**Certificate Course in Digital Banking**

**RBI Notifications during the period**

**1st July 2020 to 31st Dec 2020**

**Online Dispute Resolution (ODR) System for Digital Payments**

RBI/2020-21/21 DPSS.CO.PD No.116/02.12.004/2020-21

August 6, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Payment System Operators and Participants (Banks and Non-banks)

Please refer to the Statement on Developmental and Regulatory Policies dated August 6, 2020 wherein the Reserve Bank of India (RBI) had announced introduction of Online Dispute Resolution (ODR) system for resolving customer disputes and grievances pertaining to digital payments, using a system-driven and rule-based mechanism with zero or minimal manual intervention.

2. The Payment System Vision-2021 of Reserve Bank highlights the need for technology-driven, rule-based, customer-friendly and transparent dispute redressal systems. As a step in this direction, authorised Payment System Operators (PSOs) – banks and non-banks – and their participants are hereby advised to put in place system/s for ODR for resolving disputes and grievances of customers.

3. To begin with, authorised PSOs shall be required to implement an ODR system for disputes and grievances related to failed transactions in their respective payment systems by January 1, 2021. The PSOs shall provide access to such a system to its participating members i.e., Payment System Participants (PSPs). Any entity setting up a payment system in India thereafter or participating therein, shall make available the ODR system at the commencement of its operations. The minimum requirements of the ODR system are specified in Annex.

4. Based on experience gained, ODR arrangement would later be extended to cover disputes and grievances other than those related to failed transactions. Please note that if the grievance remains unresolved up to one month, the customer may approach the respective ombudsman.

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

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11946&Mode=0>

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

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)

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).

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11947&Mode=0>

**Positive Pay System for Cheque Truncation System**

RBI/2020-21/41DPSS.CO.RPPD.No.309/04.07.005/2020-21

September 25, 2020

The Chairman and Managing Director / Chief Executive Officer

All Scheduled Commercial Banks including Regional Rural Banks / Urban Co-operative Banks / State Co-operative Banks / District Central Co-operative Banks / Local Area Banks / Payment Banks / Small Finance Banks / National Payments Corporation of India

Please refer to the Statement on Developmental and Regulatory Policies dated August 6, 2020 wherein Reserve Bank of India (RBI) had announced introduction of Positive Pay System for Cheque Truncation System (CTS).

2. The concept of Positive Pay involves a process of reconfirming key details of large value cheques. Under this process, the issuer of the cheque submits electronically, through channels like SMS, mobile app, internet banking, ATM, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

3. National Payments Corporation of India (NPCI) shall develop the facility of Positive Pay in CTS and make it available to participant banks. Banks, in turn, shall enable it for all account holders issuing cheques for amounts of ₹50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of ₹5,00,000 and above.

4. Only those cheques which are compliant with above instructions will be accepted under dispute resolution mechanism at the CTS grids. Member banks may implement similar arrangements for cheques cleared / collected outside CTS as well.

5. Banks are advised to create adequate awareness among their customers on features of Positive Pay System through SMS alerts, display in branches, ATMs as well as through their web-site and internet banking.

6. Positive Pay System shall be implemented from January 01, 2021.

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

**Framework for Recognition of a Self-Regulatory Organisation for Payment System Operators**

RBI/2020-21/58 DPSS.CO.PD.No.503/02.12.004/2020-21

October 22, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Payment System Operators (Banks and Non-banks)

Industry self-governance helps in industry-wide smooth operations and ecosystem development. Reserve Bank of India’s Payment and Settlement Systems Vision 2019-21, therefore, envisaged the setting up of a Self-Regulatory Organisation (SRO) for Payment System Operators (PSOs). The Statement on Developmental and Regulatory Policies of the Reserve Bank of India (RBI), as part of its Sixth Bi-monthly Monetary Policy Statement – 2019-20 (dated February 6, 2020), announced putting in place a Framework for Establishing a SRO for PSOs.

2. RBI had placed a draft framework for public comments and based on the comments and suggestions received, it has finalised the Framework for Grant of Recognition as a SRO, which is at annex.

3. Interested groups / association of PSOs (banks as well as non-banks) seeking recognition as an SRO may apply to the Chief General Manager, Department of Payment and Settlement Systems, Central Office, 14th Floor, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001. The applications shall comply with the instructions laid down in the Framework.

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

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11986&Mode=0>

**Digital Payment Transactions – Streamlining QR Code infrastructure**

RBI/2020-21/59 DPSS.CO.PD.No.497/02.14.003/2020-21

October 22, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Payment System Operators (Banks and Non-banks)

As you are aware, Reserve Bank had constituted a Committee (Chairperson : Prof Deepak Phatak) to review the current system of Quick Response (QR) Codes in India and suggest measures for moving towards interoperable QR Codes. The report of the Committee containing various recommendations was placed on the Reserve Bank website for public comments and feedback.

