DMS.

#### 1.2.6. Dispute Management System (DMS)

An automated notification system with which the a participant of NFS can notify another participant and ZECHL of a disputed transaction.

#### 1.2.7. Electronic Wallet (E-wallet)

An electronic account on which a customer holds electronic monetary value.

#### 1.2.8. Issuer

A participant that holds an account which may be a bank account or a mobile account. Further, an issuer is a participant that responds to messages originated by an acquirer.

#### 1.2.9. Re-presentment

The process in which a Participant responds to chargebacks raised within the DMS.

#### 1.2.10. PAYZ

Payment Association of Zambia

## 2 GENERAL DISPUTE RESOLUTION GUIDELINES

- 2.1 Disputed transactions or Exceptions are those that are not reconciled and/or are disputed by the Account holder or participant and shall be managed using the following general guidelines:
- 2.1.1 An Account Holder may dispute an E-Money transaction within 120 calendar days from the date of the original transaction.
  - 2.1.2 Participants must ensure that claims for disputed transactions presented on behalf of their account holders are submitted within 120 days and supported by the required documents and transaction data.
  - 2.1.3 Participants must credit their customer's accounts with the amounts of claims that have been successfully submitted and processed upon resolution of the dispute if in favour of the account holder.
  - 2.1.4 Interpretation, scrutiny, and resolution of disputes must happen within the ambit of the rules, regulations, operational, and procedural guidelines relating to the NFS, instructions and circulars issued by ZECHL, and instructions and directives issued by the BOZ from time to time.
  - 2.1.5 Where a participant makes a re-presentation of a claim with sufficient evidence and within the stipulated period, the disputing participant shall honour the re-presentation.
  - 2.1.6 Should the disputing participant not be satisfied with the evidence in the re-presentation, they are free to initiate a pre arbitration stating their reasons for not honouring the re-presentation, attaching supporting documentation to support their claim.
  - 2.1.7 The affected parties shall provide requested information within two (2) working days.
  - 2.1.8 All chargebacks and re-presentments shall be resolved within 3 calendar days.
  - 2.1.9 Participants are not to involve ZECHL or other participants, unduly, in a claim. To ensure due process:
    - 2.1.9.1 Participants are required to perform an initial assessment of an account holder or merchant's claim before submitting the claim through to the other participant.
    - 2.1.9.2 Participants should at least check if the appropriate authorization process has been completed.
    - 2.1.9.3 Participants must adhere to the adjustment and claims processing timelines mandated by ZECHL.
  - 2.1.10 Where a dispute related to NFS operations arises between participants, it is obligatory on the part of individual participants to resolve all such disputes amicably within the stipulated time as agreed by the participants and ZECHL. However, if the participants fail to settle the matter amicably, the matter shall be escalated to ZECHL, in writing through ZECHL Helpdesk, providing details of the dispute.
  - 2.1.11 In the event of an escalated dispute, ZECHL shall send an acknowledgment to the affected parties within 24 hours of receipt. ZECHL may request for additional information from any of the affected parties.
  - 2.1.12 ZECHL will investigate the matter and provide feedback or make recommendations to the affected participants within seven (7) working days after receipt of the escalated dispute and all supporting documentation from all affected parties.
  - 2.1.13 Should the participant(s) not agree with the recommendations of ZECHL, the aggrieved participant(s) shall request ZECHL to refer the matter to a Panel for Resolution of Disputes (PRD), constituted by BAZ and PAYZ who shall determine the matter within seven (7) working days.
  - 2.1.14 Should the participant(s) not agree with the recommendations of the PRD, the parties shall be at liberty to seek legal redress.
  - 2.1.15 The Turn-Around-Time (TAT) provided in this document for each of the disputes/adjustments is subject to change. Any change in TAT shall be communicated to NFS participants through ZECH circulars.
  - 2.1.16 Where a participant does not adhere to these rules as well as the NFS system specification document, the participant shall be charged in accordance with the National Payment Systems Act penalties.
- 2.2 **Customer Dispute Process Days:**
- 2.2.1 Customer raising a dispute: up to 120 days from the date of the transaction. Beyond 120 days, the dispute will be handled on Good Faith basis.
  - 2.2.2 A Participant raises a chargeback within 2 working days from the time a customer raises a dispute.
  - 2.2.3 A Participant raises a Representation within 3 days. Beyond 3 days, the dispute will be handled on Good Faith basis.

## **2.3 Participant Dispute Process Days:**

- 2.3.1 A Participant raising a dispute against another participant: up to 120 days from the date of the transaction. Beyond 120 days, the dispute will be handled on Good Faith basis.
- 2.3.2 The other Participant should respond within 7 days from the time the participant raises a Good Faith request.

