

# **PAYMENT SYSTEMS IN INDIA**

**VISION 2009-12**  
(July – June)



**RESERVE BANK OF INDIA**

# **PAYMENT SYSTEMS VISION DOCUMENT**

## *Mission Statement*

**<<< To ensure that all the payment and settlement systems operating in the country  
are safe, secure, sound, efficient, accessible and authorised >>>**

## Payment Systems in India – Vision 2009-12

### I Introduction

1.1 Safety, security, soundness and efficiency of the payment systems assume critical importance from the angle of systemic stability. Smooth functioning of payment systems becomes vital in the light of inter-linkages they have with other financial systems. As indicated in the Report on "interdependencies of payment and settlement systems" published by the Committee on Payment and Settlement Systems (CPSS) of the Bank for International Settlements (BIS) in June 2008, smooth functioning of an individual system often depends on smooth functioning of other related systems. The Reserve Bank of India (the Bank) shall continue its initiatives for ensuring smooth operations and proper conduct of the payment systems. It is of prime importance thus, to be assured that the payment and settlement systems in the country are duly authorised and operating within the framework of guidelines applicable to them. The Bank shall also continue to discharge its oversight, regulatory and developmental responsibilities, apart from raising efficiency standards and improving performance benchmarks.

1.2 The Approach to be followed on aspects relating to oversight, safety and efficiency and the various initiatives proposed to be operationalised in the various payment system components and products in the near-to-short-term are detailed in this Vision Document. The Vision Document would guide the payments system-related activities of the Bank and concisely convey the intended direction to realise the Mission Statement components.

1.3 The Mission Statement articulated for payments system objectives of the Bank has six distinct and succinct components that would be integrated to form the universe of scope and premise of action. To briefly elucidate, the components represent -

- Safety – Keeping the risks in various payment system products minimum and manageable if they are necessary and unavoidable.
- Security – Giving confidence to stakeholders that the payment systems can be trusted and are reasonably protected from threats and vulnerabilities.
- Soundness – Demonstrating the capability and ensuring the payment systems function in a non-disruptive manner.
- Efficiency – Providing measures to assure that the payment systems are cost-effective, reliable and promote financial and economic stability.

- Accessibility – To ensure reach of various payment systems at reasonable cost to various segments of the populace.
- Authorisation – According entities permission to operate payment systems as per the provisions of the Payment & Settlement Systems Act and the Regulations framed thereunder.

1.4 The Board for Regulation and Supervision of Payment and Settlement Systems (BPSS), the apex body for regulation and supervision of payment systems, is the authority designated with the responsibility of regulating and overseeing smooth functioning of the payment systems in the country. The vision would be achieved under the overall guidance, direction and supervision of the BPSS.

## **II Payments System Initiatives**

2.1 Several initiatives taken by the Bank for migration of cash payments to the non-cash mode notwithstanding, use of cash is still substantial. The endeavour to migrate cash modes of payment to the non-cash mode, be it paper or electronic, will continue. There have been consistent efforts to move away from paper-based payments to the safer and more efficient electronic modes of payments.

2.2 Outreach of existing payment system products to cover more geographical areas and more segments of the populace in the country shall continue to be focused upon.

2.3 The Bank continues to play an important role in introducing customer service initiatives. Towards this end, the recent steps taken in various payment system segments include – card payments (increasing card security), ATM payments (increasing accessibility to the public, bringing transparency and reasonableness in charges), rationalising charges for electronic payments (NEFT / RTGS) and collection of outstation cheques, mobile payments (issuance of 'Mobile Banking transactions in India - Operative Guidelines for Banks'), pre-paid payment instruments (guidelines on 'Issuance and Operation of Pre-paid Payment Instruments in India (Reserve Bank) Directions, 2009'), etc.

2.4 Competition, encouraging alternate methods of accomplishing the payment requirement and facilitating new initiatives of payment system providers to bring in more efficiency in the existing / new payment systems remain the thrust areas.

### III Payments System Oversight

3.1 The guiding principles while pursuing the oversight goal will continue to be objectivity, simplicity and transparency. Streamlining operating instructions, prescribing uniform practices, laying down minimum benchmarks, insisting on adequate redundancies and requiring effective business continuity plans will be vigorously pursued. Stress will be on monitoring implementation of guidelines in letter and spirit.

