

August 5, 2010

The Chairman and Managing Director / Chief Executive Officer
of member banks participating in RTGS / NEFT / NECS / ECS

Madam / Dear Sir,

RTGS / NEFT / NECS / ECS - Delays in affording credits and / or return of transactions by member banks

Electronic payment products viz. Real Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), National Electronic Clearing Service (NECS) and Electronic Clearing Service (ECS) variants have been growing in terms of acceptability and coverage. For increasing the pace of migration, it is essential that the credibility of the electronic payment systems is upheld and member banks using the products strictly comply with the procedural guidelines and circulars / instructions issued by RBI from time to time, in letter and spirit.

As you are aware, member banks are required to afford credits received through RTGS / NEFT / NECS / ECS to the destination account holders within the timeframe prescribed in the Procedural Guidelines on RTGS / NEFT / NECS / ECS. In case it is not possible to afford credits to the accounts on the value date / time due to valid reasons, such amounts have to be returned as per the return discipline (or as a fresh transaction in RTGS, as applicable).

Of late, we have been receiving complaints regarding non-credit, delayed-credit and delayed-return of transactions routed through the electronic payment products. Member banks are also found not to be paying the penal interest for delayed credits to beneficiaries' accounts as provided for in the Procedural Guidelines. This results in inconvenience to customers and loss of credibility in the system. This could also adversely impact the growth of electronic payment systems in the country.

Keeping in view the seriousness of the issue and to ensure proper and efficient management of these systems, all member banks participating in the electronic payment systems viz. RTGS, NEFT, NECS and ECS variants are advised to strictly adhere to the various provisions contained in the respective Procedural Guidelines as also instructions / circulars / guidelines issued by the Reserve Bank of India from time to time, while handling electronic payment system products.

These guidelines are issued by the Reserve Bank of India, in exercise of the powers conferred by sub-section (2) of Section 10 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007). Any violation of these guidelines would attract the penal consequences envisaged by that Act.

Yours faithfully

(G. Padmanabhan)
Chief General Manager