

August 14, 2009

To

All System Providers, System Participants
and any other prospective prepaid payment instrument issuer

Dear Sir,

Policy Guidelines for issuance and operation of Prepaid Payment Instruments in India

A reference is invited to our [circular no. RBI/2008-09/ 458, DPSS.CO.PD.No.1873 /02.14.06/ 2008-09](#) dated April 27, 2009, enclosing the policy guidelines on the captioned subject.

2. In amendment to paragraph 3.2 of the Guidelines, it has now been decided to permit **Other Persons** to issue mobile phone based semi-closed system pre-paid payment instruments. The entities proposing to issue such instruments shall fully comply with the above guidelines.

3. Entities issuing mobile phone based semi-closed payment instruments shall specifically note to ensure full compliance to the safeguards against money laundering (KYC/AML/CFT) provisions as stipulated under Para 6 of the above guidelines.

4. The mobile phone based semi-closed payment instruments issued by other persons shall also comply with the following conditions:-

- i) The maximum value of such instruments shall not exceed Rs 5000/-.
- ii) The purchase/reloading of these instruments against the value of airtime/talktime shall not be permitted.
- iii) This facility shall be enabled only to facilitate purchase of goods and services. **Person-to-person transfer of value shall not be permitted.**

5. All persons proposing to operate payment systems involving the issuance of these Pre-paid Payment Instruments shall seek authorization from the Department of Payment and Settlement Systems, Reserve Bank of India, under the Payment and Settlement Systems Act, 2007. The application for authorization shall also include the risk management process that would be adopted by the entity.

6. The directive is issued under section 18 of Payment and Settlement Systems Act 2007, (Act 51 of 2007).

Yours faithfully

(G.Padmanabhan)
Chief General Manager