## **3 NFS DISPUTE MANAGEMENT SYSTEM (DMS)**

- 3.1 Dispute management on the NFS shall be handled under the following general guidelines:
  - 3.1.1 The NFS maintains a database for all transactions performed by its participants in the Data Navigator (DN), which is the Dispute Management System (DMS) currently being used on the NFS.
  - 3.1.2 The DMS validates and processes disputes only pertaining to valid/approved transactions.
  - 3.1.3 Dispute/Adjustments can be raised through appropriate menu options available in the DMS by authorised users. The dispute/adjustment can be raised by retrieving the transactions on the basis of transaction date or RRN.
  - 3.1.4 However, the use of the Dispute Resolution Mechanism will not be resorted to by participants to deal with aspects relating to acts of customers that are prima-facie fraudulent in nature, are internal to the participant's operations, or outside the NFS system.
  - 3.1.5 Disputes may be rejected due to the following reasons:
    - 3.1.5.1 Wrong transaction selected for raising case.
    - 3.1.5.2 NFS dispute resolution time limit has lapsed.
    - 3.1.5.3 Lodging of duplicate disputes - DN maintains a database of all disputed transactions raised by participants and thus, any dispute that matches the existing records is not processed.

## **4 CLIENT DISPUTE OF NON-RECEIPT OF FUNDS FROM E-MONEY TRANSFER**

- 4.1 In the event that funds sent through an E-Money transfer to an account holder do not reflect on the client's account, the account holder is required to get in touch with the issuing participant.
- 4.2 The client is required to provide the sending account number, the receiving account number, the amount and the Date of the transaction.
- 4.3 The Issuing Participant is required to confirm in Data Navigator if the Issuing Participant's switch approved the transaction in dispute.
- 4.4 The Issuing Participant is required to confirm in their core-banking system if the transaction in dispute was automatically credited to the account holder.
- 4.5 In the event that the issuing switch approved that transaction, but funds were not credited to the client, the issuing participant will proceed to credit the account holder within two working days.
- 4.6 All disputes of this nature are to be resolved and response provided to the disputing party within the two business days.

## **5 CLIENT DISPUTE OF NON-RECEIPT OF FUNDS FROM CASH-IN TRANSFER**

- 5.1 In the event that funds deposited through a Cash-In transaction to an account holder do not reflect on the client's account, the account holder may get in touch with the issuing participant.
- 5.2 The client is required to provide the sending account number, the receiving account number, the amount and the Date of the transaction.
- 5.3 The dispute may be raised to the issuing participant through the acquiring Participant.
- 5.4 The acquiring Participant is required to provide the Retrieval Reference Number, the receiving account number, the amount and the Date of the transaction.
- 5.5 The Issuing Participant is required to confirm in Data Navigator if the Issuing Participant's switch approved the transaction in dispute.

- 5.6 The Issuing Participant is required to confirm in their core-banking system if the transaction in dispute was automatically credited to the account holder.
- 5.7 In the event that the issuing switch approved that transaction, but funds were not credited to the client, the issuing participant will proceed to credit the account holder within two working days.
- 5.8 All disputes of this nature are to be resolved and response provided to the disputing party within the two business days.

## **6 HANDLING DISPUTES ON E-MONEY TRANSFER TRANSACTIONS**

### **6.1 General Procedures**

- 6.1.1 When a dispute on an E-Money Transfer transaction is raised by an account holder, the sending participant (Acquirer) initiates the dispute against the receiving participant (Issuer).
- 6.1.2 When a chargeback is raised, the disputed transaction is settled to the acquirer by factoring the transaction into the T+1 settlement.
- 6.1.3 If the Issuing Participant accepts the dispute, the case is closed. Otherwise, the Issuer proceeds with requesting a representment of the transaction in DN.

### **6.2 Initiating an E-Money Transfer Chargeback**

- 6.2.1 The sending Participant (Acquirer) may raise a chargeback by selecting Create Chargeback in DN. The Chargeback will have the "Forwarded" status.
  - 6.2.1.1 At the end of the business day the Chargeback status will change from "Forwarded" to "Sent & Received"

### **6.3 Responding to an E-Money Transfer Chargeback**

- 6.3.1 Once the Chargeback has been sent to the Receiving Participant (Issuer) the following shall follow:
  - 6.3.1.1 The Issuer logs onto DN and searches for the Chargeback.
  - 6.3.1.2 If the Issuer accepts the Chargeback, the case is closed by the Issuer.
  - 6.3.1.3 If the Chargeback is not accepted, a Representment of the transaction is initiated by the issuer.

### **6.4 Initiating an E-Money Transfer Representment**

- 6.4.1 To initiate a representment and, effectively, reject a Chargeback that was raised by the Acquirer the following shall apply:
  - 6.4.1.1 The Issuer logs onto DN and searches the Exception Management Cases (Chargebacks).
  - 6.4.1.2 The Issuer selects the Chargeback that has been rejected and proceeds to create a Representment.
  - 6.4.1.3 The Issuer must add documentation pertaining to the Representment including but not limited to the relevant Electronic Transaction journals.
  - 6.4.1.4 Just before the cutover, the NFS will change the Representment status from "Forwarded" to "Sent & Received."

### **6.5 Responding to a Representment**

- 6.5.1 If the Representment is not accepted by the Acquirer, then the case has to go to pre-arbitration and then arbitration by the network authority (i.e. ZECHL) if unresolved.

## 7 HANDLING DISPUTES ON E-MONEY CASH-IN TRANSACTIONS

### 7.1 General Procedures

- 7.1.1 When a dispute on an E-Money Cash-In transaction is raised by an account holder, the sending participant (Acquirer) initiates the dispute against the receiving participant (Issuer)
- 7.1.2 When a chargeback is raised, the disputed transaction is settled to the acquirer by factoring the transaction into the T+1 settlement.
- 7.1.3 If the Issuing Participant accepts the dispute, the case is closed. Otherwise, the Issuer proceeds with requesting a representment of the transaction in DN.

### 7.2 Initiating an E-Money Cash-In Chargeback

- 7.2.1 The sending Participant (Acquirer) may raise a chargeback by selecting Create Chargeback in DN. The Chargeback will have the "Forwarded" status.
  - 7.2.1.1 At the end of the business day the Chargeback status will change from "Forwarded" to "Sent & Received"

### 7.3 Responding to an E-Money Cash-In Chargeback

- 7.3.1 Once the Chargeback has been sent to the Receiving Participant (Issuer) the following shall follow:
  - 7.3.1.1 The Issuer logs onto DN and searches for the Chargeback.
  - 7.3.1.2 If the Issuer accepts the Chargeback, the case is closed by the Issuer.
  - 7.3.1.3 If the Chargeback is not accepted, a Representment of the transaction is initiated by the issuer.

### 7.4 Initiating an E-Money Cash-In Representment

- 7.4.1 To initiate a representment and, effectively, reject a Chargeback that was raised by the Acquirer the following shall apply:
  - 7.4.1.1 The Issuer logs onto DN and searches the Exception Management Cases (Chargebacks).
  - 7.4.1.2 The Issuer selects the Chargeback that has been rejected and proceeds to create a Representment.
  - 7.4.1.3 The Issuer must add documentation pertaining to the Representment including but not limited to the relevant Electronic Transaction journals.
  - 7.4.1.4 Just before the cutover, the NFS will change the Representment status from "Forwarded" to "Sent & Received."

### 7.5 Responding to a Representment

- 7.5.1 If the Representment is not accepted by the Acquirer, then the case has to go to pre-arbitration and then arbitration by the network authority (i.e. ZECHL) if unresolved.

## 8 DISPUTES ON CASH-OUT TRANSACTIONS

### 8.1 High Level Description of a Cash-Out Transaction Dispute:

- 8.1.1 The management of Cash-Out transaction disputes are similar to the Mobile Transfer disputes with the only difference being that when a Cash-Out transaction is disputed, the Issuer raises the Chargeback.

### 8.2 Initiating a Cash-Out Chargeback

- 8.2.1 To raise a Cash-Out chargeback:
  - 8.2.1.1 The Issuer logs onto DN and searches for the disputed transaction;

- 8.2.1.2 After identifying the transaction, the Issuer proceeds to raising a Chargeback. The Chargeback will have the “Forwarded” status;
- 8.2.1.3 At the end of the business day the Chargeback status will change from “Forwarded” to “Sent & Received”

### **8.3 Responding to a Cash-Out Chargeback**

- 8.3.1 Once the Chargeback has been sent to the Acquirer:
  - 8.3.1.1 The Acquirer logs onto DN and searches for Chargebacks.
  - 8.3.1.2 If the Acquirer accepts the Chargeback, the Acquirer closes the case, otherwise proceeds to the next action which is the Representation of the transaction.

### **8.4 Initiating a Cash-Out Representments**

- 8.4.1 If the Acquirer rejects the Cash-Out Chargeback, the Acquirer will represent the transaction as follows:
  - 8.4.1.1 The Acquirer logs onto DN and searches the Exception Management Cases (Chargebacks).
  - 8.4.1.2 The Acquirer selects the Chargeback and proceeds to a Representation.
  - 8.4.1.3 Just before the cutover, the Representation status will change from “Forwarded” to “Sent & Received”

### **8.5 Responding to a Cash-Out Representation**

- 8.5.1 If the Representation is not accepted from the Issuer, then the case has to go to pre-arbitration and arbitration by the network authority (i.e. ZECHL) if unresolved.

## **9 HANDLING ERRONEOUS OR DUPLICATED BANK TO BANK TRANSACTIONS**

### **9.1 Responsibilities of Acquiring Participants (Acquirer)**

- 9.1.1 Perform a due diligence to confirm that the customer indeed sent funds to a wrong account or duplicated a transaction upon receipt of request to recall funds.
- 9.1.2 Send a letter and email of recall to the Issuing Participant copying in ZECHL upon completion of the due diligence within 24 hours.
- 9.1.3 A letter of recall shall be sent within 120 days where a customer wrongly sends or duplicates funds
- 9.1.4 The letter of recall shall have the following details:
  - 9.1.4.1 Transaction date;
  - 9.1.4.2 Beneficiary’s name;
  - 9.1.4.3 Beneficiary’s account number;
  - 9.1.4.4 Amount;
  - 9.1.4.5 Transaction reference number;
  - 9.1.4.6 Advise account number to be credited when funds are recovered.
- 9.1.5 The Acquiring Participant shall Provide feedback to customer regarding status of recalled funds.
- 9.1.6 The Acquiring Participant shall make weekly follow-ups with the Issuing Participant.
- 9.1.7 The Acquiring Participant shall obtain beneficiary customer’s contact details and address if the customer accessed/utilized the funds that were duplicated.
- 9.1.8 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall inform the Acquiring Participant.
- 9.1.9 If all attempts to have the customer fund his/her account fail within one month, the recipient’s participant shall write to CRB about the customer and advise other Participants on KYC and copy BOZ Bank Supervision and BOZ Non-Bank Financial Institution Supervision.
- 9.1.10 The Client may commence legal proceedings against the beneficiary who utilized funds that were wrongly credited to their account.

