**DIPLOMA COURSE FOR URBAN COOPERATIVE BANKING**

**RBI Notifications during the period 1st July 2019 to 31st December 2019**

**RBI/2019-20/51 DPSS.CO.PD.No.499/02.14.006/2019-20 August 30, 2019**

All Prepaid Payment Instrument Issuers

**Amendment to Master Direction on Issuance and Operation of Prepaid Payment Instruments (PPIs)**

Please refer to paragraph 9.1 (i) (i) of the Master Direction on Issuance and Operation of PPIs issued vide [DPSS.CO.PD.No.1164/02.14.006/2017-18 dated October 11, 2017 (PPI-MD)](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11142&Mode=0).

2. It is advised that the timeline for conversion of minimum detail PPIs to KYC compliant PPIs has been extended from 18 months to 24 months. The PPI-MD has been amended suitably. It may also be noted that no further extension will be granted for this purpose.

3. In view of the recent developments on e-KYC and digital-KYC, PPI issuers are advised to ensure compliance with the Direction within this extended period.

4. The directive is issued under Section 18 read with Section 10(2) of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**RBI/2019-20/50 DPSS.CO.PD.No.501/02.14.003/2019-20 August 29, 2019**

All Scheduled Commercial Banks including RRBs / Urban Co-operative Banks /State Co-operative Banks / District Central Co-operative Banks /All Authorised Card Networks

**Cash Withdrawal at Points-of-Sale (PoS) Devices**

A reference is invited to the [circulars DPSS.CO.PD.No.147/02.14.003/2009-10 dated July 22, 2009](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=5184&Mode=0), [DPSS.CO.PD.No.563/02.14.003/2013-14 dated September 5, 2013](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8382&Mode=0) and [DPSS.CO.PD.No.449/02.14.003/2015-16 dated August 27, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10004&Mode=0) on cash withdrawal at PoS devices enabled for all debit cards/open loop prepaid cards issued by banks. The instructions outlined therein, limit –

* cash withdrawal to ₹ 1000/- per day in Tier I and II centres and ₹ 2,000/- per day in Tier III to VI centres
* customer charges, if any, on such cash withdrawals to not more than 1% of the transaction amount.

2. It has come to our notice that the above have not been implemented in letter and spirit. The instructions issued in the above circulars are, therefore, reiterated with a view to provide for cash withdrawals at PoS by card-holders. To this end, banks may extend the facility of withdrawal of cash at any merchant establishment designated by them after a due diligence process.

3. Banks are also advised to submit data on cash withdrawals at PoS devices to the Chief General Manager, Department of Payment and Settlement Systems, Mumbai 400001, on quarterly basis within 15 days of the end of quarter as per the format enclosed to the [circular dated August 27, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10004&Mode=0#an1); the data shall be forwarded to the [email](mailto:osddpssco@rbi.org.in) with effect from the quarter ending September 30, 2019.

------------------------------

**RBI/2019-20/47 DPSS.CO.PD.No.447/02.14.003/2019-20 August 21, 2019**

The Chairman / Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks, including Regional Rural Banks / Urban Co-operative Banks / State Co-operative Banks / District Central Co-operative Banks / Payments Banks / Small Finance Banks /  
Card Payment Networks / Prepaid Payment Instrument Issuers

**Processing of e-mandate on cards for recurring transactions**

The Reserve Bank of India (RBI) has, over the past decade, put in place various safety and security measures for card payments, including the requirement of Additional Factor of Authentication (AFA), especially for ‘card-not-present’ transactions. Recurring transactions based on standing instructions given to the merchants by the cardholders were brought within the ambit of AFA, vide [RBI’s circular DPSS.PD.CO.No.223/02.14.003/2011-2012 dated August 4, 2011](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=6657&Mode=0).

2. The RBI has been receiving requests from industry stakeholders to allow processing of e-mandate on cards for recurring transactions with AFA during e-mandate registration and first transaction, and simple / automatic subsequent successive transactions. Keeping in view the changing payment needs and the requirement to balance the safety and security of card transactions with customer convenience, it has been decided to permit processing of e-mandate on cards for recurring transactions (merchant payments) with AFA during e-mandate registration, modification and revocation, as also for the first transaction, and simple / automatic subsequent successive transactions, subject to conditions listed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11668&Mode=0#AN1).

3. This circular is applicable for transactions performed using all types of cards – debit, credit and Prepaid Payment Instruments (PPIs), including wallets.

4. The maximum permissible limit for a transaction under this arrangement shall be ₹ 2,000/-.

5. All other instructions related to card transactions shall be applicable on these e-mandate based recurring card transactions.

6. No charges shall be levied or recovered from the cardholder for availing the e-mandate facility on cards for recurring transactions.

7. This directive, issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007), will come into effect from September 1, 2019.

8. This facility may be reviewed, in due course, for extension to other digital modes of payments.

**Annex**

**Conditions to be fulfilled for processing e-mandate on cards for recurring transactions  
(DPSS.CO.PD.No.447/02.14.003/2019-20 dated August 21, 2019)**

**Applicability**

1. The e-mandate arrangement on cards shall be only for recurring transactions and not for a ‘once-only’ payment.

**Registration of card details for e-mandate based recurring transactions**

2. A cardholder desirous of opting for e-mandate facility on card shall undertake a one-time registration process, with AFA validation by the issuer. An e-mandate on card for recurring transactions shall be registered only after successful AFA validation, in addition to the normal process required by the issuer.

