



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2019-20/156

DOR.RRB.BL.BC.No.31/31.01.001/2019-20

February 06, 2020

The Chairmen
All Regional Rural Banks

Madam/ Sir,

Guidelines on Merchant Acquiring Business – Regional Rural Banks

As announced in para II (7) of the [Statement on Developmental and Regulatory Policies](#) issued along with [Sixth Bi-monthly Monetary Policy Statement 2019-20](#), it has been decided to allow RRBs to act as merchant acquiring banks using Aadhaar Pay – BHIM app and POS terminals.

In this connection, the instructions are as under:

1. All RRBs intending to act as merchant acquiring banks (Aadhaar pay – BHIM app), shall be permitted to deploy their own devices subject to fulfilling the conditions as under:

- a) The RRB should have the permission for mobile banking from the Reserve Bank
- b) Additionally, the RRB shall be required to fulfil the following conditions:
 - i. The bank's IT systems & CBS should have been subjected to an IS Audit not earlier than six months from the date of application to confirm that the system is adequately secure.
 - ii. The bank must ensure necessary infrastructure for application development, safety and security of the transactions and handling of customer grievance.
 - iii. A customer grievance redressal mechanism duly approved by the bank's board should be in place;
 - iv. The bank should have a board approved policy on merchant acquisition for card transactions;
 - v. There should not be any restrictions imposed on the bank for accepting deposits/ withdrawals by Reserve Bank of India.
 - vi. No penalty should have been imposed in last two financial years.

विनियमन विभाग, केंद्रीय कार्यालय, 12वीं और 13वीं मंज़िल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, मुंबई 400001
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बैंक हिंदी में पत्राचार का स्वागत करता है

Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

2. All RRBs intending to act as merchant acquiring bank (POS terminals), shall be permitted to deploy their own devices provided they meet the conditions mentioned at 1 (a) and (b) above, as also the conditions given hereunder:

c) In the preceding financial year, the RRB should have

- i. Net worth of ₹100.00 crore or more as on March 31 of the preceding financial year
- ii. Minimum CRAR at 9%
- iii. Net NPA below 5%.

3. Apart from meeting the above eligibility criteria, the RRBs may be required to comply with instructions and guidelines on Merchant Acquisition for card transactions and POS issued by Department of Payment and Settlement Systems, RBI from time to time.

4. RRBs shall inform the respective Regional Offices of Reserve Bank, within a period of 15 days from the date of operationalising the merchant acquisition business.

5. The RRBs shall furnish the requisite information to DPSS, CO, RBI directly, as indicated in the enclosed [annex](#).

Yours faithfully

(Dr. S.K. Kar)
Chief General Manager

Statement for the half year ended March / September

(to be submitted by 10th of following month)

Name of Regional Rural Bank:

Address of Regional Rural Bank:

Number of Merchants acquired in the current half year	Total number of Merchants acquired so far	Number of PoS devices enabled				Number of transactions handled during the current half year	Value of transactions handled during the current half year (₹)
		Physical PoS	Mobile PoS	QR	Others		

Signature

Name:

Designation:

Contact No.

Date: