

Certificate Examination for Customer Service & Banking Codes and Standards

RBI Notifications during the period 1st Jan 2019 to 30th June 2019

Ref. CEPD. PRS. No.4535/13.01.004/2018-19

April 26, 2019

Ombudsman Scheme for Non-Banking Financial Companies, 2018

The Reserve Bank of India (RBI) had vide Notification Ref.CEPD.PRS.No.3590/13.01.004/2017-18 dated February 23, 2018, implemented the Ombudsman Scheme for Non-Banking Financial Companies (NBFCs) as defined in Section 45-I(f) of the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 which are authorised to accept deposits. The Scheme was to be extended to remaining identified categories of NBFCs based on experience gained. As announced in Para 11 of the Statement on Developmental and Regulatory Policies of the Monetary Policy Statement dated April 04, 2019, in partial modification of the Notification *ibid*, RBI hereby directs that the Non-banking Financial Companies, as defined in Section 45-I(f) of the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 which (a) are authorised to accept deposits; (b) are Non-Deposit Taking Non-Banking Financial Companies having customer interface, with assets size of Rupees 100 crore or above, as on the date of the audited balance sheet of the previous financial year, or of any such asset size as the RBI may prescribe, will come within the ambit, and shall comply with the provisions of the Ombudsman Scheme for Non-Banking Financial Companies, 2018.

2. The Non-Banking Financial Company - Infrastructure Finance Company (NBFC-IFC), Core Investment Company (CIC), Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC) and an NBFC under liquidation, **are excluded** from the ambit of the Scheme.

3. The Scheme will continue to be administered from the offices of the Non-Banking Financial Companies Ombudsman in four metro centers viz. Chennai, Kolkata, Mumbai and New Delhi for handling complaints from the respective zones, so as to cover the entire country. The area of jurisdiction of these offices is indicated in '**Annex- I**' of the Scheme.

4. The extension of the Scheme to eligible Non-Deposit Accepting Non-Banking Financial Companies shall come into effect and force from April 26, 2019.

[For more details on the circular, please visit RBI website.](#)

Ombudsman Scheme for Digital Transactions, 2019

Ref. CEPD. PRS. No. 3370/13.01.010/2018-19

Date: January 31, 2019

In exercise of the powers conferred by Section 18 of the Payment and Settlement Systems Act, 2007, being satisfied that in the public interest and in the interest of conduct of business relating to payment systems, it is necessary to provide for a mechanism of Ombudsman for redressal of complaints against deficiency in services related to digital transactions, the Reserve Bank of India hereby directs that, the System Participants defined under the Ombudsman Scheme for Digital Transactions, 2019 shall come within the ambit, and should comply with the provisions of the Ombudsman Scheme for Digital Transactions, 2019.

2. The Scheme shall come into force from January 31, 2019.

[For more details on the circular, please visit RBI website.](#)

RBI/2018-19/101 DPSS.CO.PD.No.1417/02.14.006/2018-19

January 04, 2019

All Authorised Non-bank Prepaid Payment Instrument Issuers

Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Payment Transactions in Prepaid Payment Instruments (PPIs) issued by Authorised Non-banks

Please refer to paragraph 9 of Statement on Developmental and Regulatory Policies regarding framework for limiting customer liability in respect of unauthorised electronic payment transactions involving PPIs, announced in the Fifth Bi-monthly Monetary Policy Statement for 2018-19 by the Reserve Bank of India (RBI).

2. As you are aware, a framework for ‘Risk Management’ and ‘Customer Protection’ has already been laid down in paragraphs 15 and 16 of Master Direction on Issuance and Operation of Prepaid Payment Instruments (PPI MD) issued vide DPSS.CO.PD.No.1164/02.14.006/2017-18 dated October 11, 2017 (updated as on December 29, 2017). With a view to further strengthen customer protection for the PPIs which are issued by entities other than banks, the criteria for determining the customers’ liability in unauthorised electronic payment transactions resulting in debit to their PPIs have been reviewed as under:

Applicability

3. The provisions of these directions will be applicable to all authorised non-bank PPI issuers (referred to as ‘PPI issuer’ hereafter). Bank PPI issuers will continue to be guided by DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017 or DCBR.BPD.(PCB / RCB).

Cir.No.06/12.05.001/2017-18 dated December 14, 2017, as applicable. PPIs issued under the arrangement of PPI-MTS (PPIs for Mass Transit Systems) as per paragraph 10.2 of PPI MD will be outside the purview of these directions except for the cases of contributory fraud / negligence / deficiency on the part of the PPI-MTS issuer.

Categories of electronic payment transactions

4. For the purpose of this circular, electronic payment transactions have been divided into two categories:

- i. Remote / Online payment transactions (transactions that do not require physical PPIs to be presented at the point of transactions e.g. wallets, card not present (CNP) transactions, etc.).
- ii. Face-to-face / Proximity payment transactions (transactions which require the physical PPIs such as cards or mobile phones to be present at the point of transactions e.g. transactions at Point of Sale, etc.).