3. Registration shall be completed only after all requisite information is obtained by the issuer, including the validity period of the e-mandate and other audit trail related requirements. The facility to modify the validity period of the e-mandate at a later stage, if required, shall also has to be provided for.

4. During the registration process, the cardholder shall be given an option to provide the e-mandate for either a pre-specified fixed value of recurring transaction or for a variable value of the recurring transaction; in the case of the latter, the cardholder shall clearly specify the maximum value of recurring transactions, subject to the overall cap fixed by the RBI (currently ₹ 2,000/- per transaction).

5. Any modification in existing e-mandate shall entail AFA validation by the issuer.

**Processing of first transaction and subsequent recurring transactions**

6. While processing the first transaction in e-mandate based recurring transaction series, AFA validation shall be performed. If the first transaction is being performed along with the registration of e-mandate, then AFA validation may be combined. All such AFA validation shall be as per extant instructions of the RBI.

7. Subsequent recurring transactions shall be performed only for those cards which have been successfully registered and for which the first transaction was successfully authenticated and authorised. These subsequent transactions may be performed without AFA.

**Pre-transaction notification**

8. As a risk mitigant and customer facilitation measure, the issuer shall send a pre-transaction notification to the cardholder, at least 24 hours prior to the actual charge / debit to the card. While registering e-mandate on the card, the cardholder shall be given facility to choose a mode among available options (SMS, email, etc.) for receiving the pre-transaction notification from the issuer in a clear, unambiguous manner and in an understandable language. The facility for changing this mode of receiving pre-transaction notification, shall also be provided to the cardholder.

9. The pre-transaction notification shall, at the minimum, inform the cardholder about the name of the merchant, transaction amount, date / time of debit, reference number of transaction/ e-mandate, reason for debit, i.e., e-mandate registered by the cardholder.

10. On receipt of the pre-transaction notification, the cardholder shall have the facility to opt-out of that particular transaction or the e-mandate. Any such opt-out shall entail AFA validation by the issuer. On receipt of intimation of such an opt-out, the issuer shall ensure that the particular transaction is not effected / further recurring transactions are not effected (as the case may be). A confirmation intimation to this effect shall be sent to the cardholder.

**Post-transaction notification**

11. In line with the extant instructions, the issuer shall send post-transaction alert / notification to the cardholder. This notification shall, at the minimum, inform the cardholder about the name of the merchant, transaction amount, date / time of debit, reference number of transaction / e-mandate, reason for debit, i.e., e-mandate registered by the cardholder.

**Transaction limit and velocity check**

12. The cap / limit for e-mandate based recurring transactions without AFA will be ₹ 2,000/- per transaction. Transactions above this cap shall be subject to AFA as hitherto.

13. The limit of ₹ 2,000/- per transaction is applicable for all categories of merchants who accept repetitive payments based on such e-mandates.

14. Suitable velocity checks and other risk mitigation procedures shall be put in place by issuers.

**Withdrawal of e-mandate**

15. The issuer shall provide the cardholder an online facility to withdraw any e-mandate at any point of time following which no further recurring transactions shall be allowed for the withdrawn e-mandate. (Note: The exception to this will be a pipeline transaction for which pre-transaction notification has already been sent to the cardholder, but the debit has not been communicated to or received by the cardholder, and the e-mandate withdrawal happens during the interregnum.) Information about this facility to withdraw e-mandate at any point of time, shall be clearly communicated to the cardholder at the time of registration and later on whenever felt necessary.

16. The withdrawal of any e-mandate by the cardholder shall entail AFA validation by the issuer.

17. In respect of withdrawn e-mandate/s, the acquirers shall ensure that the merchants on-boarded by them, delete all details, including payment instrument information.

**Dispute resolution and grievance redressal**

18. An appropriate redress system shall be put in place by the issuer to facilitate the cardholder to lodge grievance/s. Card networks shall also put in place dispute resolution mechanism for resolving these disputes with clear Turn Around Time (TAT).

19. The card networks shall make suitable arrangements to separately identify chargebacks / dispute requests in respect of e-mandate based recurring transactions.

20. RBI instructions on limiting liability of customers in unauthorised transactions shall be applicable for such transactions as well.

**Miscellaneous**

21. It shall be the responsibility of acquirers to ensure compliance by merchants on-boarded by them in respect of all aspects of these instructions.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**RBI/2019-20/46 DPSS (CO) RTGS No.364/04.04.016/2019-20 August 21, 2019**

The Chairman / Managing Director / Chief Executive Officer of member banks participating in RTGS

**Real Time Gross Settlement (RTGS) System – Increase in operating hours**

A reference is invited to the circular [DPSS (CO) RTGS No. 2488/04.04.016/2018-19 dated May 28, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11564&Mode=0) on ‘Real Time Gross Settlement (RTGS) System – Extension of Timings for Customer Transactions’.

2. At present, the RTGS system is available for customer transactions from 8:00 am to 6:00 pm and for inter-bank transactions from 8:00 am to 7:45 pm. In order to increase the availability of the RTGS system, it has been decided to extend the operating hours of RTGS and commence operations for customers and banks from 7:00 am.

