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RBI Governor launches new ISO 2022 compliant RTGS System

Dr. Raghuram Rajan, Governor, Reserve Bank of India, today launched the new Real Time Gross Settlement (RTGS) system of the Reserve Bank of India. Complimenting the entire team for successfully completing the project, the Governor said, "The new RTGS system is a great example of what we are capable of when we put our minds to it." He added that payment system like plumbing has to be efficient and ahead of the financial markets to be able to take care of the future developments in the financial markets. With its advanced liquidity and queue management features, the new RTGS system is expected to significantly improve the efficiency of financial markets. He hoped the new RTGS system would be such a driver for India's financial system.

Reportedly the first in the world to be built on ISO 2022 messaging standards, the new RTGS system is highly scalable and will have several new functionalities. These include advance liquidity features, including gridlock resolution mechanism and hybrid settlement facility, facility to accept future value dated transactions, options to process multi-currency transactions, etc. These functionalities, as and when made available for use, will be notified to the participants.

The new ISO 2022 compliant RTGS system provides three access options to participants – thick-client, Web-API (through INFINET or any other approved network) and Payment Originator module. The participants can decide the mode of participation in the system based on the volume of transactions and the cost of setting up the infrastructure.

The Real Time Gross Settlement (RTGS) system is a large-value funds transfer system which banks use to settle interbank transfers for their own account as well as for their customers. It was first implemented in India in March 2004 as a major technology based electronic funds transfer system across the country. The system facilitates customer, inter-bank payment on a 'real' time and on gross basis. The system also facilitates settlement of Multilateral Net Settlement Batch (MNSB) files emanating from other ancillary payment systems. The RTGS infrastructure is critical in facilitating the orderly settlement of payment obligations. The role of central banks as operators of large-value payment systems is important in the context of the broader role of the central bank in a nation's financial system insofar as it offers "safety net" attributes by providing final settlement in central bank money.

RTGS is a critical Financial market Infrastructure (FMI) operated by the Reserve Bank of India and it will be assessed against the Committee on Payment and Settlement

Systems and the International Organisation of Securities Commissions (CPSS-IOSCO) “Principles for Financial Market Infrastructures” applicable to FMIs.

With implementation of the new RTGS system, the existing RTGS system will cease to be operational. Further, the “RTGS System Regulations 2013” would replace the RTGS (Membership) Business Operating Guidelines, 2004 and RTGS (Membership) Regulations, 2004.

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