2. After examining the recommendations and the feedback received, the following has been decided:

1. The two interoperable QR codes in existence – UPI QR and Bharat QR – shall continue as at present.
2. Payment System Operators (PSOs) that use proprietary QR codes shall shift to one or more interoperable QR codes; the process of migration shall be completed by March 31, 2022.
3. No new proprietary QR codes shall henceforth be launched by any PSO for any payment transaction.
4. RBI shall continue a consultative process to standardise and improve interoperable QR codes, to enable beneficial features identified by the Phatak Committee.
5. PSOs may take initiative to increase awareness about interoperable QR codes.

3. The above measures are expected to reinforce the acceptance infrastructure, provide better user convenience due to interoperability and enhance system efficiency.

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

**Maintenance of Escrow Account with a Scheduled Commercial Bank**

RBI/2020-21/68 DPSS.CO.PD.No.660/02.14.008/2020-21

November 17, 2020

All Scheduled Commercial Banks / Authorised Prepaid Payment Instrument Issuers /

Payment Aggregators / Payment System Providers / System Participants

A reference is invited to the instructions issued by Reserve Bank of India vide (a) DPSS.CO.PD.No.1164/02.14.006/2017-18 dated October 11, 2017 (updated as on February 28, 2020) on ‘Issuance and Operation of Prepaid Payment Instruments (PPIs)’; and (b) DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 on ‘Regulation of Payment Aggregators (PAs) and Payment Gateways (PGs)’.

2. An authorised PPI Issuer or a PA is required to maintain an escrow account with a scheduled commercial bank on an ongoing basis. With a view to diversify risk and address business continuity concerns, it has been decided to allow one additional escrow account in a different scheduled commercial bank. The relevant instructions are being modified as per Annex 1 and 2 to this circular.

3. These directions are issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007.

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11996&Mode=0>

**24x7 Availability of Real Time Gross Settlement (RTGS) System**

RBI/2020-21/70 DPSS (CO) RTGS No.750/04.04.016/2020-21

December 04, 2020

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

A reference is invited to the Statement on Developmental and Regulatory Policies dated October 09, 2020 wherein Reserve Bank of India (RBI) had announced making available the Real Time Gross Settlement (RTGS) system round the clock on all days. Accordingly, it has been decided to make RTGS available round the clock on all days of the year with effect from 00:30 hours on December 14, 2020.

2. Members are advised as under:

1. RTGS shall be available for customer and inter-bank transactions round the clock, except for the interval between ‘end-of-day’ and ‘start-of-day’ processes, whose timings would be duly broadcasted through the RTGS system.
2. RTGS shall continue to be governed by the RTGS System Regulations, 2013, as amended from time to time. The revised Regulations are available on RBI’s website at: https://www.rbi.org.in/Scripts/Bs\_viewRTGS.aspx.
3. Intra-Day Liquidity (IDL) facility shall be made available to facilitate smooth operations. The Intra-Day Liquidity (IDL) availed, if any, shall be reversed before the ‘end-of-day’ process begins.

3. Members are advised to put in place necessary infrastructure to provide RTGS round the clock to their customers. RTGS transactions undertaken after normal banking hours are expected to be automated using ‘Straight Through Processing (STP)’ modes.

4. Members are further advised to disseminate information on the extended availability of RTGS to all their customers.

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

**Card transactions in Contactless mode - Relaxation in requirement of Additional Factor of Authentication**

RBI/2020-21/71 DPSS.CO.PD No.752/02.14.003/2020-21

December 04, 2020

The Chairman / Managing Director / Chief Executive Officer

All Scheduled Commercial Banks including Regional Rural Banks / Urban Co-operative Banks / State Co-operative Banks / District Central Co-operative Banks / Payments Banks / Small Finance Banks / Local Area Banks / Non-bank Prepaid Payment Instrument issuers / Authorised Card Payment Networks

Please refer to circular DPSS.CO.PD.No.2163/02.14.003/2014-2015 dated May 14, 2015 issued by Reserve Bank of India (RBI), wherein Additional Factor of Authentication (AFA) requirement was relaxed for values up to ₹ 2,000/- per transaction for card transactions in contactless mode at Points of Sale (PoS) terminals. Subsequently, it was clarified that transactions beyond this limit can be processed in contactless mode, but with AFA.

2. Reference is also drawn to RBI circular DPSS.CO.PD No.1343/02.14.003/2019-20 dated January 15, 2020 on “Enhancing Security of Card Transactions”, wherein users were provided option of switch on / off or to set limits for various card features, including for contactless transactions. The instructions, which came into effect from October 1, 2020, have made card transactions more secure by empowering users to enable card features and set requirements according to their need and comfort.

3. The present COVID-19 pandemic has underlined the benefits of contactless transactions. Keeping this in view and based on stakeholder feedback, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that per transaction limit for AFA relaxation for contactless card transactions will be increased. Accordingly, given the sufficient protection available to users, it has been decided to increase the per transaction limit to ₹ 5,000/-. All other requirements, including the discretion of cardholder to use contactless or contact mode of transaction, shall continue to remain applicable, as hitherto.

4. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect from January 1, 2021.

**Perpetual Validity for Certificate of Authorisation (CoA) issued to Payment System Operators (PSOs) under Payment and Settlement Systems Act, 2007 (PSS Act)**

RBI/2020-21/72 DPSS.CO.AD.No.724/02.27.005/2020-21

December 4, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Non-bank Payment System Operators

This has reference to the Statement on Developmental and Regulatory Policies dated October 9, 2020 wherein Reserve Bank of India (RBI) had announced granting of authorisation for all PSOs under PSS Act on a perpetual basis, subject to certain conditions.

2. Currently, RBI grants authorisation to new entities desirous of operating a payment system for specified periods up to five years. Similar approach is adopted for renewal of validity of authorisation to existing entities. To reduce licensing uncertainties and enable PSOs to focus on their business as also to optimise utilisation of regulatory resources, it has been decided to, hereafter, grant authorisation for all PSOs (both new and existing) on a perpetual basis, subject to the usual conditions.

3. For existing authorised PSOs, grant of perpetual validity shall be examined as and when the CoA becomes due for renewal subject to their adherence to the following:

1. Full compliance with the terms and conditions subject to which authorisation was granted;
2. Fulfilment of entry norms such as capital, networth requirements, etc.;
3. No major regulatory or supervisory concerns related to operations of the PSO, as observed during onsite and / or offsite monitoring;
4. Efficacy of customer grievance redressal mechanism;
5. No adverse reports from other departments of RBI / regulators / statutory bodies, etc.

4. Existing PSOs who do not satisfy all conditions will be given one-year renewals to enable them to comply; if any entity fails to do so in a reasonable time, its authorisation may be withdrawn.

5. If an entity becomes non-compliant with any of the conditions of authorisation, RBI may undertake action as deemed fit under the provisions of PSS Act, including imposition of restrictions on payment system operations and / or revocation of CoA.

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

**Authorisation of entities for operating a Payment System under the Payment and Settlement Systems Act, 2007 (PSS Act) – Introduction of Cooling Period**

RBI/2020-21/73 DPSS.CO.OD.No.753/06.08.005/2020-21

December 4, 2020

The Chairman / Managing Director / Chief Executive Officer

Non-bank Payment System Operators

Please refer to provisions contained in Section 4 of PSS Act and ‘Oversight Framework for Financial Market Infrastructures and Retail Payment Systems issued on June 13, 2020’, in terms of which any person before commencing or operating a payment system shall obtain authorisation from the Reserve Bank and for the purpose shall apply in a prescribed format to RBI as defined in Payment and Settlement Systems Regulations, 2008.

2. To inculcate discipline and encourage submission of applications by serious players as also for effective utilisation of regulatory resources, it has been decided to introduce the concept of Cooling Period in the following situations –

1. Authorised Payment System Operators (PSOs) whose Certificate of Authorisation (CoA) is revoked or not-renewed for any reason; or
2. CoA is voluntarily surrendered for any reason; or
3. Application for authorisation of a payment system has been rejected by RBI.
4. New entities that are set-up by promoters involved in any of the above categories; definition of promoters for the purpose, shall be as defined in the Companies Act, 2013.

3. The Cooling Period shall be for one year from the date of revocation / non-renewal / acceptance of voluntary surrender / rejection of application, as the case may be. In respect of entities whose application for authorisation is returned for any reason by RBI, condition of Cooling Period shall be invoked after giving the entity an additional opportunity to submit the application.

4. During the Cooling Period, entities shall be prohibited from submission of applications for operating any payment system under the PSS Act.

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

**Processing of e-mandates for recurring transactions**

RBI/2020-21/74 DPSS.CO.PD No.754/02.14.003/2020-21

December 04, 2020

The Chairman / Managing Director / Chief Executive Officer

All Scheduled Commercial Banks, including Regional Rural Banks / Urban Co-operative Banks / State Co-operative Banks / District Central Co-operative Banks / Payments Banks / Small Finance Banks / Local Area Banks / Non-bank Prepaid Payment Instrument issuers / Authorised Card Payment Networks / National Payments Corporation of India

Please refer to our circular DPSS.CO.PD.No.447/02.14.003/2019-20 dated August 21, 2019 vide which relaxation in Additional Factor of Authentication (AFA) was permitted while processing e-mandates / standing instructions on cards and Prepaid Payment Instruments (PPIs) for recurring transactions with values up to ₹ 2,000/-, subject to conditions listed therein. These instructions were later extended to Unified Payments Interface (UPI) as well.

2. Based on requests received from stakeholders and given the sufficient protection available to customers, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that the aforesaid transaction limit will be increased. Accordingly, it has been decided to increase the above limit for AFA relaxation to ₹ 5,000/- per transaction, with effect from January 1, 2021.

3. Processing of recurring transactions (domestic or cross-border) using cards / PPIs / UPI under arrangements / practices not compliant with the aforesaid instructions shall not be continued beyond March 31, 2021.

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