3. The RTGS time window with effect from **August 26, 2019** will, therefore, be as under:

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Event** | **Time** |
| 1. | Open for Business | 07:00 hours |
| 2. | Customer transactions (Initial Cut-off) | 18:00 hours |
| 3. | Inter-bank transactions (Final Cut-off) | 19:45 hours |
| 4. | IDL Reversal | 19:45 hours - 20:00 hours |
| 5. | End of Day | 20:00 hours |

4. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act 2007 (Act 51 of 2007).

--------------------------------------------------------------------

**RBI/2019-20/41 DPSS.CO.PD No. 377/02.10.002/2019-20 August 14, 2019**

All Scheduled Commercial Banks including Regional Rural Banks / Urban Co-operative Banks / State Co-operative Banks /District Central Co-operative Banks /Small Finance Banks / Payment Banks / White Label ATM Operators

**Usage of ATMs – Free ATM transactions – Clarifications**

Please refer to our [circulars DPSS.CO.PD.No. 316/02.10.002/2014-2015 dated August 14, 2014](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9170&Mode=0) and [DPSS.CO.PD.No. 659/02.10.002/2014 -2015 dated October 10, 2014](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9276&Mode=0" \t "_blank) on the subject.

2. It has come to our notice that transactions that have failed due to technical reasons, non-availability of currency in ATMs, etc., are also included in the number of free ATM transactions.

3. It is hereby clarified that transactions which fail on account of technical reasons like hardware, software, communication issues; non-availability of currency notes in the ATM; and other declines ascribable directly / wholly to the bank / service provider; invalid PIN / validations; etc., shall not be counted as valid ATM transactions for the customer. Consequently, no charges therefor shall be levied.

4. Non-cash withdrawal transactions (such as balance enquiry, cheque book request, payment of taxes, funds transfer, etc.), which constitute ‘on-us’ transactions (i.e., when a card is used at an ATM of the bank which has issued the card) shall also not be part of the number of free ATM transactions.

---------------------------------------------------------------

**RBI/2019-20/67 DPSS.CO.PD No.629/02.01.014/2019-20 September 20, 2019**

All Operators and Participants of Authorised Payment Systems

**Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems**

Please refer to the [Statement on Developmental and Regulatory policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=46724) issued as part of Monetary Policy statement dated April 4, 2019 wherein it was proposed that the Reserve Bank would put in place a framework on Turn Around Time (TAT) for resolution of customer complaints and compensation framework across all authorised payment systems.

2. It has been observed that a large number of customer complaints emanate on account of unsuccessful or ‘failed’ transactions. Failure could be on account of various factors not directly attributable to the customer such as disruption of communication links, non-availability of cash in ATMs, time-out of sessions, non-credit to beneficiary’s account due to various causes, etc. Rectification / Compensation paid to the customer for these ‘failed’ transactions is not uniform.

3. After consultation with various stakeholders, the framework for TAT for failed transactions and compensation therefor has been finalised which will result in customer confidence and bring in uniformity in processing of the failed transactions. The same is enclosed as [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11693&Mode=0#AN) to this circular.

4. It may be noted that :

* the prescribed TAT is the outer limit for resolution of failed transactions; and
* the banks and other operators / system participants shall endeavour towards quicker resolution of such failed transactions.

5. Wherever financial compensation is involved, the same shall be effected to the customer’s account suo moto, without waiting for a complaint or claim from the customer.

6. Customers who do not get the benefit of redress of the failure as defined in the TAT, can register a complaint to the Banking Ombudsman of Reserve Bank of India.

7. This directive is issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect from October 15, 2019.

**Annex**

**(Annex to Circular DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019)**

**Harmonisation of Turn Around Time (TAT) and customer compensation for  
failed transactions using authorised Payment Systems**

**General Instructions covering the TAT :**

1. The principle behind the TAT is based on the following :

1. If the transaction is a ‘credit-push’ funds transfer and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary;
2. If there is delay in initiation of a transaction at the originator bank’s end beyond the TAT, then penalty has to be paid to the originator.

2. A ‘failed transaction’ is a transaction which has not been fully completed due to any reason not attributable to the customer such as failure in communication links, non-availability of cash in an ATM, time-out of sessions, etc. Failed transactions shall also include the credits which could not be effected to the beneficiary account on account of lack of full information or lack of proper information and delay in initiating a reversal transaction.

3. Terms like, Acquirer, Beneficiary, Issuer, Remitter, etc., have meanings as per common banking parlance.

4. T is the day of transaction and refers to the calendar date.

5. R is the day on which the reversal is concluded and the funds are received by the issuer / originator. Reversal should be effected at the issuer / originator end on the same day when the funds are received from the beneficiary end.

6. The term bank includes non-banks also and applies to them wherever they are authorised to operate.

7. Domestic transactions i.e., those where both the originator and beneficiary are within India are covered under this framework.

**Harmonisation of Turn Around Time (TAT) and customer compensation for  
failed transactions using authorised Payment Systems**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. no.** | **Description of the incident** | **Framework for auto-reversal and compensation** | |
| **Timeline for auto-reversal** | **Compensation payable** |
| **I** | **II** | **III** | **IV** |
| **1** | **Automated Teller Machines (ATMs) including Micro-ATMs** | | |
| a | Customer’s account debited but cash not dispensed. | Pro-active reversal (R) of failed transaction within a maximum of T + 5 days. | ₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder. |
| **2** | **Card Transaction** | | |
| a | Card to card transfer  Card account debited but the beneficiary card account not credited. | Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account. | ₹ 100/- per day of delay beyond T + 1 day. |
| b | Point of Sale (PoS) (Card Present) including Cash at PoS  Account debited but confirmation not received at merchant location i.e., charge-slip not generated. | Auto-reversal within T + 5 days. | ₹ 100/- per day of delay beyond T + 5 days. |
| c | Card Not Present (CNP) (e-commerce)  Account debited but confirmation not received at merchant’s system. |
| **3** | **Immediate Payment System (IMPS)** | | |
| a | Account debited but the beneficiary account is not credited. | If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day. | ₹100/- per day if delay is beyond T + 1 day. |
| **4** | **Unified Payments Interface (UPI)** | | |
| a | Account debited but the beneficiary account is not credited (transfer of funds). | If unable to credit the beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day. | ₹100/- per day if delay is beyond T + 1 day. |
| b | Account debited but transaction confirmation not received at merchant location (payment to merchant). | Auto-reversal within T + 5 days. | ₹100/- per day if delay is beyond T + 5 days. |
| **5** | **Aadhaar Enabled Payment System (including Aadhaar Pay)** | | |
| a | Account debited but transaction confirmation not received at merchant location. | Acquirer to initiate “Credit Adjustment” within T + 5 days. | ₹100/- per day if delay is beyond T + 5 days. |
| b | Account debited but beneficiary account not credited. |
| **6** | **Aadhaar Payment Bridge System (APBS)** | | |
| a | Delay in crediting beneficiary’s account. | Beneficiary bank to reverse the transaction within T + 1 day. | ₹100/- per day if delay is beyond T + 1 day. |
| **7** | **National Automated Clearing House (NACH)** | | |
| a | Delay in crediting beneficiary’s account or reversal of amount. | Beneficiary bank to reverse the uncredited transaction within T + 1 day. | ₹100/- per day if delay is beyond T + 1 day. |
| b | Account debited despite revocation of debit mandate with the bank by the customer. | Customer’s bank will be responsible for such debit. Resolution to be completed within T + 1 day. |
| **8** | **Prepaid Payment Instruments (PPIs) – Cards / Wallets** | | |
| a | Off-Us transaction  The transaction will ride on UPI, card network, IMPS, etc., as the case may be. The TAT and compensation rule of respective system shall apply. | | |
| b | On-Us transaction  Beneficiary’s PPI not credited.  PPI debited but transaction confirmation not received at merchant location. | Reversal effected in Remitter’s account within T + 1 day. | ₹100/- per day if delay is be |

--------------------------

**RBI/2019-20/123 DPSS.CO.PD.No.1198/02.14.006/2019-20 December 24, 2019**

All Prepaid Payment Instrument Issuers

**Introduction of a new type of semi-closed Prepaid Payment Instrument (PPI) –  
PPIs upto ₹ 10,000/- with loading only from bank account**

Please refer to the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=48803) issued as part of Monetary Policy Statement dated December 5, 2019 as also the 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 August 30, 2019)](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11142).

2. To give impetus to small value digital payments and for enhanced user experience, it has been decided to introduce a new type of semi-closed PPI with the following features:

1. Such PPIs shall be issued by bank and non-bank PPI Issuers after obtaining minimum details of the PPI holder.
2. The minimum details shall necessarily include a mobile number verified with One Time Pin (OTP) and a self-declaration of name and unique identity / identification number of any ‘mandatory document’ or ‘officially valid document’ (OVD) listed in the ‘[Master Direction - Know Your Customer (KYC) Direction, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566)’ issued by Department of Regulation, Reserve Bank of India, as amended from time to time.
3. These PPIs shall be reloadable in nature and issued in card or electronic form. Loading / Reloading shall be only from a bank account.
4. The amount loaded in such PPIs during any month shall not exceed ₹ 10,000 and the total amount loaded during the financial year shall not exceed ₹ 1,20,000.
5. The amount outstanding at any point of time in such PPIs shall not exceed ₹ 10,000.
6. These PPIs shall be used only for purchase of goods and services and not for funds transfer.
7. PPI issuers shall provide an option to close the PPI at any time and also allow to transfer the funds ‘back to source’ (payment source from where the PPI was loaded) at the time of closure.
8. The features of such PPIs shall be clearly communicated to the PPI holder by SMS / e-mail / post or by any other means at the time of issuance of the PPI / before the first loading of funds.
9. The minimum detail PPIs existing as on the date of this circular can be converted to the above type of PPI, if desired by the PPI holder.

3. The PPI-MD is being modified to introduce this new type of PPI. The other instructions contained in the PPI-MD will be applicable to this type of PPI also.

4. The directive is issued under Section 18 read with Section 10(2) of Payment and Settlement Systems Act, 2007 and is effective from the date of issuance of this circular.