## 9.2 **Responsibilities of the Issuing Participant (Issuer)**

- 9.2.1 Acknowledge receipt of the letter of recall within 24hrs of receipt.
  - 9.2.2 Establish that the letter of recall has been signed in accordance with specimen in the bank's signatories book.
  - 9.2.3 Carry out due diligence and debit the beneficiary's account in order to recover the funds.
  - 9.2.4 The Issuing participant shall contact the customer and notify them why the funds credited to their account have been reversed.
  - 9.2.5 In case the customer has accessed the funds, he/she shall be given one month to fund the account.
  - 9.2.6 The Issuing participant shall place a lien on the Beneficiary's account to facilitate recovery of funds.
  - 9.2.7 The Issuing participant shall notify the Participant recalling the funds, the position whether the recall is successful or unsuccessful within 48 hours.
  - 9.2.8 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall advise the Acquiring Participant.
  - 9.2.9 Advise the Fraud Prevention and Security Committee and Legal Committee of the Bankers Association of Zambia Technical Committee on the customer that has failed to pay back the funds dishonestly obtained.
- 9.3 The Issuer shall advise BAZ Secretariat when a dishonest customer abandons their account in an effort to run away from meeting their obligation relating to duplicated funds.

## 9.4 **Responsibilities of the Beneficiary Customer**

- 9.4.1 As a receiving customer of an Electronic Funds Transfer, you have the following responsibilities:
  - 9.4.2 Ensure that you provide correct details of your account to the sender.
  - 9.4.3 Be honest and conduct sincere dealings on the bank account.
  - 9.4.4 Reconcile the account
  - 9.4.5 Ensure you do not withdraw funds that have wrongly been credited to your account.
  - 9.4.6 Report to your Bank/Financial Institution on such funds.
  - 9.4.7 Failure to report shall constitute intent to defraud the Bank/Financial Institution and the case shall be treated as a fraudulent act.
- 9.5 Participants are required to incorporate the responsibilities listed in Clause 9.4 in the terms and conditions and customer service charter given to their customers.

## 10 **HANDLING ERRONEOUS OR DUPLICATED BANK TO E-WALLET (NON-BANK PARTICIPANT) OR BANK TO PERSON TRANSFER TRANSACTIONS**

### 10.1 **Responsibilities of Acquiring Participants (Acquirer)**

- 10.1.1 Perform a due diligence to confirm that the customer indeed sent funds to a wrong account or duplicated a transaction upon receipt of request to recall funds.
- 10.1.2 Send a letter of recall to the Issuing Participant copying in ZECHL upon completion of the due diligence within 24 hours.
- 10.1.3 A letter of recall shall be sent within 120 days where a customer wrongly sends or duplicates funds
- 10.1.4 The letter of recall shall have the following details:
  - 10.1.4.1 Transaction date;
  - 10.1.4.2 Beneficiary's name;
  - 10.1.4.3 Beneficiary's phone number
  - 10.1.4.4 Amount;
  - 10.1.4.5 Transaction reference number;
  - 10.1.4.6 Advise phone number to be credited when funds are recovered.
- 10.1.5 The Acquiring Participant shall provide feedback to customer regarding status of recalled funds. Feedback is important whether funds have been returned or the beneficiary account is not adequately funded to cover the recall.
- 10.1.6 The Acquiring Participant shall make weekly follow ups with the Receiving Participant.
- 10.1.7 The Acquiring Participant shall obtain beneficiary customer's contact details and address if the customer accessed/utilized the funds that were duplicated.

- 10.1.8 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall inform the Acquiring Participant.
- 10.1.9 If all attempts to have the customer fund his/her account fail within one month, the recipient's participant shall write to CRB about the customer and advise other Participants on KYC and copy BOZ Bank Supervision and BOZ Non-Bank Financial Institution Supervision.
- 10.1.10 The Client may commence legal proceedings against the beneficiary who utilized funds that were wrongly credited to their account.

## 10.2 **Responsibilities of the Issuing Participant (Issuer)**

- 10.2.1 Acknowledge receipt of the letter of recall within 24hrs of receipt.
- 10.2.2 Carry out due diligence and debit the beneficiary's e-wallet in order to recover the funds.
- 10.2.3 The Issuer shall contact the customer and notify them why the funds credited to their account have been reversed.
- 10.2.4 In case the customer has accessed the funds, he/she shall be given one week to fund the account.
- 10.2.5 The Issuer shall place a lien on the e-wallet to facilitate recovery of funds.
- 10.2.6 The Issuer shall notify the Acquirer recalling the funds, the position whether the recall is successful or unsuccessful within 24 hours.
- 10.3 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall advise the Acquiring Participant.
- 10.4 The Issuer's participant shall advise BAZ Secretariat or PAYZ when a dishonest customer abandons their account in an effort to run away from meeting their obligation relating to duplicated funds.

