



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2012-13/417

DPSS. CO. EPPD No. 1400 / 04.03.01/ 2012-13

February 18, 2013

The Chairman and Managing Director / Chief Executive Officer
of member banks participating in NEFT

Madam / Dear Sir,

NEFT - Introduction of Continuous Release of Credit Messages

Please refer to our circular DPSS. CO. EPPD No. 840/04.03.01/2012-13 dated November 26, 2012 on the captioned subject.

2. It has now been decided to implement the feature of continuous release of credit messages in the National Electronic Funds Transfer (NEFT) system with effect from Saturday, 9th March 2013. The required changes in the NEFT processing software at the National Clearing Centre, Mumbai will be implemented after the EOD on March 08, 2013 (Friday). Any change requirement in the SFMS/NEFT setup at banks' end will be communicated in due course to all the member banks by IDRBT.

3. As indicated in the above circular, the feature of continuous release of credit messages is being introduced with the objective of providing maximum time to beneficiary/destination banks to process the inward NEFT transactions, thereby facilitating more efficient handling of growing transaction volumes in the system. Further, the feature also envisages the optimum use of network resources and processing capacity by spreading the release of messages throughout the one hour time window between the two batch settlements.

4. Some clarifications regarding the sequencing of message flow under the new feature as well as start of day and end of day operations, and handling of rescheduled and return messages, is provided in the Annex.

5. Banks are advised to carefully monitor very high value transactions originated from their end as also the availability of funds in their settlement accounts. As clearly

indicated in the NEFT Procedural Guidelines messages once sent by the originating bank are irrevocable.

6. Please acknowledge receipt and ensure compliance.

Yours faithfully,

(Vijay Chugh)
Chief General Manager

Message flow architecture and timings

- There is no change in the message formats and existing message formats will continue to be used.
- The N06 messages (message from originating banks to Clearing Centre) may be initiated at any time of the day with the batch timings available. There is no change in this procedure.
- After validating the N06 messages, the corresponding N02 messages (message from Clearing Centre to Destination banks) will be sent immediately from the clearing centre to the destination banks. Transactions will be bundled into messages (maximum 10 transactions in one message) as hitherto. There will be a continuous flow of N02 messages to banks till the time of corresponding batch settlement.
- As hitherto, the final net settlement will take place at hourly intervals for each batch, and inter-bank settlement obligations will be calculated and sent for settlement to RBI, Mumbai.
- The End of Batch (EOB) N04 messages (containing the aggregate of all transactions sent and received by the bank for that batch) will be released from the clearing centre only after receiving confirmation of settlement of the funds in the books of RBI.
- ***Destination / beneficiary banks have to release the final credit to the beneficiary customer only after receiving EOB N04 message from NEFT, even though they would have received the credit messages (N02) earlier.***
- N02 messages for the next batch will be released from the clearing centre only after the N04 of the current batch is released for all the banks. This will ensure that all N02 messages received by the destination banks are for the current batch and the receipt of N04 message will complete the batch.
- For clarity, the priority for N04 and N02 messages is kept same. This will ensure that the N04 messages will be received by the destination banks before any other N02 messages pertaining to next batch.
- In the rare eventuality of any mismatch (occurring due to network problems where messages may not reach the destination bank) between N04/EOB report and actual transactions sent/received by a bank, banks may sort out the matter by requesting for details / reports from the clearing centre / help desk, as it is being done currently. There should be no undue rejection of transactions on this account, except on the basis of valid business reasons for return.
- Banks should continue to send the N10 positive confirmation message, immediately on successful completion of credit to beneficiary account as hitherto.

Rescheduled and rejected transactions

- Any message received by the clearing centre, after the netting of the batch is completed, will be re-scheduled automatically for the next available batch. ***It has now been decided to discontinue the sending of N03 message for transactions which are rescheduled to a batch on the same day (intra-day rescheduling).*** However, when messages are rescheduled for the next day, the N03 message will be sent as it is being done currently. This message is for the information of the originating bank and no re-initiation of the message is required.
- Any messages rejected by the clearing centre, for any technical reasons, will also be sent in the N03 format, as hitherto. These are permanent rejections and hence originating banks needs to take necessary action at their end as being done currently.
- Any message received after the End of Day (EOD) at the clearing centre will be re-scheduled to the next day's batch as per extant practice.

Start-of-Day and End-of-Day

- The N02 messages for the first batch of the day will be released from the Clearing centre only after the Start of Day (SOD) activity is completed by the clearing centre, which will be done at 6.00 am each day.
- After completion of the last batch for the day, the transactions received by the clearing centre, if any, meant for next day will be stopped at the clearing centre. Such messages will be released to the destination banks next day only after the completion of Start of Day (SOD) process at the clearing centre. Therefore, even though banks may continue to send the messages for the next available batch after the last batch for the day is completed, it should be noted that banks will start to receive the inward messages only next day, i.e., the day on which the transaction will be settled.
- Banks should accordingly take care of their reconciliation requirements without the need for approaching the clearing centre routinely for this matter.

Return Discipline

- ***The present time frame for return (B+2) will continue to be applicable and should be adhered to in strict conformity.***
- If necessary, banks may return the transactions immediately as and when they are rejected by their systems/CBS for any valid reasons. The banks' system need not wait for receipt of N04 for doing such a return. The original transaction and the return transaction may both be settled in the same batch, if the return transaction is received before settlement of the batch.