



RBI/2014-15/333

DPSS.CO.PD.No.980/02.14.006/2014-15

December 03, 2014

All Prepaid Payment Instrument Issuers,
System Providers, System Participants
and all other Prospective Prepaid Payment
Instrument Issuers

Madam / Dear Sir

Issuance and Operation of Pre-paid Payment Instruments (PPIs) in India- Relaxations

A reference is invited to the [circular issued vide RBI/2014-2015/105 DPSS.CO.PD.PPI.No. 3/02.14.006/2014-15 July 1, 2014](#) on the Master Circular – Policy Guidelines on Issuance and Operation of Pre-paid Payment Instruments in India.

2. Based on a comprehensive internal review and the feedback received from the entities currently authorized to issue prepaid payment instruments, it has been considered necessary to amend certain provisions of the existing guidelines/issue additional guidelines for ensuring growth of the prepaid payment industry.

3. Amendments to existing guidelines

3.1 PPIs issued with full KYC- enhanced value

Attention is invited to Para 7.1 of the aforesaid guidelines wherein it was stated that the maximum value of any pre-paid payment instruments (where specific limits have not been prescribed including the amount transferred as per paragraph 10.2) shall not exceed Rs. 50,000/-. Para 7.2 of the guidelines highlighted that the following types of semi closed pre-paid payment instruments can be issued on carrying out Customer Due Diligence as detailed below:-

- i. upto Rs.10,000/- by accepting minimum details of the customer provided the amount outstanding at any point of time does not exceed Rs 10,000/- and the total value of reloads during any given month also does not exceed Rs 10,000/-. These can be issued only in electronic form;
- ii. from Rs.10,001/- to Rs.50,000/- by accepting any 'officially valid document' defined under Rule 2(d) of the PML Rules 2005, as amended from time to time. Such PPIs can be issued only in electronic form and should be non-reloadable in nature;
- iii. upto Rs.50,000/- with full KYC and can be reloadable in nature. The balance in the PPI should not exceed Rs.50,000/- at any point of time.

The limit of PPI that can be issued under Para 7.2 (iii) has now been enhanced from Rs. 50,000 to Rs.1,00,000/- The balance in the PPI should not exceed Rs. 1,00,000/- at any point of time.

3.2 Gift Cards

The maximum validity of the gift cards has been enhanced from one year to three years. Other provisions of PPI guidelines with respect to Gift Cards will continue to be applicable.

4. Additional guidelines - introduction of new categories of PPIs issued by banks

4.1 Issue of multiple PPIs by banks from fully-KYC compliant bank accounts for dependent/family members

It has been decided to introduce a new category of open system prepaid payment instrument subject to following conditions:

- a. Such PPIs may be issued only by loading the value from fully KYC-compliant bank account of the purchasers. Beneficiary has to be a dependent/family member.
- b. The account holders purchasing the PPIs need to provide the minimum details (such as name, address and contact details) of the intended beneficiary/ies who are his/her dependents and family members.
- c. Only one card can be issued to one beneficiary.
- d. The transaction and monthly limits as applicable for cash pay-out arrangements under DMT guidelines issued from time to time (currently Rs 10,000/- per transaction with a monthly ceiling of Rs 25,000/-) will be applicable for such PPIs.
- e. The bank may put in place mechanisms to monitor and report suspicious transactions on these PPIs to Financial Intelligence Unit India (FIU IND).
- f. The other guidelines as applicable to open system PPIs will also be applicable to these cards.
- g. Such PPIs shall be issued only in electronic form.

4.2 Rupee denominated PPIs issued by banks for visiting foreign nationals and NRIs

Banks are permitted to issue open system rupee denominated non-reloadable (a) PPIs to NRIs and foreign nationals visiting India & (b) PPIs co-branded with exchange houses/money transmitters (approved by RBI) to NRIs and foreign nationals visiting India subject to the following conditions:

- a. The cards can be issued by overseas branches of banks in India directly or by cobranding with the exchange houses/money transmitters upto a maximum amount of Rs.2 lakhs by loading from a KYC compliant bank account.
- b. Such PPIs should be activated by the bank only after the traveller arrives in India.
- c. Cash withdrawal from such PPIs will be restricted to Rs 50,000/- per month.
- d. The cards should be issued strictly for use in India and transactions settled in INR.
- e. The banks should ensure compliance to relevant KYC/AML/CFT requirements issued from time to time.
- f. An individual can hold only one card at a time and the card should be non-transferable. The issuing bank has to put in place necessary arrangements to ensure the same.
- g. These PPIs may be used only for transactions permissible under the extant foreign exchange regulations.

- h. Transaction history have to be maintained by the banks.
- i. The process put in place by the bank for refund of unutilised portion of the PPI amount in India has to adhere to the extant foreign exchange regulations.
- j. Such PPIs shall be issued only in electronic form.

5. The above changes will come into effect from the date of issue of circular. The other provisions of Master Circular dated July 1, 2014 will remain unchanged.

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

(Vijay Chugh)
Principal Chief General Manager