## 10.5 **Responsibilities of the Beneficiary Customer**

- 10.5.1 As a receiving customer of an Electronic Funds Transfer, you have the following responsibilities:
  - 10.5.1.1 Ensure that you provide correct details of your e-wallet account to the sender.
  - 10.5.1.2 Be honest and conduct sincere dealings on the e-wallet account.
  - 10.5.1.3 Reconcile the e-wallet account
  - 10.5.1.4 Ensure you do not withdraw funds that have wrongly been credited to your account.
  - 10.5.1.5 Report to your Issuer on such funds.
  - 10.5.1.6 Failure to report shall constitute intent to defraud the Bank/Financial Institution and the case shall be treated as a fraudulent act.
- 10.6 Participants are required to incorporate the responsibilities listed in Clause 10.5 in the terms and conditions and customer service charter given to their customers.

## 11 **HANDLING ERRONEOUS OR DUPLICATED E-WALLET (NON-BANK PARTICIPANT) TO BANK TRANSFER TRANSACTIONS**

### 11.1 **Responsibilities of Acquiring Participant (Acquirer)**

- 11.1.1 Perform a due diligence to confirm that the customer indeed sent funds to a wrong account or duplicated a transaction upon receipt of request to recall funds.
- 11.1.2 Send a letter of recall to the Issuing Participant copying in ZECHL upon completion of the due diligence within 24 hours.
- 11.1.3 A letter of recall shall be sent within 120 days where a customer wrongly sends or duplicates funds
- 11.1.4 The letter of recall shall have the following details:
  - 11.1.4.1 Transaction date;
  - 11.1.4.2 Beneficiary's name;
  - 11.1.4.3 Beneficiary's account number
  - 11.1.4.4 Amount;
  - 11.1.4.5 Transaction reference number;
  - 11.1.4.6 Advise account number to be credited when funds are recovered.
- 11.1.5 The Issuing Participant shall provide feedback to customer regarding status of recalled funds. Feedback is important whether funds have been returned or the beneficiary account is not adequately funded to cover the recall.
- 11.1.6 The Issuing Participant shall make weekly follow ups with the Issuer.

- 11.1.7 The Issuing Participant shall obtain beneficiary customer's contact details and address if the customer accessed/utilized the funds that were duplicated.
- 11.1.8 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall inform the Acquiring Participant.
- 11.1.9 If all attempts to have the customer fund his/her account fail within one month, the Recipient's participant shall write to CRB about the customer and advise other Participants on KYC and copy BOZ Bank Supervision and BOZ Non-Bank Financial Institution Supervision.
- 11.1.10 The Client may commence legal proceedings against the beneficiary who utilized funds that were wrongly credited to their account.

#### 11.2 **Responsibilities of the Issuing Participant (Issuer)**

- 11.2.1 Acknowledge receipt of the letter of recall within 24 hours of receipt.
- 11.2.2 Carry out due diligence and debit the beneficiary's bank account in order to recover the funds.
- 11.2.3 The Issuer shall contact the customer and notify them why the funds credited to their account have been reversed.
- 11.2.4 In case the customer has accessed the funds, he/she shall be given one week to fund the account.
- 11.2.5 The Issuer shall place a lien on the e-wallet to facilitate recovery of funds.
- 11.2.6 The Issuer shall notify the Acquiring Participant recalling the funds, the position whether the recall is successful or unsuccessful within 24 hours.
- 11.2.7 If all attempts to have the customer fund the account within one month fails, the issuer shall advise the Acquiring participant.
- 11.3 The Issuing participant shall advise BAZ Secretariat or PAYZ Secretariat when a dishonest customer abandons their account in an effort to run away from meeting their obligation relating to duplicated funds.

#### 11.4 **Responsibilities of the Beneficiary Customer**

- 11.4.1 As a receiving customer of a direct credit transfer, you have the following responsibilities:
  - 11.4.1.1 Ensure that you correct details of your account number to the sender.
  - 11.4.1.2 Be honest and conduct sincere dealings on the e-wallet account.
  - 11.4.1.3 Reconcile the e-wallet account
  - 11.4.1.4 Ensure you do not withdraw funds that have wrongly been credited to your account.
  - 11.4.1.5 Report to your Issuer on such funds.
  - 11.4.1.6 Failure to report shall constitute intent to defraud the Acquirer and the case shall be treated as a fraudulent act.
- 11.5 Participants are required to incorporate the responsibilities listed in clause 11.4 in the terms and conditions and customer service charter given to their customers.

