



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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RBI/2020-21/22

DPSS.CO.PD.No.115/02.14.003/2020-21

August 06, 2020

The Chairman / Managing Director / Chief Executive Officer  
Authorised Payment System Operators (Banks and Non-banks)

Madam / Dear Sir,

**Offline Retail Payments using Cards / Wallets / Mobile Devices – Pilot**

Please refer to the [Statement on Developmental and Regulatory policies](#) issued as part of [Monetary Policy statement dated August 06, 2020](#) wherein it was proposed that the Reserve Bank would allow a pilot scheme for small value payments in offline mode.

2. Over the years, the Reserve Bank has prioritised security measures for digital payments such as the requirement of Additional Factor of Authentication and online alerts for every transaction. These measures have significantly increased customer confidence and safety leading to increased adoption of digital payments.

3. Absence of, or erratic, internet connectivity, especially in remote areas, is a major impediment for adoption of digital payments. Availability of options to make offline payments, using cards, wallets or mobile devices could boost the adoption of digital payments.

4. To encourage technological innovations that enable offline digital transactions, Reserve Bank shall permit a pilot scheme to be conducted for a limited period. Under the pilot scheme, authorised Payment System Operators (PSOs) – banks and non-banks – will be able to provide offline payment solutions using cards, wallets or mobile devices for remote or proximity payments. The scheme would be subject to the conditions detailed in the [Annex](#). Other entities having innovative solutions shall tie-up with the authorised PSOs.

5. The pilot scheme shall be undertaken till March 31, 2021 only. The Reserve Bank shall decide on formalising such a system based on the experience gained under the pilot.

6. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(P. Vasudevan)  
Chief General Manager

Encl.: As above

Redundant

DPSS.CO.PD.No.115/02.14.003/2020-21 dated August 06, 2020

**PILOT SCHEME FOR OFFLINE RETAIL PAYMENTS**

Under the pilot scheme, payment system operators (PSO) – banks and non-banks – may offer digital payments offline, i.e., payments that do not require internet connectivity to take effect. The payment solutions provided to users shall be subject to the following terms and conditions :-

- a) Payments could be made using cards, wallets or mobile devices or through any other channel.
- b) Payments may be made in remote or proximity mode.
- c) Payment transactions can be offered without any Additional Factor of Authentication (AFA).
- d) The upper limit of a payment transaction shall be ₹ 200.
- e) The total limit for offline transactions on an instrument shall be ₹ 2,000, at any point of time. Resetting of the limit shall be allowed in online mode with AFA.
- f) The PSO shall send real time transaction alerts to users as soon as transaction details are received.
- g) Contactless payments shall adhere to EMV standards, as hitherto.
- h) Payment transactions in offline mode without AFA shall be at the choice of the user.
- i) The acquirer shall incur all liabilities arising out of technical or security issues at merchant's end.
- j) These payments shall be covered by the provisions of the limited customer liability circular [DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 06, 2017](#) and [DPSS.CO.PD.No.1417/02.14.006/2018-19 dated January 04, 2019](#).
- k) Before introducing operations under the scheme, PSOs shall inform Reserve Bank the detailed specifications of the payment solutions they would offer. They may, however, launch operations without waiting for any approval from the Reserve Bank.
- l) Entities other than PSOs having innovative solutions may tie-up with PSOs to offer their products.
- m) Reserve Bank retains the right to advise a PSO to stop transactions and exit the pilot in the event of non-compliance of these conditions.

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