3.2 Notification of the Payment and Settlement Systems Act, 2007 (the Act) and its becoming effective from August 12, 2008 prohibits any entity from commencing or continuing to operate a payment system without the approval of the Bank. The Bank may accord approval to the payment system, based on the need for the proposed activity, the services proposed to be undertaken / offered and the efficiency it will bring to functioning of the payments system in the country. The time frame prescribed for the purpose under the Act will be adhered to. As contemplated under Chapter III of the Act all the existing payment systems will be covered under the authorisation / approval / oversight process by the end of 2009. The Bank, while authorising payment systems, would advise the criteria and prescribe the terms and conditions under which the said systems shall operate.

3.3 It is imperative that payment systems are operated in a safe and efficient manner as well as in the best interests of the public. The Bank shall endeavour to –

- Enhance the security, integrity and resilience of the payment system infrastructure in the country by ushering in new initiatives or necessitating standards through a consultative process and balancing with the suggestions of various stakeholders. The approach will be need-based and appropriately calibrated to reflect rational expectations.
- Comply with the general principles enunciated in the 'Report on Central Bank Oversight of Payment and Settlement Systems' published by the Committee on Payment and Settlement Systems. The general principles of oversight are (i) transparency, (ii) international standards, (iii) effective powers and capacity, (iv) consistency, and (v) co-operation with other authorities. The Bank would accordingly make public the requirements and the criteria for the various payment systems.
- Adopt the recommendations and principles enunciated by international institutions like the BIS, FATF, etc., while developing or approving systems,

issuing operational guidelines or mandating requirements in new or existing payment systems. For the purposes of wider dissemination and transparency, the Bank would be placing on its website the names of entities to whom authorisation to operate payment systems has been approved and the conditions of authorisation subject to which only such entities can operate.

- Put in place appropriate off-site monitoring / surveillance and on-site audits / inspections / scrutinies to ensure compliance with the laid down prescriptions.

3.4 These measures are expected to facilitate an orderly growth and functioning of the payment systems thereby instilling confidence among the various stakeholders.

#### **IV Risk Mitigation**

4.1 With increase in reach, size and significance of payment systems the Bank is committed to assuring their safe and efficient functioning by identifying various risks, addressing risk-reduction by putting in place risk-mitigation measures and mandating appropriate risk-management practices.

4.2 The risks in payment systems viz. concentration risk, counter-party risk, credit risk, legal risk, liquidity risk, operational risk, regulatory risk, settlement risk and systemic risk will continue to be addressed by the Bank.

4.3 Towards this end, emphasis will be on advocating –

- Mitigating concentration risk in both large value as also retail payment systems by way of limiting operations of multiple payment systems by a single entity as also one bank acting as settlement bank for multiple payment systems or alternatively putting in place measures for risk mitigation wherever necessary. Important large value payment systems are now being operated by Clearing Corporation of India Limited (CCIL), which also acts as a central counterparty for systemically important payment systems. This calls for very close monitoring of the activities and functioning of CCIL and continuously reviewing the need for an additional / alternate central counterparty operating some of the payment systems with each capable of taking over the operations of the other in case of eventuality. The risk of concentration in the form of a single central counterparty needs to be carefully looked into and mitigated. The retail payment systems are operated by various entities, and the focus would be to ensure that there is no concentration of a single bank acting as

settlement bank for multiple payment systems. The other issue that needs to be addressed as part of concentration risk is in the outsourcing arrangements entered into by system participants with service providers. Reliance on a single or few service providers is a risk of concentration and could emerge as a significant single-point-of-failure concern. Proper risk mitigation measures in this regard would be pursued in consultation and co-ordination with all the regulatory departments.

- Risk mitigation measures to address operational risk would be by way of (a) using latest and relevant technology, (b) having straight-through-processing interfaces, (c) placing controls in the form of maker-checker practices and building proper audit trails, (d) encouraging vendor-neutral platforms and products, (e) addressing scalability issues by monitoring adequacy of infrastructure and performance, etc.
- Approaches to mitigate the other risks would include, regulated access to participants (limit-setting, net debit caps, access criteria), guaranteed settlements (lines of credit, financial guarantees, settlement guarantee fund, central counterparties), collateralised systems (margining, hair-cuts, requiring securities) and netting exposures (multi-lateral net settlements, netting-net settlements), etc.