5. Reporting of unauthorised payment transactions by customers to PPI issuers

- i. PPI issuers shall ensure that their customers mandatorily register for SMS alerts and wherever available also register for e-mail alerts, for electronic payment transactions.
- ii. The SMS alert for any payment transaction in the account shall mandatorily be sent to the customers and e-mail alert may additionally be sent, wherever registered. The transaction alert should have a contact number and / or e-mail id on which a customer can report unauthorised transactions or notify the objection.
- iii. Customers shall be advised to notify the PPI issuer of any unauthorised electronic payment transaction at the earliest and, shall also be informed that longer the time taken to notify the PPI issuer, higher will be the risk of loss to the PPI issuer / customer.
- iv. To facilitate this, PPI issuers shall provide customers with 24x7 access via website / SMS / e-mail / a dedicated toll-free helpline for reporting unauthorised transactions that have taken place and / or loss or theft of the PPI.
- v. Further, a direct link for lodging of complaints, with specific option to report unauthorised electronic payment transactions shall be provided by PPI issuers on mobile app / home page of their website / any other evolving acceptance mode.

The loss / fraud reporting system so established shall also ensure that immediate response (including auto response) is sent to the customers acknowledging the complaint along with the registered complaint number. The communication systems used by PPI issuers to send alerts and receive their responses thereto shall record time and date of delivery of the message and receipt of customer's response, if any. This shall be important in determining the extent of a customer's liability. On receipt of report of an unauthorised payment transaction from the customer, PPI issuers shall take immediate action to prevent further unauthorised payment transactions in the PPI.

Limited liability of a customer

6. A customer's liability arising out of an unauthorised payment transaction will be limited to:

Customer liability in case of unauthorised electronic payment transactions through a PPI		
S. No.	Particulars	Maximum Liability of Customer
(a)	Contributory fraud / negligence / deficiency on the part of the PPI issuer, including PPI-MTS issuer (irrespective of whether or not the transaction is reported by the customer)	Zero
(b)	Third party breach where the deficiency lies neither with the PPI issuer nor with the customer but lies elsewhere in the system, and the customer notifies the PPI issuer regarding the unauthorised payment transaction. The per transaction customer liability in such cases will depend on the number of days lapsed between the receipt of transaction communication by the customer from the PPI issuer and the reporting of unauthorised transaction by the customer to the PPI issuer -	
	i. Within three days [#]	Zero
	ii. Within four to seven days [#]	Transaction value or ₹ 10,000/- per transaction, whichever is lower
	iii. Beyond seven days [#]	As per the Board approved policy of the PPI issuer
(c)	In cases where the loss is due to negligence by a customer, such as where he / she has shared the payment credentials, the customer will bear the entire loss until he / she reports the unauthorised transaction to the PPI issuer. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the PPI issuer.	
(d)	PPI issuers may also, at their discretion, decide to waive off any customer liability in case of unauthorised electronic payment transactions even in cases of customer negligence.	
# The number of days mentioned above shall be counted excluding the date of receiving the communication from the PPI issuer.		

7. On being notified by the customer, the PPI issuer shall credit (notional reversal) the amount involved in the unauthorised electronic payment transaction to the customer's PPI within 10 days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any), even if such reversal breaches the maximum permissible limit applicable to that type / category of PPI. The credit shall be value-dated to be as of the date of the unauthorised transaction.

8. Further, PPI issuers shall ensure that a complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the PPI issuer's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions of paragraph 6 above. In case the PPI issuer is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the amount as

prescribed in paragraph 6 shall be paid to the customer, irrespective of whether the negligence is on the part of customer or otherwise.

Board approved policy for customer protection

9. Taking into account the risks arising out of unauthorised debits to PPIs owing to customer negligence / PPI issuer negligence / system frauds / third party breaches, PPI issuers need to clearly define the rights and obligations of customers in case of unauthorised payment transactions in specified scenarios. PPI issuers shall formulate / revise their customer relations policy, with approval of their Boards, to cover aspects of customer protection, including the mechanism of creating customer awareness on the risks and responsibilities involved in electronic payment transactions and customer liability in such cases of unauthorised electronic payment transactions. The policy must be transparent, non-discriminatory and should stipulate the mechanism of compensating the customers for the unauthorised electronic payment transactions and also prescribe the timelines for effecting such compensation. PPI issuers shall provide the details of their Board approved policy in regard to customers' liability formulated in pursuance of these directions, as well as the provisions of paragraph 15 and 16 of PPI MD, to all customers at the time of issuing the PPI. PPI issuers shall display their Board approved policy, along with the details of grievance handling / escalation procedure, in public domain / website / app for wider dissemination.

Burden of proof

10. The burden of proving customer liability in case of unauthorised electronic payment transactions shall lie on the PPI issuer.