### 12 **HANDLING ERRONEOUS OR DUPLICATED E-WALLET (NON-BANK PARTICIPANT) TO E-WALLET TO E-WALLET (NON-BANK PARTICIPANT) TRANSFER TRANSACTIONS**

#### 12.1 **Responsibilities of Acquiring Participants (Acquirer)**

- 12.1.1 Perform a due diligence to confirm that the customer indeed sent funds to a wrong e-wallet account or duplicated a transaction upon receipt of request to recall funds.
- 12.1.2 Send a letter of recall to the Issuing Participant copying in ZECHL upon completion of the due diligence within 24 hours.
- 12.1.3 A letter of recall shall be sent within 120 days where a customer wrongly sends or duplicates funds
- 12.1.4 The letter of recall shall have the following details:
  - 12.1.4.1 Transaction date;
  - 12.1.4.2 Beneficiary's name;
  - 12.1.4.3 Beneficiary's phone number
  - 12.1.4.4 Amount;
  - 12.1.4.5 Transaction reference number;
  - 12.1.4.6 Advise account number to be credited when funds are recovered.

- 12.1.5 The Acquiring Participant provide feedback to customer regarding status of recalled funds. Feedback is important whether funds have been returned or the beneficiary account is not adequately funded to cover the recall.
- 12.1.6 The Acquiring Participant make weekly follow ups with the Issuer.
- 12.1.7 The Acquiring g Participant obtain beneficiary customer's contact details and address if the customer accessed/utilized the funds that were duplicated.
- 12.1.8 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall advise the Acquiring Participant.
- 12.1.9 If all attempts to have the customer fund his/her account fail within one month, the Recipient's participant shall write to CRB about the customer and advise other Participants on KYC and copy BOZ Bank Supervision and BOZ Non-Bank Financial Institution Supervision.
- 12.1.10 The client may commence legal proceedings against the beneficiary who utilized funds that were wrongly credited to their account.

## 12.2 **Responsibilities of the Issuing Participant (Issuer)**

- 12.2.1 Acknowledge receipt of the letter of recall within 24hrs of receipt.
- 12.2.2 Carry out due diligence and debit the beneficiary's e-wallet account in order to recover the funds.
- 12.2.3 The Issuer shall contact the customer and notify them why the funds credited to their account have been reversed.
- 12.2.4 In case the customer has accessed the funds, he/she shall be given one week to fund the account.
- 12.2.5 The Issuer shall place a lien on the e-wallet to facilitate recovery of funds.
- 12.2.6 The Issuer shall notify the Acquiring Participant recalling the funds, the position whether the recall is successful or unsuccessful within 24 hours.
- 12.2.7 If all attempts to have the customer fund the account within one month fails, the Issuer shall advise the Acquiring Participant.
- 12.2.8 The Issuing participant shall advise BAZ or PAYZ Secretariat when a dishonest customer abandons their account in an effort to run away from meeting their obligation relating to duplicated funds.
- 12.2.9 The Client may commence legal proceedings against the beneficiary who utilized funds that were wrongly credited to their account.

## 12.3 **Responsibilities of the Beneficiary Customer**

- 12.3.1 As a receiving customer of an Electronic Funds Transfer, you have the following responsibilities:
  - 12.3.1.1 Ensure that you have correct details of your account number to the sender.
  - 12.3.1.2 Be honest and conduct sincere dealings on the e-wallet account.
  - 12.3.1.3 Reconcile the e-wallet account
  - 12.3.1.4 Ensure you do not withdraw funds that have wrongly been credited to your account.
  - 12.3.1.5 Report to your Issuer on such funds.
  - 12.3.1.6 Failure to report shall constitute intent to defraud the Acquirer and the case shall be treated as a fraudulent act.
- 12.4 Participants are required to incorporate the responsibilities listed in Clause 12.3 in the terms and conditions and customer service charter given to their customers.

## 13 **HANDLING ERRONEOUS OR DUPLICATED CASH IN TRANSACTIONS**

### 13.1 **Responsibilities of Acquiring Participants (Acquirer)**

- 13.1.1 Perform a due diligence to confirm that the customer indeed sent funds to a wrong account or duplicated a transaction upon receipt of request to recall funds.
- 13.1.2 Send a letter and email of recall to the Issuing Participant copying in ZECHL upon completion of the due diligence within 24 hours.
- 13.1.3 A letter of recall shall be sent within 120 days where a customer wrongly sends or duplicates funds
- 13.1.4 The letter of recall shall have the following details:
  - 13.1.4.1 Transaction date;