4.4 With the move towards consolidation of infrastructure and integration of various payment systems, isolating and mitigating operational risk assumes importance. Risk-containment is the plan and as part of this exercise, exacerbation and transmission to other systems will be analysed and prevented both in Bank-operated and others-operated systems. The participants in such systems will also be expected to institutionalise similar practices.

## **V Other Initiatives**

5.1 The Bank shall continue its initiatives towards information dissemination, policy and product outreach, co-ordination with other regulators / international / regional bodies, both within the country (SEBI, IRDA, etc.) and abroad (central banks, CPSS, SAARC Payments Council, etc.).

5.2 The Bank will contribute to international oversight and co-operation initiatives as a member of the CPSS, the SAARC Payments Council and such other similar bodies. The Bank shall also encourage and support partnership programs with

neighbouring countries and regional institutions for reforms in payment systems in the region.

5.3 The Bank shall publish the Red Book on Payment Systems for India in collaboration with CPSS-BIS.

5.4 The First Report on Oversight of Payment Systems in India was released during the year 2007. The Second Report on Oversight of Payment Systems in India will be brought out.

5.5 A Review of Categorisation of Systemically Important Payment Systems (SIPS) and System-Wide Important Payment Systems (SWIPS) was carried out during 2002. A Review of SIPS and categorisation of SIPS was also carried out by the Committee on Financial Sector Assessment as part of the Financial Sector Assessment Program during 2008-09. It shall be the endeavour to repeat this exercise and bring out a Review of Large-Value Payment Systems in the country as well.

5.6 The various initiatives undertaken would have to be reviewed periodically to ascertain their impact on smooth functioning, taking corrective measures, if required, etc. For the purpose, the following studies are planned to be undertaken –

- Impact of rationalisation of charges on the use of various payment systems.
- Growth in use of pre-paid payment instruments consequent upon issuance of guidelines and authorisation of various entities to issue such instruments.
- Bank-group-wise usage of Intra-Day Liquidity for smooth settlement of RTGS transactions.
- Impact of closure of High Value Clearing on MICR Clearing and migration of large-value transactions to electronic mode (RTGS / NEFT).
- Increased usage of cards for making payments and corresponding decline in use of cash for retail transactions.

5.7 As part of the Information System Policy framework, the pre-requisites of a policy for preservation and storage of data / information generated and maintained both in respect of the paper and electronic clearing modes is being finalised in consultation with the Bank's Legal Department. This is expected to ensure uniform



practices at various clearing locations in terms of preservation of records and availability thereof.

## **VI Action Plan**

6.1 With the above agenda in mind, the following action points have been targeted to be achieved in the next one-to-three years' time. The Bank's response would be proactive and to dovetail its initiatives depending on co-operation and support from various stakeholders, expectations of the system, capabilities and preparedness of participants, and developments from time to time.

### **6.2 Authorisation of payment systems**

6.2.1 Notification of the Payment and Settlement Systems Act, 2007 empowers the Bank to regulate and oversee all payment systems. The existing and proposed payment systems will need to obtain authorisation from the Bank to continue / commence operations. The central bank is expected to lay down operational and technical standards for the functioning of these systems, empowered to issue directions, call for information / returns, revoke authorisation and impose penalties / initiate prosecution proceedings for violations of the Act, the Regulations, the directions issued by it and the terms and conditions of authorisation.

6.2.2 For the purpose the Bank shall –

- Bring all payment systems in operation in the country under its regulatory purview.
- Authorise new payment systems and operators of payment systems only if they add efficiency, increase customer convenience and bring in improvements to the payment system scope and activities in the country. Assessment will be made vis-à-vis efficiency parameters like need, technology to be used, benefits to the economy, expertise of the operator, financial soundness, composition of management, adherence to corporate governance, compliance with legal / regulatory guidelines, etc.
- Refuse authorisation and thereby close payment systems if the need therefor is not felt or their operations are not satisfactory. This will be done in a transparent manner and in accordance with the provisions of the Act.

### 6.3 Smooth functioning of existing payment systems

6.3.1 Endeavour will be to ensure that the systems authorised to operate function in a smooth and non-disruptive manner. This would be achieved by –

- Streamlining access criteria prescriptions for all retail and large value payment systems like MICR, ECS / NECS, NEFT and RTGS. The existing access criteria parameters will be constantly reviewed and modified, wherever necessary.
- Ensuring redundancies to handle business continuity requirements. The redundancies in the form of additional / alternate arrangements will address both processing and settlement requirements. Periodic assessment by way of conducting drills, switch-over of the operations / settlements will be carried out and business continuity plans will be documented and suitably modified.
- Putting in place appropriate mechanism for on-site inspections / off-site surveillance.

