

June 27, 2006

To the Chairmen / Chief Executive Officers of all the Scheduled Commercial Banks including Co-operative Banks

Introduction of National Electronic Clearing Service (National ECS)

As you are aware, the Electronics Clearing Service (ECS) is operational at 43 centers as of today. While the RBI is providing these services at 15 locations which are both local and centralised, other banks are operating this clearing at the remaining locations as local clearing. The volume of ECS transactions – both in Debit Clearing and Credit Clearing – has been growing rapidly. The growth rate of Debit Clearing transactions is much larger than the Credit Clearing and many utility companies have evinced a lot of interest in utilising the system for collection of utility bills.

2. There has been a pressing demand from various sections viz. capital market participants, mutual funds industry, banks, etc. to start a robust state-of-the-art nationwide ECS covering more branches and locations with Centralised data submission system. We are in the process of designing an ECS system which will have much broader coverage than the existing system with Centralised data submission ensuring safety and is efficient as well.

3. In order to design such a product, we request you to provide the following data urgently please.

		Figures / remarks
1.	Total number branches of the bank	
2.	Whether the bank has implemented Core Banking Solution (CBS)?	
2.	Whether all the branches are under CBS?	
3.	If not all, the actual number of branches under CBS	
4.	Whether the bank has centralised system of data processing?	
5.	If a transaction file is given to the bank at a central place, will it be possible for the bank to afford credit to the accounts of all the beneficiaries banking at your different branches on the same day either through CBS or through any other mode? If inward file is made available to your bank at 11.00 am. , would you be able to return the un-credited items in cases of ECS (Credit) or un-debited items in case of ECS (Debit) by end of the day ?	
6.	Whether you have an office / service branch in Mumbai? If yes, whether your Service Branch at Mumbai can receive the inward data for all the branches of your banks and arrange to post the transactions? If you will like to process the data at some other location, the name of the location may please be indicated.	

Kindly acknowledge receipt of this letter and arrange to send the above information through email to helpdpss@rbi.org.in with a copy to injingar@rbi.org.in.

If your bank cannot participate in the above national project, the same may please be indicated. The reasons for your inability to participate may also be communicated so that we may consider designing the system to accommodate your difficulties.

Yours faithfully

Sd/-

(K. N. Krishnamurthy)
General Manager