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Temporary suspension in grant of Authorisations
for Pre-paid Payment Instrument (PPI) issuance

The Reserve Bank of India has been authorising non-banks and banks for issuance and operations of Prepaid Payment Instruments (PPI) as per the guidelines framed under the Payment and Settlement Systems Act, 2007 (PSS Act). So far 47 non-bank entities and 45 banks are operating payment systems for PPI.

In last couple of years, there has been significant developments in the payments space with emergence of newer technologies, products and players. These developments as well as the emerging digital environment necessitate a review of the guidelines for PPI issuance as well. Accordingly, as indicated in the Vision-2018 document, the Reserve Bank will be undertaking a comprehensive review of the guidelines and framework for PPI issuance in the country.

In this background, it has been decided to temporarily suspend receipt of fresh applications from banks and non-banks for grant of authorisation to operate a payment system for PPI under PSS Act till February 28, 2017. This will also enable the newer entities to be in compliance with revised policy framework since inception.

Applications already received by RBI till close of business today will be processed as per the extant guidelines.

During this period, change in ownership/shareholding of an existing authorised entity would be permitted only where required due to court orders, mergers or amalgamations and/or regulatory exigencies.

This temporary suspension will not be applicable to applications that may be preferred by the newly licensed Payments banks and Small finance banks.

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