6.3.2 Banks need to indicate in their Cheque Collection Policies (CCPs) the timeframe for collection of local and outstation cheques, apart from other aspects advised to them from time to time. The CCPs need to be widely publicised and also published in the respective banks' websites. The CCPs framed by banks will be made comprehensive in terms of scope, coverage, transparency and dissemination. It will be ensured that banks strictly operate within the meaning and intent of the CCPs especially in regard to timeframe for collection, grievance redressal mechanism and penalties for non-conformity.

6.3.3 In addition to the timeframe specified for collection of US-Dollar Denominated Instruments, guidelines will be framed and advised for collection of foreign-currency denominated cheques payable in UK and / or locations that have significant volumes.

6.3.4 Charges levied for offering various payment products will be constantly reviewed and appropriate interventions will be considered if the charge-structure is found to be non-transparent or unreasonable.

6.3.5 Settlement Finality Directive to provide finality of settlement for transactions initiated in the retail payment systems will be put in place. The existing unwinding mechanism that provides for partial unwinding (only the dues of the defaulting institutions are unwound and removed from settlement but not the dues to the defaulting institution) will also be suitably modified to reflect present day expectations

(in terms of complete unwinding of both the dues of and dues to the defaulting institution).

6.3.6 As mentioned earlier, one of the focus areas would be to ensure optimal operation of clearing entities. Recognising the role played by clearing and settlement facilitating entities such as the CCIL, the Bank would continue to closely monitor and oversee the operations of such entities. Insofar as the activities of CCIL are concerned, the operations have grown manifold and the organisation has been responding well to the changing requirements. Given the criticality of CCIL in the financial stability of the country, it would be necessary to review the shareholding pattern and the management structure to further strengthen efficiency levels so as to result in better confidence among users.

#### **6.4 Infrastructure building and improvement**

6.4.1 The roadmap for National Payments Corporation of India (NPCI) will be finalised. NPCI has been set-up as an umbrella organisation by the banking community to take over the retail payment system activities in the country. Operations of NPCI will be permitted after due authorisation and activities will be closely monitored.

6.4.2 Back-up arrangements by way of identifying alternate banks to take over processing and settlement operations in the event of non-availability of the main bank would ensure availability of clearing infrastructure during strikes / disruptions. Back-up arrangements by way of first / second alternate banks both for processing and settlement of clearing transactions will be operated in all major Clearing Houses in the country. Such arrangements will be put in place at the top 100 Clearing Houses in the country in terms of volumes handled.

6.4.3 Putting in place alternate settlement arrangements in the event of non-availability of RBI as a settlement bank will also be explored.

6.4.4 Single Window Facility will be extended to all member banks that are part of Clearing Houses managed by major banks. This will enable member banks to view balances maintained by them with these banks at different Clearing Houses and also initiate funds transfer requests from / to their own accounts.

6.4.5 Secured Web Site (SWS) facility will be extended to cover all MICR-CPCs. The SWS facility will be used by CPCs / member banks to upload / download clearing data / reports. Hard copies of clearing reports by the CPCs will be provided only in exceptional and need-based circumstances.

## **6.5 Promoting electronic modes of payment**

6.5.1 All large-value and time-critical payments will be processed only through the electronic mode.

6.5.2 All bank branches will be enabled with IFSC and MICR codes. The intention is to leave the user with the choice of product for retail and small-value transactions viz. use MICR for NECS and IFSC for NEFT.

6.5.3 Reach of electronic products like RTGS, NEFT and NECS will be extended to cover all the branches of banks, including Regional Rural Banks.

6.5.4 Operating hours of RTGS will be reviewed and considered based on market / user expectations and stakeholder feedback.

6.5.5 Number of settlements in NEFT will be reviewed and further increased / rationalised depending on analysis of volumes, user requirements and efficiency perspectives.

6.5.6 Efforts would be made to provide positive acknowledgement to the remitter confirming credit to the beneficiary's account for transactions initiated in NEFT will be introduced. This would give comfort to the remitter and enhance his usage.

6.5.7 The Bank will facilitate origination and receipt of Government transactions through RTGS and NEFT for RBI-based payments and receipts.