- 13.1.4.2 Beneficiary's name;
  - 13.1.4.3 Beneficiary's account number;
  - 13.1.4.4 Amount;
  - 13.1.4.5 Transaction reference number;
  - 13.1.4.6 Advise account number to be credited when funds are recovered.
- 13.1.5 The **Acquiring** Participant shall provide feedback to customer regarding status of recalled funds.
  - 13.1.6 The **Acquiring** Participant shall make weekly follow ups with the Issuing Participant.
  - 13.1.7 The **Acquiring** Participant shall obtain beneficiary customer's contact details and address if the customer accessed/utilized the funds that were duplicated.
  - 13.1.8 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall inform the Acquiring Participant.
  - 13.1.9 If all attempts to have the customer fund his/her account fail within one month, the Recipient's participant shall write to CRB about the customer and advise other Participants on KYC and copy BOZ Bank Supervision and BOZ Non-Bank Financial Institution Supervision.
  - 13.1.10 The Client may commence legal proceedings against the beneficiary who utilized funds that were wrongly credited to their account.
- 13.2 Responsibilities of the Issuing Participant**
- 13.2.1 Acknowledge receipt of the letter of recall within 24hrs of receipt.
  - 13.2.2 Establish that the letter of recall has been signed in accordance with specimen in the bank's signatories book.
  - 13.2.3 Carry out due diligence and debit the beneficiary's account in order to recover the funds.
  - 13.2.4 Issuing participant shall contact the customer and notify them why the funds credited to their account have been reversed.
  - 13.2.5 In case the customer has accessed the funds, he/she shall be given one month to fund the account.
  - 13.2.6 The Issuing Participant shall place a lien on the Beneficiary's account to facilitate recovery of funds.
  - 13.2.7 The Issuing Participant shall notify the Participant recalling the funds, the position whether the recall is successful or unsuccessful within 48 hours.
  - 13.2.8 If all attempts to have the customer fund the account within one month fails, the Issuing participant shall advise the Sending Participant.
  - 13.2.9 The Client may commence legal proceedings against the beneficiary who utilized funds that were wrongly credited to their account.
  - 13.3 The Issuing Participant should advise BAZ Secretariat or PAYZ when a dishonest customer abandons their account in an effort to run away from meeting their obligation relating to duplicated funds.
- 13.4 Responsibilities of the Beneficiary Customer**
- 13.4.1 As a receiving customer of a Cash-In Transaction, you have the following responsibilities:
  - 13.4.2 Ensure that you provide correct details of your account to the sender.
  - 13.4.3 Be honest and conduct sincere dealings on the bank account.
  - 13.4.4 Reconcile the account
  - 13.4.5 Ensure you do not withdraw funds that have wrongly been credited to your account.
  - 13.4.6 Report to your Bank/Financial Institution on such funds.
  - 13.4.7 Failure to report shall constitute intent to defraud the Bank/Financial Institution and the case shall be treated as a fraudulent act.
  - 13.5 Participants are required to incorporate the responsibilities listed in Clause 13.4 in the terms and conditions and customer service charter given to their customers.

## 14 INITIATING A PRE-ARBITRATION

- 14.1 If the Issuer and Acquirer participants are unable to settle the dispute, the Issuer can initiate a pre-arbitration on the represented chargeback through the DN within 7 calendar days from the day of representment.
- 14.2 The pre-arbitration process must be completed within 14 days.
- 14.3 The Disputing Participant has the capability of raising pre-arbitration if proper proof of a successfully processed transaction is not provided in the form of Electronic Journal/Journal.
- 14.4 The Participant who received the Disputed pre-arbitration has the option of accepting it, or if applicable, forwards it to the merchant.
- 14.5 The Responding Participant has to respond (Accept or Reject) the pre-arbitration raised by the Disputing Participant within 7 calendar days of pre-arbitration date.
- 14.6 If the Responding Participant accepts the pre-arbitration, credit will be sent to the Disputing Participant.
- 14.7 If the pre-arbitration is not accepted or rejected within the timeframe, it shall be deemed accepted by the Participant who received the Dispute.
- 14.8 If the Responding Participant rejects the pre-arbitration, the Disputing Participant has the right to submit the dispute to ZECHL for Arbitration.
- 14.9 Documentation to be submitted by Responding Participant when rejecting pre-arbitration may include, but not be limited to:
  - 14.9.1 Copy of Electronic Journal/Journal Paper log of the disputed transaction.
  - 14.9.2 Copy of Switch logs of the disputed transaction.
- 14.10 Whereas additional documents are not mandatory at the pre-arbitration stage, the Responding Participant shall endeavour to provide the additional documents when rejecting pre-arbitration wherever possible in support of their claim and for expeditious resolution of the dispute.
- 14.11 The additional documents in support of the claim include:

## 15 ARBITRATION

### 15.1 General Guidelines on Arbitration

- 15.1.1 If a Disputing Participant is not satisfied by the evidence / documents provided by the Responding Participant at the time of Representment and while rejecting the Pre-Arbitration, the Issuer may refer the dispute to arbitration through DN.
- 15.1.2 The timeframe for referring a dispute to arbitration is 10 days from the date of pre-arbitration rejection.
- 15.1.3 The party raising the case to arbitration in DN-
- 15.1.4 The Participant that raised the case to Arbitration will be charged a fee of ZMW 25,000
- 15.1.5 ZECHL as the arbitrator will look at the evidence provided at representment and pre-arbitration stage and provide a ruling.
- 15.1.6 If the ruling is in favour of the Responding Participant, no transactional settlement will be carried out.
- 15.1.7 If the ruling is in favour of the Disputing Participant, ZECHL shall reverse the funds in favour of the Disputing Participant.
- 15.1.8 In the event that the Disputing Participant or Responding Participant is still not satisfied with ZECHL's ruling then the dispute will be referred to the Panel for Resolution of Dispute (PRD).

