



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

# Payment and Settlement Systems in India - Recent Major Developments

December 09, 2013

# Paper Clearing

## **Grid based CTS**

- ✓ Western Grid CTS in Mumbai started on April 27, 2013 and now covers banks from 23 locations.

## **CTS-2010 standards**

- ✓ Time line for withdrawal of non-CTS extended till December 2013.
- ✓ Separate clearing arrangement made to clear residual non-CTS 2010 cheques w.e.f. Jan 2014

## **Uniform Holiday**

- ✓ Uniform holiday mandated to enhance customer service for all the CTS grids.

# New RTGS (NG-RTGS) System

- ✓ New RTGS system rolled out on October 19, 2013.
- ✓ System uses mark-up language (XML) based messaging system conforming to ISO 20022 standards.

## **Some of advanced features of the system are:**

- ✓ Multiple options for access – Application programming Interface, member Interface or Web Access
- ✓ Hybrid feature of gross and netting for better liquidity management
- ✓ Setting bilateral and multilateral limit
- ✓ Future value dated transactions
- ✓ Accepts multi currency transactions

# Other developments

## **Cash Withdrawal at POS**

- ✓ Cash withdrawal at POS up to Rs 1000 enabled for bank issued PPIs

## **Technical Committee on Mobile Banking**

- ✓ A Technical Committee has been set up by RBI to examine the options/alternatives including the feasibility of using encrypted SMS-based funds transfer by using an application which can run on any type of handset for expanding the reach of mobile banking in the country.

# Other developments

## **Formation of a Giro Advisory Group (GAG)**

- ✓ To implement the recommendation of the Committee set up to Study the Feasibility of Implementation of Giro Based Payment System a GAG has been formed:
  - ✓ To take a view regarding setting up an organization (for profit/non profit) to set up the Indian Bills Payments system
  - ✓ Frame guidelines for inviting proposals from interested existing parties for setting up and operating the GIRO-based bill payments in the country.

# Security of Electronic Payment Transactions

## Card Present Transaction

Penal provision enabled in case of non-compliance by banks to the Guidelines on securing card present transactions as enumerated below:

- ✓ customer to be compensated in case of frauds by banks not compliant with TLE and UKPT/DUKPT for transaction after September 30,2013
- ✓ Amount to be credited back to card within 7 working days
- ✓ In case of delay beyond 7 days, customer to be compensated at the rate of Rs.100 per day from 8th day onwards.

# Security of Electronic Payment Transactions

## Card Present Transaction

On the recommendation of the Working Group to assess the feasibility of Aadhaar (biometric validation) as additional factor of authentication for card present transactions the banks has been advised as follows:

- ✓ Cards to be domestic by default
- ✓ Cards used internationally to be EMV
- ✓ In respect of cards, not specifically mandated by the RBI to adopt EMV norms, banks given discretion to adopt Aadhaar or move to EMV Chip and Pin technology for securing the card present payment infrastructure as additional factor for authentication.
- ✓ All new card present infrastructure has to be enabled for both EMV chip and PIN and Aadhaar (biometric validation) acceptance.

# Other developments

## Assessment of FMIs against PFMI

RBI released a policy document on Regulation and Supervision of Financial Market Infrastructures

- ✓ Real Time Gross Settlement (RTGS), Securities Settlement Systems (SSSs), Clearing Corporation of India Ltd. (CCIL) and Negotiated Dealing System (NDS)
- ✓ Internal group for assessment against PFMIs
- ✓ Inter-regulatory Group for assessment of compliance to PFMIs (RBI, SEBI, FMC)



**Thank you**