**----------------------------------------------**

**RBI/2019-20/116 DPSS (CO) RPPD No.1140/04.03.01/2019-20 December 16, 2019**

The Chairman / Managing Director / Chief Executive Officer of member banks participating in NEFT

**Furthering Digital Payments – Waiver of Charges – National Electronic Funds Transfer (NEFT) System**

A reference is invited to [RBI circulars DPSS CO (EPPD)/98/04.03.01/2012-13 dated July 13, 2012](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=7448&Mode=0) on National Electronic Funds Transfer (NEFT) System - Rationalisation of customer charges and [DPSS (CO) RPPD No.2557/04.03.01/2018-19 dated June 11, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11586&Mode=0) on National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) systems – Waiver of charges.

2. In order to give further impetus to digital retail payments, it has now been decided that member banks shall not levy any charges from their savings bank account holders for funds transfers done through NEFT system which are initiated online (viz. internet banking and/or mobile apps of the banks).

3. This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall be effective from January 1, 2020.

**------------------------------**

**RBI/2019-20/115 FMOD.MAOG.No.138/01.01.001/2019-20 December 13, 2019**

The Chairman / Managing Director / Chief Executive Officers of member banks participating in NEFT payment system

**Liquidity Support (LS) Facility - NEFT 24 x 7**

As announced in the [Statement on Developmental and Regulatory Policies dated October 4, 2019](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=48318), in order to facilitate smooth settlement of NEFT transactions in the accounts of the member banks maintained with the Reserve Bank in a 24x7 environment, it has been decided to provide an additional collateralised intra-day liquidity facility, to be called Liquidity Support (LS).

2. The salient features of the scheme are as under:

1. LS facility will be available for facilitating NEFT settlements, on 24x7 basis. The LS facility will operate as per the same terms and conditions as the Intra-Day Liquidity (IDL) facility.
2. All member banks eligible for the IDL facility will be eligible to avail of the LS facility.
3. The limit for LS facility would be set by the Reserve Bank from time to time. Drawings under the LS facility shall be reckoned as part of the eligible IDL limit.
4. The margin requirement on LS facility would be similar to that of IDL facility.
5. Outstanding drawing at the end of the day under the LS facility will be automatically converted into borrowing under the Marginal Standing Facility (MSF).
6. The above MSF borrowing reversal will take place along with other LAF operations as is currently being done.
7. The extant instructions on intra-day-liquidity and reversal of IDL shall continue, as hitherto.
8. The Reserve Bank may review the facilities based on the experience gained in operationalizing the scheme.

**--------------------------**

**RBI/2019-20/111 DPSS (CO) RPPD No.1097/04.03.01/2019-20 December 6, 2019**

The Chairman/Managing Director/Chief Executive Officer of member banks participating in NEFT payment system

**Availability of National Electronic Funds Transfer (NEFT) System on 24x7 basis**

Please refer to our circular DPSS (CO) RPPD No.510/04.03.01/2019-20 dated August 30, 2019 regarding availability of NEFT on a 24x7 basis.

2. It has been decided that the above facility shall be made available from December 16, 2019 with the first settlement taking place after 00:30 hours on December 16, 2019 (i.e. night of December 15, 2019).

3. Member banks are advised to note the following:

1. There will be 48 half-hourly batches every day. The settlement of first batch will commence after 00:30 hours and the last batch will end at 00:00 hours.
2. The system will be available on all days of the year, including holidays.
3. NEFT transactions after usual banking hours of banks are expected to be automated transactions initiated using ‘Straight Through Processing (STP)’ modes by the banks.
4. The existing discipline for crediting beneficiary’s account or returning the transaction (within 2 hours of settlement of the respective batch) to originating bank will continue.
5. Member banks will ensure sending of positive confirmation message (N10) for all NEFT credits.
6. All provisions of NEFT procedural guidelines will be applicable for NEFT 24x7 transactions as well.

4. Member banks are expected to keep adequate liquidity in their current account with Reserve Bank of India at all times to facilitate successful posting of NEFT batch settlements.

5. Member banks are also advised to initiate necessary action and ensure availability of all necessary infrastructural requirements at their end for providing seamless NEFT 24x7 facility to their customers. Banks may disseminate information on the extended timings for NEFT to all their customers.

6. This directive is issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

**------------------------------------**

be deducted in full from CET1 capital.

ii) DTAs which relate to timing differences (other than those related to accumulated losses) may, instead of full deduction from CET1 capital, be recognized in the CET1 capital up to 10% of a bank's CET1 capital [after the application of all regulatory adjustments].

iii) The amount of DTAs which are to be deducted from CET1 capital may be netted with associated deferred tax liabilities (DTLs) provided:

* Both the DTAs and DTLs relate to taxes levied by the same taxation authority and offsetting is permitted by the relevant taxation authority;
* The DTLs permitted to be netted against DTAs must exclude amounts that have been netted against the deduction of goodwill, intangibles and defined benefit pension assets; and
* The DTLs must be allocated on a pro rata basis between DTAs subject to deduction from CET1 capital as at (i) and (ii) above.

**4. Other Conditions**

1. RRBs are not permitted to issue Perpetual Debt Instruments to retail investors / FPIs / NRIs.
2. RRBs are not permitted to invest in the Perpetual Debt Instruments of other banks including RRBs.
3. RRBs shall issue the Perpetual Debt Instruments in Indian currency only.