Reporting and monitoring requirements

11. The PPI issuers shall put in place a suitable mechanism and structure for reporting of the customer liability cases to the Board or one of its Committees. The reporting shall, inter-alia, include volume / number of cases and the aggregate value involved and distribution across various categories of cases. The Board or one of its Committees shall periodically review the unauthorised electronic payment transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redressal mechanism and take appropriate measures to improve the systems and procedures.

12. Directions contained in paragraph 16.4 of PPI MD as applicable to non-bank PPI issuers are being modified accordingly.

13. The directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007), and shall come into effect from March 01, 2019.

[For more details on the circular, please visit RBI website.](#)

The Chairpersons/ CEOs of all the Regulated Entities

Amendment to Master Direction (MD) on KYC

Government of India, vide Gazette Notification G.S.R. 108(E) dated February 13, 2019, has notified amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Further, an Ordinance, “Aadhaar and other Laws (amendment) Ordinance, 2019”, has been notified by the Government amending, inter alia, the Prevention of Money Laundering Act, 2002.

2. Important changes carried out in the Master Direction in accordance with the aforementioned amendments are listed hereunder:

a) Banks have been allowed to carry out Aadhaar authentication/ offline-verification of an individual who voluntarily uses his Aadhaar number for identification purpose. (Section 16 of the amended MD on KYC)

b) ‘Proof of possession of Aadhaar number’ has been added to the list of Officially Valid Documents (OVD) with a proviso that where the customer submits ‘Proof of possession of Aadhaar number’ as OVD, he may submit it in such form as are issued by the Unique Identification Authority of India (UIDAI). (Section 3 of the amended MD)

c) For customer identification of “individuals”:

i. For individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016, the bank shall obtain the customers Aadhaar and may carry out its e-KYC authentication based on his declaration that he is desirous of receiving benefit/subsidy under the Aadhaar Act, 2016. (Section 16 of the amended MD)

ii. For non-DBT beneficiary customers, the Regulated Entities (REs) shall obtain a certified copy of any OVD containing details of his identity and address along with one recent photograph. (Section 16 of the amended MD)

d) REs shall ensure that the customers (non-DBT beneficiaries) while submitting Aadhaar for Customer Due Diligence, redact or blackout their Aadhaar number in terms of sub-rule 16 of Rule 9 of the amended PML Rules.(Section 16 of the amended MD)

e) REs other than banks may identify a customer through offline verification under the Aadhaar Act with his/her consent. (Section 16 of the amended MD)

f) In case OVD furnished by the client does not contain updated address, certain deemed OVDs for the limited purpose of proof of address can be submitted provided that the OVD updated with current address is submitted within 3 months. (Section 3(a) ix of the amended MD)

g) For non-individual customers, PAN/Form No. 60 of the entity (for companies and Partnership firms – only PAN) shall be obtained apart from other entity related documents. The PAN/Form No. 60 of the authorised signatories shall also be obtained.(Section 30-33)

h) For existing bank account holders, PAN or Form No. 60 is to be submitted within such timelines as may be notified by the Government, failing which account shall be subject to temporary ceasing till PAN or Form No. 60 is submitted. However, before temporarily ceasing operations for an account RE shall give the customer an accessible notice and a reasonable opportunity to be heard.(Section 39 of the amended MD)

4. Further, additional certifying authorities for certifying the OVDs of Non-Resident Indian (NRI) and Person of Indian Origin (PIO) customers have been specified in section 3(a)(v) of the Master Direction.

5. The Master Direction on KYC dated February 25, 2016, is hereby updated to reflect the changes effected by the above amendments and shall come into force with immediate effect.

[For more details on the circular, please visit RBI website.](#)

RBI/2018-19/128 DBR.DIR.BC.No.27/13.03.00/2018-19

February 22, 2019

All Scheduled Commercial Banks (excluding Regional Rural Banks) All Small Finance Banks

Review of Instructions on Bulk Deposit

In terms of extant instructions, banks have been given discretion to offer differential rate of interest on the bulk deposits as per their requirements and Asset-Liability Management (ALM) projections.

2. In this connection, as announced in the ‘Statement on Developmental and Regulatory Policies’ of the Sixth Bi-monthly Monetary Policy Statement dated February 07, 2019, it has been decided to revise the definition of ‘bulk deposits’ and provide operational freedom to banks in raising these deposits.

3. Accordingly, instructions contained in Master Directions on Interest Rate on Deposits issued vide DBR.Dir.No.84/13.03.00/2015-16 dated March 03, 2016 stand amended as under:

3.1 The existing paragraph No. 3(a)(i)(i) on bulk deposit of the aforesaid Master Direction stands replaced as under:

(i) Single Rupee term deposits of Rupees two crore and above for Scheduled commercial Banks (excluding Regional Rural banks) and Small Finance Banks.

3.2 In the existing paragraph No. 4(c), the following shall be added:

The banks shall maintain the bulk deposit interest rate card in their Core banking system to facilitate supervisory review.

[For more details on the circular, please visit RBI website.](#)
