



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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RBI/2020-21/71

DPSS.CO.PD No.752/02.14.003/2020-21

December 04, 2020

The Chairman / Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks including Regional Rural Banks /  
Urban Co-operative Banks / State Co-operative Banks /  
District Central Co-operative Banks / Payments Banks /  
Small Finance Banks / Local Area Banks /  
Non-bank Prepaid Payment Instrument issuers /  
Authorised Card Payment Networks

Madam / Dear Sir,

**Card transactions in Contactless mode - Relaxation in requirement of Additional Factor of Authentication**

Please refer to [circular DPSS.CO.PD.No.2163/02.14.003/2014-2015 dated May 14, 2015](#) issued by Reserve Bank of India (RBI), wherein Additional Factor of Authentication (AFA) requirement was relaxed for values up to ₹ 2,000/- per transaction for card transactions in contactless mode at Points of Sale (PoS) terminals. Subsequently, it was clarified that transactions beyond this limit can be processed in contactless mode, but with AFA.

2. Reference is also drawn to [RBI circular DPSS.CO.PD No.1343/02.14.003/2019-20 dated January 15, 2020](#) on “Enhancing Security of Card Transactions”, wherein users were provided option of switch on / off or to set limits for various card features, including for contactless transactions. The instructions, which came into effect from October 1, 2020, have made card transactions more secure by empowering users to enable card features and set requirements according to their need and comfort.

3. The present COVID-19 pandemic has underlined the benefits of contactless transactions. Keeping this in view and based on stakeholder feedback, it was announced in the [Statement on Developmental and Regulatory Policies dated December 4, 2020](#) that per transaction limit for AFA

relaxation for contactless card transactions will be increased. Accordingly, given the sufficient protection available to users, it has been decided to increase the per transaction limit to ₹ 5,000/-. All other requirements, including the discretion of cardholder to use contactless or contact mode of transaction, shall continue to remain applicable, as hitherto.

4. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect from January 1, 2021.

Yours faithfully,

(P. Vasudevan)  
Chief General Manager