



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

# Developments in India

16<sup>th</sup> SAARC Payments Council Meeting  
3<sup>rd</sup> March 2015

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# Overview

- Major Developments since last meeting
  - Retail payments
  - Financial Market Infrastructures
- Legal amendments
- Global developments
  - Indian position
- Other developments



# Major Developments since last meeting

## Retail payment systems

- Paper based clearing
  - 66 MICR CPCs - covered under the three CTS grids
  - 1299 small clearing houses (ECCS) operating in the country – plan to subsume in CTS
- Rationalisation of ATM charges
  - Free ATM transactions
    - at other banks' ATMs reduced to 3 per month at six metros
    - Own bank ATMs five free transactions. The ceiling / cap on customer charges of Rs.20/- per transaction continues
    - Banks can put in own policies for free transactions beyond prescribed.



# Major Developments since last meeting

## Retail payment systems...contd.

- White label ATMs
  - Acceptance of international credit/debit/prepaid cards now permitted
  - Dynamic Currency Conversion (DCC) permitted
  - Delinking of cash supply from sponsor bank; now cash can be sourced from multiple banks
- Prepaid Payment Instrument
  - Limit of Semi-closed PPIs with full KYC enhanced to Rs. 1,00,000/-
  - Banks permitted to issue open system multiple PPI through KYC compliant accounts to family members and dependents
  - Banks can issue: another category of open system rupee denominated non-reloadable PPI to visiting NRIs and foreign nationals for for amounts upto Rs.200,000.



# Major Developments since last meeting

## Retail payment systems...contd.

- Instant Money Transfer
  - Facilitates non-bank customer to receive and withdraw money from ATM and BCs
- Mobile Banking
  - Suggestions for seamless customer enrolment for mobile banking services through multiple channels, viz. ATMs, internet banking, etc.
  - NPCI to set up a common platform for mobile banking registration on the NFS
  - Indian Banks Association (IBA) and NPCI to campaign for NUUP
  - Best practices for handling customer grievances



# Major Developments since last meeting

## Financial Market Infrastructures

- Real Time Gross Settlement System (RTGS)
  - Two new features introduced since July 2014
    - Future value dated transactions - Customers/ participants can initiate transaction 3 days in advance
    - Hybrid settlement – Off setting of transaction in every 5 minutes
- Clearing Corporation of India Limited (CCIL)
  - CCP Clearing in OTC Products – Mandatory CCP Clearing in forex forward segment
  - Interest Rate Swaps (IRS) - Commenced CCP Guaranteed settlement
  - Legal Entity Identifier (LEI) services – CCIL launched LOU for LEI services.



# Legal Amendments

- Providing for insolvency of the CCP
- Protection of funds in escrow
- Bringing the Trade Repository and Local Operating Unit under the purview of PSS Act.



# Global developments

- Migrating OTC trades to CCP / central clearing
- Aggregation of data – Trade Repository
- Unique identification globally – LEI

## Indian Position

- OTC : Mandatory CCP clearing for forex forwards; IRS to be reviewed
- Trade Repository: for RBI regulated markets
- Local Operating Unit for LEI setup – endorsement by ROC pending





# Other developments

## **Bharat Bill Payment System (BBPS)**

- Pan-India bill payment system
- Offers interoperable and accessible bill payment services
  - through a network of agents under a single band
  - Allows multiple payment modes, and provides instant confirmation of payment
- National Payments Corporation of India (NPCI)
  - will function as authorized Bharat Bill Payment Central Unit (BBPCU)
  - BBPCU will set technical/ operational/business standards for BBPS processes and also facilitate clearing and settlement activities related to the BBPS
  - BBPOUs will on-board merchants and /or facilitate payment aggregator



# Other developments

## **TReDS – Guidelines**

- An institutional mechanism for facilitating the financing of trade receivables of MSMEs from corporate buyers
- Salient features of TReDS:
  - bills of exchange of MSMEs for acceptance by the buyers
  - Participation of corporate and other buyers viz., Government department and PSUs



# Other developments

## Oversight of Payment systems

- Self-assessment template based on the CPSS-IOSCO Principles for FMIs has been introduced for all retail payment operators

## International seminar November 2014 - Some key takeaways

- Products for remittances/ financial inclusion need to be developed focusing: (i) safety; (ii) transparency and consumer protection; (iii) infrastructure; (iv) legal and regulatory environment; (v) governance and risk management and (vi) role of remittance service providers and public authorities
- 3 Cs for moving towards less cash, the 3 Cs i.e. Cost, Convenience and Confidence.

**Thank you**