The other instructions in the circulars cited above remain unchanged.

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT87F0659C1C3DE14BADB0A1173AFE820478.PDF>

----------------------------

**RBI/2019-20/128 DoR (PCB).BPD.Cir.No.8/12.05.002/2019-20 December 31, 2019**

The Chief Executive Officers of All Primary (Urban) Co-operative Banks

**Constitution of Board of Management (BoM) in Primary (Urban) Co-operative Banks (UCBs)**

Reserve Bank of India had released [draft guidelines](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=44292) on constituting BoM in UCBs on June 25, 2018 inviting comments from banks and other stakeholders. Taking into consideration the responses received, it has been decided to issue the guidelines on BoM as per [Annex I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11774&Mode=0#AN1).

2. UCBs shall constitute a BoM by making suitable amendments in their bye-laws. The BoM shall comprise of persons with special knowledge and practical experience in banking to facilitate professional management and focused attention to the banking related activities of the UCBs through appropriate amendments to their bye-laws, in accordance with the enclosed guidelines following the due process. While constituting the BoM, the Board of Directors (BoD) of UCB shall carry out a process of due diligence to determine the suitability of the person for appointment as the member of the BoM, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria as set out in [Appendix I](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NOTI130311219_AP1.pdf). Similar process of due diligence shall be carried out for determining the suitability of a candidate for appointment as CEO. For this purpose, banks shall obtain declaration-cum-undertaking from the proposed member of BoM/CEO in the format enclosed to the guidelines in [Appendix II](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NOTI130311219_AP2.pdf). The process of due diligence shall also be undertaken at the time of renewal of appointment.

3. UCBs with deposit size of ₹100 crore and above shall constitute BoM which will also be a mandatory requirement for allowing such banks to expand their area of operation and open new branches. UCBs with a deposit size less than ₹100 crore and Salary Earners’ Banks are exempted from constituting BoM. However, for having good governance practices, such banks may also constitute BoM, if they so desire.

4. Further, as per the guidelines, UCBs having deposit size of ₹100 crore and above shall obtain prior approval of Reserve Bank for appointment of CEO. In this connection, it is advised that Scheduled UCBs shall approach the Department of Regulation of Reserve Bank for approval at least three months prior to the end of tenure of the incumbent CEO. The banks shall submit the proposal for appointment of CEO along with the declaration-cum -undertaking of the CEO designate as per [Appendix II](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NOTI130311219_AP2.pdf) of these guidelines along with the list of supporting documents as given in [Annex II](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11774&Mode=0#AN2). Non-Scheduled UCBs shall approach the concerned Regional Office of the Department of Supervision for the requisite approval in the similar manner mentioned above. Reserve Bank reserves the right to seek additional information/documents, if deemed necessary.

5. A copy of the amended bye-laws providing for constitution of BoM shall be forwarded to the concerned Regional Office of the Department of Supervision for information and record along with details of the members of BoM immediately after constitution of BoM. UCBs shall also be required to submit an annual return furnishing details of the members of the BoM as per the format given in [Annex III](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11774&Mode=0#AN3) as on December 31 each year, within 15 days of the end of the period to the respective Regional Offices of the Reserve Bank of India.

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI128B7ED793D4C334C00951D180DBD96F082.PDF>

----------------------------

**RBI/2019-20/129 DoS.CO/CSITE/BC.4083/31.01.052/2019-20 December 31, 2019**

The Chairman/Managing Director/Chief Executive Officer All Primary (Urban) Co-operative Banks

**Comprehensive Cyber Security Framework for Primary (Urban) Cooperative Banks (UCBs) – A Graded Approach**

Please refer to para I (3) of the Statement on Developmental and Regulatory policies of the Fifth Bi-monthly Monetary Policy Statement for 2019-20 dated December 5, 2019 ([extract enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#SDP_1)).

2. Please refer to our [Circular DCBS.CO.PCB.Cir.No.1/18.01.000/2018-19 dated October 19, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11397&Mode=0) wherein some basic cyber security controls for Primary (Urban) Cooperative Banks (UCBs) were prescribed. On further examination, a comprehensive Cyber Security Framework for UCBs has been formulated based on a graded approach. The UCBs have been categorised into four levels based on their digital depth and interconnectedness to the payment systems landscape. The levels are defined as below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Level** | **Criteria** | **Regulatory Prescription** | **Remarks** |
| **Level I** | All UCBs | Level I controls prescribed in [Annex I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_1) | In addition to the controls prescribed to the UCBs vide circular dated October 19, 2018, bank specific email domain with DMARC controls, two factor authentication for CBS etc., are salient controls prescribed. |
| **Level II** | All UCBs, which are sub-members of Centralised Payment Systems[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#F1) (CPS) and satisfying at least one of the criteria given below:   * offers internet banking facility to its customers (either view or transaction based) * provides Mobile Banking facility through application (Smart phone usage) * is a direct Member of CTS/IMPS/UPI. | Level II controls given in [Annex II](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_2), in addition to Level I controls. | Additional controls include Data Loss Prevention Strategy, Anti-Phishing, VA/PT of critical applications. |
| **Level III** | UCBs having at least one of the criteria given below:   * Direct members of CPS * having their own ATM Switch * having SWIFT interface | Level III controls given in [Annex III](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_3), in addition to Level I and II controls. | Additional controls include Advanced Real-time Threat Defence and Management, Risk based transaction monitoring[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#F2) |
| **Level IV** | UCBs which are members/ sub-members of CPS and satisfy at least one of the criteria given below:   * having their own ATM Switch **and** having SWIFT interface * hosting data centre or providing software support to other banks on their own or through their wholly owned subsidiaries | Level IV controls given in [Annex IV](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_4), in addition to Level I, II and III controls | Additional controls include setting up of a Cyber Security Operation Center (C-SOC) (either on their own or through service providers), IT and IS Governance Framework |

