

## **THE PROCESS INVOLVED IN REVERSAL OF FAILED TRANSACTION**

The reversal of a failed fund transfer usually follows a structured process to ensure money is not lost and both the sender and receiver accounts are reconciled properly. Here are the steps involved:

### **1. Transaction Initiation**

A customer attempts a transfer (e.g., via mobile banking, internet banking, POS, or ATM).

The system deducts the funds from the sender's account but fails to credit the beneficiary due to network error, timeout, wrong routing, or system glitch.

### **2. Transaction Failure Detection**

The bank's core banking system or payment switch flags the transaction as incomplete or failed.

The status is updated (e.g., failed, pending reversal, or unsuccessful).

Automated monitoring systems may detect mismatches between debit and credit.

### **3. Reconciliation Check**

The system runs a reconciliation process (either real-time or end-of-day batch) to compare:

- Sender's debit entry
- Receiver's credit entry

If a debit is found without a corresponding credit, it is marked for reversal.

### **4. Reversal Authorization**

The reversal is carried out either:

Automatically (done by the system without human intervention).

Manually (requires authorization by bank operations or settlement team).

### **5. Fund Reversal**

The failed transaction amount is credited back to the sender's account.

The transaction reference ID is updated to reflect "**Reversed**".

Notifications: (SMS/email) are sent to the customer confirming the reversal.

### **6. Settlement Confirmation**

The bank confirms the fund has been restored to the customer's available balance.

Interbank switches (NIBSS/Interswitch) may be involved if it was an interbank transfer in some cases.

## 7. Customer Follow-up (if needed)

If reversal is not automatic, the customer may lodge a dispute/complaint through customer service.

The complaint reference is logged, and the operations team investigates using transaction logs.

Resolution timelines are usually defined by regulatory bodies (e.g., CBN mandates T+1 or T+2 working days for failed e-payments).

### In summary:

Transaction fails → System detects debit without credit → Reconciliation → Reversal authorization → Refund to sender → Confirmation to customer.

### Flowchart Representation