6.5.8 Number of centres offering ECS (Credit & Debit variants) at Local level (viz. Local ECS) will be reviewed and closed down / merged, if felt necessary. Local ECS (Credit) at Mumbai has been merged with NECS (Credit). The need for introduction of Local ECS at newer centres will be reviewed and endeavour will be not to operationalise Local ECS but to expand the reach of NECS to include the branches covered by Local ECS. Once this is achieved, Local ECS will be subsumed by NECS at more and more centres and Local ECS will be discontinued. NECS coverage will extend to all core-banking enabled branches in the country.

6.5.9 Centralised ECS (CenECS) presently offered at Mumbai and covering 15 RBI locations will be discontinued.

6.5.10 Scope for introducing Regional ECS (RECS) at more centres will be explored. RECS (Credit) (presently experimented at Bangalore) provides increased reach by extending the jurisdiction of Local ECS at the State Capital (Bangalore) to the entire

core-banking enabled branches in the State (Karnataka). RECS crystallises the activities of National Clearing Cells (NCCs) at Regional Offices of the Bank and once coverage includes to major branches covered by Local ECS centres in a State, there would be scope for discontinuing Local ECS at such other locations within the State.

6.5.11 Introduction of RECS (Debit) would be actively explored and implemented at a few locations in the country. NECS (Debit) operationalisation will also be separately or parallelly pursued.

6.5.12 Electronic modes of payments have the benefits of low cost, quicker reach, better audit trails, and brings in efficiency to the entire gamut of payment systems. Payments for various schemes sponsored by the Government will be pursued to be put either through the banking channel or otherwise. All credits arising out of sponsored and welfare schemes of the Central and State Governments shall be facilitated through Electronic Benefit Transfer schemes.

6.5.13 Further to the initiatives taken to operationalise Indo-Nepal Remittance Facility Scheme (for one-way migrant remittances from India to Nepal), operationalisation of electronic products like NEFT and ECS / NECS in Bhutan will be taken up. In addition, the request to extend National Financial Switch (NFS) to cover banks operating in Bhutan will also be actively pursued and implemented if found feasible. Such regional payment initiatives bring in a harmonised approach and facilitate cross-border expansion of activities in a seamless manner at a later date.

6.5.14 The Centralised Funds Management System (CFMS) as it presently exists, facilitates centralised balance viewing of and funds transfer between own accounts of a member bank maintained with the Bank at different locations. It will be examined if CFMS can be enabled to facilitate funds transfer between member banks as well.

## **6.6 Reducing risks in paper-based clearing**

6.6.1 Over a period of time, efficiency has been brought into the paper mode of clearing by way of introduction of MICR processing, computerised settlement, truncating the movement of physical cheques, and the like. Operations across all Clearing Houses in the country will be fully computerised. Magnetic Media Based Clearing System (MMBCS) software will be used to computerise processing and settlement operations at all Clearing Houses in the country. All new Clearing Houses will function only on MMBCS mode.

6.6.2 Operationalising MICR-Cheque Processing Centres (MICR-CPCs) will be considered at all locations that are viable and have a daily volume of 10,000

instruments or more. Such CPCs could be made part of the grid-based CTS. Cheques processed by MICR-CPCs will cover over 95% of volume and value of cheques processed in the country.

6.6.3 Given the various risks associated with paper based clearing especially for large-value transactions, and the advantages available in the electronic products like NEFT / RTGS, conduct of High Value Clearing will be discontinued at all locations in the country.

6.6.4 Speed Clearing to clear outstation cheques at the centre of presentment will be extended to cover 100 major centres in the country.

6.6.5 The Bank run Inter-City Clearing will be discontinued at all locations.

6.6.6 Cheque Truncation System (CTS) will be rolled out at Chennai. National roll-out of CTS will be considered once this project is operationalised.

6.6.7 The prospect of bringing various Clearing Houses in a region (covering adjacent states) using a Grid-based approach is being examined. Grid-based cheque clearing system to cover nearby MICR-CPCs and Clearing Houses under the Chennai-grid (covering southern states) will be implemented. The New Delhi-grid will also be operationalised by extending the jurisdiction of New Delhi Bankers' Clearing House to cover nearby cities / states. Extending the concept of grid-based clearing to cover other regions in the country will be reviewed based on experience gained from the operationalisation and functioning Chennai and New Delhi grids.