3. The Board of Directors is ultimately responsible for the information security of the UCB and shall play a proactive role in ensuring an effective IT(Information Technology) and IS (Information Security) governance. The major role of top management involves implementing the Board approved cyber security policy, establishing necessary organisational processes for cyber security and providing necessary resources for ensuring adequate cyber security.

4. UCBs shall undertake a self-assessment of the level in which they fit into, based on the criteria given in the table above and report the same to their respective RBI Regional Office, Department of Supervision within 45 days from the date of issuance of this circular.

5. All UCBs shall comply with the control requirements prescribed in [Annex I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_1) within 3 months from the date of issuance of this circular. Similarly, Level II, III and IV UCBs are required to implement additional controls prescribed in [Annex –II](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_2), [III](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_3) and [IV](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_4) respectively.

6. UCBs may adopt higher level of security measures based on their own assessment of risk and capabilities. Further, if a UCB, irrespective of its asset size already has a dedicated CISO and/or governance framework as discussed in [Annex IV](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11772&Mode=0#AN_4), then as a matter of best practice, it is desirable that it continues with the existing governance structure.

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI129BB26DEA3F5C54198BF24774E1222E61A.PDF>

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**RBI/2019-20/125 DOR (PCB).BPD.Cir.No.7/13.05.000/2019-20 December 27, 2019**

The Chief Executive Officer All Primary (Urban) Co-operative Banks

**Reporting of Large Exposures to Central Repository of Information on Large Credits (CRILC) - UCBs**

Please refer to paragraph 2 of the Statement on Developmental and Regulatory Policies dated December 5, 2019 on ‘Primary (Urban) Co-operative Banks - Reporting to Central Repository of Information on Large Credits (CRILC)’ ([extract enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11768&Mode=0#AN1)).

2. It has been decided that Primary (Urban) Co-operative Banks (UCBs) having total assets of ₹500 crore and above as on 31st March of the previous financial year shall report credit information, including classification of an account as Special Mention Account (SMA), on all borrowers having aggregate exposures of ₹5 crore and above with them to Central Repository of Information on Large Credits (CRILC) maintained by the Reserve Bank. Aggregate exposure shall include all fund-based and non-fund based exposure, including investment exposure on the borrower.

**3. Special Mention Account (SMA)**

Special Mention Account (SMA) is an account which is exhibiting signs of incipient stress resulting in the borrower defaulting in timely servicing of her debt obligations, though the account has not yet been classified as NPA as per the extant RBI guidelines. As early recognition of such accounts will enable banks to initiate timely remedial actions to prevent their potential slippages into NPAs, it is advised that UCBs having total assets of ₹500 crore and above as on 31st March of the previous financial year shall take necessary steps to classify loans/advances accounts as SMA, as under:

|  |  |
| --- | --- |
| **SMA Sub-categories** | **Basis for classification Principal or interest payment or any other amount wholly or partially overdue for** |
| SMA-0 | 1-30 days |
| SMA-1 | 31-60 days |
| SMA-2 | 61-90 days |

In case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows:

|  |  |
| --- | --- |
| **SMA Sub-categories** | **Basis for classification Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of** |
| SMA-1 | 31-60 days |
| SMA-2 | 61-90 days |

4. To start with, UCBs will be required to submit CRILC Report on quarterly basis with effect from December 31, 2019. Detailed operating instructions will be issued shortly by Department of Supervision, Reserve Bank of India.

5. UCBs should take utmost care about data accuracy and integrity while submitting the information /data on large credit to RBI, failing which penal action as per the provisions of the Banking Regulation Act, 1949 may be taken.

**Extract from the fifth Bi-monthly Monetary Policy Statement, 2019-20 announced on December 05, 2019**

**2. Primary (Urban) Co-operative Banks - Reporting to Central Repository of Information on Large Credits (CRILC)**

The Reserve Bank has created a Central Repository of Information on Large Credits (CRILC) of scheduled commercial banks, all India financial institutions and certain non-banking financial companies with multiple objectives, which, among others, include strengthening offsite supervision and early recognition of financial distress. With a view to building a similar database of large credits extended by primary (urban) co-operative banks (UCBs), it has been decided to bring UCBs with assets of ₹500 crores and above under the CRILC reporting framework. Detailed instructions in this regard will be issued by December 31, 2019.

------------------------

**RBI/2019-20/37 DBR.AML.BC.No.11/14.01.001/2019-20 August 9, 2019**

The Chairpersons/ CEOs of all the Regulated Entities

**Amendment to Master Direction (MD) on KYC**

Government of India, vide Gazette Notification G.S.R. 381(E) dated May 28, 2019, has notified amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

2. The change carried out in the Master Direction in accordance with the aforementioned amendment to the PML Rules is as under:

* A proviso has been added to condition (b) of Section 23 of the Master Direction to the effect that, where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail.

