

Statement on Developmental and Regulatory Policies

This Statement sets out various developmental and regulatory policy measures relating to (i) Regulations; and (ii) Payment Systems and FinTech.

I. Regulations

1. Review of limit of Bulk Deposits for Scheduled Commercial Banks (excluding RRBs), Small Finance Banks and Local Area Banks

Banks have discretion to offer differential rate of interest on the bulk deposits as per their requirements and Asset-Liability Management (ALM) projections. The bulk deposits limit was enhanced in the year 2019 for Scheduled Commercial Banks (SCBs) (excluding Regional Rural Banks) and Small Finance Banks (SFBs) as 'Single Rupee term deposits of ₹2 crore and above'. On a review, it is proposed to revise the definition of bulk deposits as 'Single Rupee term deposits of ₹3 crore and above' for SCBs (excluding RRBs) and SFBs. Further, it is also proposed to define the bulk deposit limit for Local Area Banks as 'Single Rupee term deposits of ₹1 crore and above' as applicable in case of RRBs. Necessary guidelines will be issued shortly.

2. Rationalisation of Export and Import regulations under Foreign Exchange Management Act (FEMA), 1999

Keeping in view the progressive liberalisation under FEMA 1999 and to impart greater operational flexibility to Authorized Dealer banks, Reserve Bank has decided to rationalise existing guidelines on export and import of goods and services in line with the changing dynamics of cross-border trade transactions globally. The proposed rationalisation aims to simplifying operational procedures thereby promoting ease of doing business for all the stakeholders. The draft regulations and directions would be placed on the Bank's website by end June

2024, for feedback from all the stakeholders before finalising the same.

II. Payment Systems and Fintech

3. Setting up a Digital Payments Intelligence Platform

The Reserve Bank, over the years, has undertaken a number of measures for the safety and security of digital payments to maintain public confidence in digital payment systems. Sustaining such confidence would require minimising incidence of frauds. Many frauds occur by influencing unsuspecting victims to make the payment or share credentials. While the payment ecosystem (banks, NPCI, card networks, payment aggregators, and payment apps) take various measures on an ongoing basis to protect customers from such frauds, there is a need for network-level intelligence and real-time data sharing across payment systems.

It is, therefore, proposed to set up a Digital Payments Intelligence Platform which will harness advanced technologies to mitigate payment fraud risks. To take this initiative forward, the Reserve Bank has constituted a committee (Chairman: Shri A.P. Hota, former MD & CEO, NPCI) to examine various aspects of setting up a digital public infrastructure for Digital Payments Intelligence Platform. The Committee is expected to give its recommendations within two months.

4. Inclusion of recurring payments for Fastag, National Common Mobility Card (NCMC), etc. with auto-replenishment facility under the e-mandate framework

(i) The Framework for processing of e-Mandate for recurring transactions, issued by RBI on January 10, 2020 currently enables recurring payments with fixed periodicity such as daily, weekly, monthly, etc. It is now proposed to include payments, such as replenishment of balances in Fastag, NCMC, etc. which are recurring

in nature but without any fixed periodicity, into the e-mandate framework. These categories of payments are made as and when needed and, therefore, their replenishment is not time specific or amount specific. Under the e-mandate framework, it is proposed to introduce an automatic replenishment facility for such payments. The automatic replenishment will be triggered when the balance in Fastag or NCMC falls below a threshold amount set by the customer.

(ii) The current e-mandate framework requires a pre-debit notification at least a 24-hours before the actual debit from customer's account. It is proposed to exempt this requirement for payments made from customer's account for automatic replenishment of balances in Fastag, NCMC, etc. under the e-mandate framework.

Necessary guidelines in respect of the above proposals will be issued shortly.

5. Introducing auto-replenishment of UPI Lite wallet – Inclusion under the e-mandate framework

The UPI Lite facility currently allows a customer to load his UPI Lite wallet upto ₹2000/- and make payments upto ₹500/- from the wallet. In order to enable the customers to use the UPI Lite seamlessly, and based on the feedback received from various stakeholders, it is proposed to bring UPI Lite within the ambit of the e-mandate framework by introducing an auto-replenishment facility for loading the UPI Lite wallet by the customer, if the balance goes below a

threshold amount set by him/her. Since the funds remain with the customer (funds move from his/her account to wallet), the requirement of additional authentication or pre-debit notification is proposed to be dispensed with. Related guidelines in respect of the above proposal will be issued shortly.

6. RBI Hackathon HARBINGER 2024 – Innovation for Transformation

RBI has been continuously working towards ensuring trust, safety, security and inclusivity in the financial system focusing on inclusive access and minimisation of frauds. Technology has opened up effective possibilities of identifying and preventing financial frauds as well as widening the reach of financial services, thereby ensuring equitable access to financial products and services.

The Bank has been encouraging innovation in identified focus areas through its annual Hackathons. The third edition of our global hackathon, "HaRBinger 2024–Innovation for Transformation" will be launched with two overarching themes viz., 'Zero Financial Frauds' and 'Being Divyang Friendly'. Solutions aimed at enhancing safety and security of digital transactions with focus on detecting, preventing and combating financial frauds, as also prioritising inclusivity for persons with physical disabilities, will be invited as part of HaRBinger 2024. Further details in this regard shall be released shortly.