6.6.8 Cheque standardisation will be endeavoured which would build more security features to cheques and thus reduce incidence of frauds. Standardisation will also facilitate OCR capture of information contained in the cheques, thereby enabling straight-through-processing and least manual intervention. Cheques with enhanced security features when presented through CTS will provide the level of comfort expected by presenting banks and drawee banks alike.

6.6.9 All cheques in the country, including the cheques used by the Government departments will be completely migrated to the MICR mode. Non-MICR clearing presently operational in a few locations in the country (on a once-per-week basis or otherwise) will be discontinued.

6.6.10 The clearing infrastructure in place at various locations have the advantages of faster clearing cycle, low cost, uniform practices, better dispute resolution and are functioning since long. Bilateral arrangements function outside the clearing

infrastructure and do not contribute to the efficiency of the system in all situations. Therefore, all the Bilateral Clearing arrangements between banks would be reviewed and allowed to continue only where necessary.

## 6.7 New frontiers

6.7.1 There has been an increase in the various new payment systems initiatives / products. Introduction, usage and acceptability of the new on-site and off-site delivery channels viz. Core Banking Solutions (Branch Banking), Computers (Net Banking), Cards (Pre-paid Payment Instruments), Mobiles (Mobile Banking), Automated Teller Machines, Points-Of-Sale Terminals, Hand-held Devices, Interactive Voice Response Modes and the like will be carefully monitored, nurtured and actively pursued. Some of these initiatives have been very popular in terms of usage and the volumes handled by them have seen significant growth in recent years.

6.7.2 Effectiveness and Reach of Business Correspondents (BCs) and various modalities including eligibility criteria, area of operations, appointment of sub-agents, etc., will be periodically reviewed and streamlined, if necessary, in the interest of increased outreach and expansion of banking services to the rural populace.

6.7.3 Review of the policy on ATMs in terms of increasing the number, criteria for setting up on-site and off-site ATMs, levy of charges, safety of transactions on ATMs, activities permitted to be carried out through ATMs, security features for ensuring the privacy and safety of transactions, resolution of grievances, complaint handling, accessibility of other-bank ATMs, inter-ATM networks, etc., will be closely watched and appropriate measures will be put in place to protect usage and prevent mis-use.

## 7. New Projects / Major Initiatives

7.1 Major projects intended to be pursued would include -

- **Implementing a new and feature rich RTGS system** – The need to migrate to a new version of RTGS that could leverage on advancements in technology, provide for scalability in volumes, parameterise more features in line with similar facilities available in other countries, result in more flexibility in operations, better liquidity saving features, etc., would be pursued.
- **India MoneyLine – A 24x7 system for one-to-one funds transfers** – The existing NEFT system operates during weekdays from 9 am to 5 pm and on Saturdays from 9 am to 12 noon. The Bank would pursue the suggestion to consider the need to extend NEFT to function on a 24x7 basis or to develop a

new system akin to the Faster Payments Service in the UK which operates on a 24x7 basis.

- **India Card – A domestic card initiative** – The concept of a domestic payment card (India Card) and a PoS switch network for issuance and acceptance of payment cards would be looked into. The need for such a system arises from two major considerations (a) the high cost borne by the Indian banks for affiliation with international card associations in the absence of a domestic price setter (b) the connection with international card associations resulting in the need for routing even domestic transactions, which account for more than 90% of the total, through a switch located outside the country.
- **Redesigning ECS to function as a true Automated Clearing House (ACH) for bulk transactions** – Currently, Local ECS (to facilitate bulk electronic transactions with one-to-many and many-to-one variants) is operational at 76 centres. Centralisation of this process is already underway with the launch of credit variant of NECS at Mumbai (and RECS on a pilot basis). The debit variant is also being planned for implementation. The ECS / NECS solution is internally developed and has been in use since long and the need for building a technology and feature-rich ACH network by totally redesigning the existing ECS to provide end-to-end processing in a straight-through manner would be examined.
- **Mobile payments settlement network** – Mobile phones are expected to emerge as an important channel for transmission of payment instructions. Efficient mobile payments would require real time transfer of funds with adequate security. Currently all inter-bank mobile transfers are payment instructions for settling funds through existing payment systems. This would require building a national infrastructure for facilitating real time mobile payments.
- These initiatives would be taken forward in co-ordination with the NPCI.

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