### 15.2 Arbitration Case Presentment

- 15.2.1 Where a disputed case has been referred to the Panel of Resolution Dispute, ZECHL will prepare a report which will be presented to the parties in dispute for their further action.

### **15.3 Appointment of Panel for Resolution of Disputes (PRD)**

- 15.3.1 The PRD shall be constituted by the Bankers Association of Zambia (BAZ) and Payment Association of Zambia (PAYZ), for each case presented and shall comprise of representatives from four independent participants.
- 15.3.2 The members of this panel shall nominate the chairperson.
- 15.3.3 Where the panel determines the need for ZECHL to be present the ZECHL CEO may nominate an officer to represent ZECHL. The Issuer and Acquirer cannot be nominated to the PRD but will be required to make their case before the PRD.
- 15.3.4 The place and timings of meeting of PRD shall be communicated by BAZ and PAYZ along with the details of cases being presented to the Panel for resolution.

### **15.4 Acceptance of Arbitration Dispute**

- 15.4.1 If the Responding Participant wants to accept the dispute for any reason, they can do so through the DN.
- 15.4.2 On acceptance, the Responding Participant will be debited and credit will be afforded to the Disputing Participant as mentioned below in the next settlement cycle:
  - 15.4.2.1 Dispute amount.
  - 15.4.2.2 Compensation of K100 per day for delayed resolution levied.
  - 15.4.2.3 Interchange fee, and
  - 15.4.2.4 K100 penalty for Electronic Journal / document discrepancy.

### **15.5 Withdrawal of the Dispute or Acceptance of Liability**

- 15.5.1 The aggrieved party may withdraw the dispute at any time during the dispute process.
- 15.5.2 Either party may accept liability at any stage of the dispute resolution process.

## **16 DEBIT/CREDIT ADJUSTMENTS**

### **16.1 Debit Adjustments In Cash-Out Use Case**

- 16.1.1 Debit Adjustments are raised by an Acquirer participant when cash is dispensed from its Cash-Out but the transaction has not been settled within 120 days of the transaction.
- 16.1.2 Where a debit adjustment is raised but disputed by the Issuer, a Chargeback on the debit adjustment so disputed can be raised up to 14 days from the day of raising the debit adjustment.

### **16.2 Credit Adjustments In Cash-Out Use Case**

- 16.2.1 Credit Adjustments are raised by Acquirer participants where the acquirer receives settlement for a transaction but have received the transaction amount through settlement, within 120 days from the transaction date. This shall help the Issuer participants in giving credit to their customers without raising a chargeback.
- 16.2.2 Acquirer participants should take appropriate measures to adjust their reconciliation position, post reconciliation entries and process proactive credit adjustments for failed transactions.

### **16.3 Debit Adjustments In Cash-In Use Case**

- 16.3.1 Debit Adjustments are raised by an Issuing participant when the Credit to the Issuer is timed out but the reversal is successfully processed.
- 16.3.2 Where a debit adjustment is raised but disputed by the Issuer, a Chargeback on the debit adjustment so disputed can be raised up to 14 days from the day of raising the debit adjustment.

#### 16.4 **Credit Adjustments In Cash-In Use Case**

- 16.4.1 Credit Adjustments are raised by Issuer participants where the Issuer receives settlement for a transaction but have received the transaction amount through settlement, within 120 days from the transaction date. This shall help the Acquirer participants in giving credit to their customers without raising a chargeback.
- 16.4.2 Issuer participants should take appropriate measures to adjust their reconciliation position, post reconciliation entries and process proactive credit adjustments for failed transactions.

#### 16.5 **Debit Adjustments In Electronic Funds Transfer**

- 16.5.1 Debit Adjustments are raised by an Issuing participant when the Credit to the Issuer is timed out but the reversal is successfully processed.
- 16.5.2 Where a debit adjustment is raised but disputed by the Issuer, a Chargeback on the debit adjustment so disputed can be raised up to 14 days from the day of raising the debit adjustment.

#### 16.6 **Credit Adjustments In Electronic Funds Transfer**

- 16.6.1 Credit Adjustments are raised by Issuer participants where the Issuer receives settlement for a transaction but have received the transaction amount through settlement, within 120 days from the transaction date. This shall help the Acquirer participants in giving credit to their customers without raising a chargeback.
- 16.6.2 Issuer participants should take appropriate measures to adjust their reconciliation position, post reconciliation entries and process proactive credit adjustments for failed transactions.

### 17 **GOOD FAITH**

- 17.1 NFS participants should resolve dispute within the time limit as prescribed in this document for disputes relating to chargeback, representment, debit adjustment and credit adjustment.
- 17.2 If participants fail to raise the dispute/adjustment within the prescribed time limit, the same can be initiated on 'Good faith' basis outside DN.
- 17.3 Recourse to pre-arbitration/arbitration shall not be available in DN for disputes raised under Good faith.
- 17.4 The documents to be provided for Good-faith shall be the same as those required to be submitted during chargeback, representment and debit adjustments.