3. The [Master Direction on KYC dated February 25, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566), is hereby updated to reflect the change effected by the above amendment and shall come into force with immediate effect.

-------------------------------------------------------------------

**RBI/2019-20/39 FIDD.CO.Plan.BC.7/04.09.01/2019-20 August 13, 2019**

The Chairman/ Managing Director & CEOs All Scheduled Commercial Banks (Excluding Regional Rural Banks and Small Finance Banks)

**Priority Sector Lending – Lending by banks to NBFCs for On-Lending**

In order to boost credit to the needy segment of borrowers, it has been decided that bank credit to registered NBFCs (other than MFIs) for on-lending will be eligible for classification as priority sector under respective categories subject to the following conditions:

1. **Agriculture:** On-lending by NBFCs for ‘Term lending’ component under Agriculture will be allowed up to ₹ 10 lakh per borrower.
2. **Micro & Small enterprises:** On-lending by NBFC will be allowed up to ₹ 20 lakh per borrower.
3. **Housing:** Enhancement of the existing limits for on-lending by HFCs vide para 10.5 of our Master Direction on Priority Sector lending, from ₹ 10 lakh per borrower to ₹ 20 lakh per borrower.

2. Under the above on-lending model, banks can classify only the fresh loans sanctioned by NBFCs out of bank borrowings, on or after the date of issue of this circular. However, loans given by HFCs under the existing on-lending guidelines will continue to be classified under priority sector by banks.

3. Bank credit to NBFCs for On-Lending will be allowed upto a limit of five percent of individual bank’s total priority sector lending on an ongoing basis. Further, the above instructions will be valid for the current financial year upto March 31, 2020 and will be reviewed thereafter. However, loans disbursed under the on-lending model will continue to be classified under Priority Sector till the date of repayment/maturity.

4. The existing guidelines on bank loans to MFIs for on-lending as detailed in para 19 of Master Directions on Priority Sector Lending will continue to be applicable for NBFC-MFIs.

5. The guidelines shall come into effect from the date of the issuance of this Circular.

-------------------------------------------------

**RBI/2019-20/66 FIDD.CO.Plan.BC.12/04.09.01/2019-20 September 20, 2019**

The Chairman/Managing Director & CEOs All SCBs including SFBs (Excluding Regional Rural Banks)

**Priority Sector Lending (PSL) – Classification of Exports under priority Sector**

In order to boost credit to export sector, it has been decided to effect following changes in para 8 of the [“Master Direction on Priority Sector Lending-targets and Classification” dated July 7, 2016 (updated as on December 4, 2018)](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10497) pertaining to export credit.

1. Enhance the sanctioned limit, for classification of export credit under PSL, from ₹ 250 million per borrower to ₹ 400 million per borrower.
2. Remove the existing criteria of ‘units having turnover of up to ₹ 1 billion’

2. The existing guidelines for domestic scheduled commercial banks to classify ‘Incremental export credit over corresponding date of the preceding year, upto 2 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher’ under PSL will continue to be applicable subject to the criteria mentioned at (i) above.

3. There is no change in the present instructions in respect of foreign banks.

**RBI/2019-20/130 DoS.CO/CSITE/BC.4084/31.01.015/2019-20 December 31, 2019**

The Chairman / Managing Director / Chief Executive Officer All Scheduled Commercial Banks (excluding Regional Rural Banks)/ All Small Finance Banks and Payments Banks/ All Primary (Urban) Co-operative Banks/ All Local Area Banks and White-Label ATM Operators

**Cyber Security controls for Third party ATM Switch Application Service Providers**

Please refer to para I (8) of the Statement on Developmental and Regulatory policies of the Fifth Bi-monthly Monetary Policy Statement for 2019-20 dated December 5, 2019 ([extract enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11773&Mode=0#E1)).

2. It is observed that a number of RBI Regulated Entities (RREs) manage their ATM Switch ecosystem through shared services of third party ATM Switch Application Service Providers (ASPs). Since these service providers also have exposure to the payment system landscape, it is felt that some cyber security controls are required to be put in place by them. In view of this, the RREs shall ensure that the contract agreement signed between them and the third party ATM Switch ASP shall necessarily mandate the third party ATM Switch ASP to comply with the cyber security controls given in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11773&Mode=0#AN) on an ongoing basis and to provide access to the RBI for on-site/off-site supervision. To this effect, the contract agreements shall be amended at the earliest or at the time of renewal, in any case not later than March 31, 2020. The list of prescribed controls is indicative but not exhaustive. It may be mentioned that these controls are applicable to the ASPs limited to the IT ecosystem (such as physical infrastructure, hardware, software, reconciliation system, network interfaces, security solutions, hardware security module, middleware, associated people, processes, systems, data, information, etc.,) providing ATM switch services as well as any other type of payment system related services to the RREs.

3. The regulatory instructions issued from time to time in terms of circulars/advisories/alerts, as applicable to the ATM switch ecosystem shall be shared with the ASPs for necessary compliance.

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT13060CC89309DEC4BFB8B7CBC33FAA05FE5.PDF>

---------------------