

July 14, 2006

All Scheduled Commercial Banks  
(Excluding RRBs)

Dear Sir,

**Providing Clearing and Settlement services  
for internet based electronic purse schemes.**

It has come to our notice that some companies have launched internet based electronic purse schemes with the following features

- (i) Any individual who wishes to be a member of the scheme can register himself by going to the website and filing up a simple form which contains only his / her personal details.
- (ii) The registered person will thereafter own an account with the service provider.
- (iii) Accounts are funded by transferring the money from bank accounts or credit card accounts.
- (iv) The money is credited into electronic purse account of the account holder and the actual money is credited into the current account of the service provider with the clearing and settlement bank.
- (v) The electronic purse account holder can use the funds in his account either to transfer the funds to another electronic purse account or transfer to any other account anywhere (which is done through RTGS/DD) or do on line purchases.

2. The above mentioned activities are in the nature of acceptance of deposits which can be withdrawn on demand. The act of accepting deposits repayable on demand is in violation of the provisions of Reserve Bank of India Act, 1934, governing registration of NBFCs and acceptance of deposits.

3. Reserve Bank has asked a company providing such services to desist from doing so. However banks are advised not to associate themselves with such schemes as described in the paragraph 1 above.

4. Please acknowledge receipt.

Yours faithfully

(Prashant Saran)  
Chief General Manager-In-Charge