



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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October 5, 2011

The Chairman and Managing Director / Chief Executive Officer
All Scheduled Commercial Banks including RRBs /
Urban Co-operative Banks / State Co-operative Banks /
District Central Co-operative Banks/Authorised Card Payment Networks

Madam / Dear Sir

Domestic Money Transfer- Relaxations

At present only banks are permitted to initiate money transfers in the country subject to adherence of KYC/AML guidelines. A large number of people, particularly the migrant population, do not have access to formal banking channels for want of proof of identity/address. Consequently, they face difficulties in using the authorized channels for transferring funds. Reserve Bank has been receiving frequent representations to open up the formal banking channel to facilitate fund transfers of small value, subject to monthly ceilings and monitoring, to give impetus to the process of financial inclusion. We are issuing these guidelines after having reviewed the related issues. These relaxations are expected to provide money transfer facilities in a safe, secure and efficient manner across the length and breadth of the country.

2. The relaxations fall under the following three categories:

- a. Liberalising the cash pay-out arrangements for amounts being transferred out of bank accounts to beneficiaries not having a bank account and enhancing the transaction cap from the existing limit of Rs. 5,000 to Rs. 10,000 subject to an overall monthly cap of Rs. 25,000 per beneficiary.

- b. Enabling walk in customers not having bank account (for instance migrant workers) to transfer funds to bank accounts (of say family members or others) subject to a transaction limit of Rs. 5,000 and a monthly cap of Rs. 25,000 per remitter.
- c. Enabling transfer of funds among domestic debit/credit/pre-paid cards subject to the same transaction/monthly cap as at (b) above.

3. Operational instructions are detailed in the **Annex**.

4. Banks/ non-banks may adhere to the following while enabling the domestic fund transfers enumerated above.

- a. Banks/non-banks shall put in place a robust system of safeguards including velocity checks and alerts to customers about credit into accounts using this facility. Any unusual spurt in volume of credits in a particular account/group of accounts shall be immediately investigated. Appropriate authorities shall be alerted regarding suspicious transactions.
- b. Such fund transfers are expected to be effected on a real/near real time basis.
- c. The total outstanding amount on a prepaid payment instrument shall not at any point of time exceed the limits prescribed in the extant guidelines on the RBI on the policy guidelines for issuance and operation of prepaid payment instruments.
- d. Inter-bank settlement of funds shall be effected using RBI approved payment systems only.
- e. Banks/non-banks may fix reasonable charges to popularise the scheme.
- f. Banks/non-banks may put in place appropriate systems for redressal of customer grievances.
- g. Customer grievances under this scheme shall fall under the purview of the Reserve Bank of India's Banking Ombudsman Scheme.

5. This directive is issued under section 18, of the Payment and Settlement Systems Act 2007, (Act 51 of 2007).

6. Please acknowledge receipt.

Yours faithfully,

(G Srinivas)
General Manager & Officer-in-Charge

1. Payment of amounts transferred from a bank account (Cash Pay out Schemes)

In terms of our circular DPSS.CO.No.1357/02.23.02/ 2009-10 dated December 24, 2009 on mobile banking, banks are permitted to provide services which facilitate transfer of funds from the accounts of their customers for delivery in cash to the recipients not having bank accounts at an ATM or through an agent appointed as Business Correspondent. It has been decided to raise the ceiling on the value of such transfers from Rs. 5,000 to Rs. 10,000 per transaction subject to the cap of Rs. 25,000 per month. It has been further decided to permit banks to facilitate such fund transfers through any other authorized payment channels as well. The remitting bank shall obtain full details of the name and address of the beneficiary.

2. Payment of amounts to be credited to bank accounts (Cash Pay in Scheme)

Presently, a walk-in customer at a bank branch can remit funds up to Rs. 50,000 to the bank account of a beneficiary through NEFT. Besides, banks are also permitted to allow such customers to transfer funds to a Bank account of a beneficiary through BCs, ATMs, etc. up to a maximum amount of Rs.5,000 per transaction with a monthly cap of Rs. 25,000. Such a walk-in customer needs to provide minimum details like his name and complete address to the remitting bank.

3. Card to Card transfers

3.1. Cards (credit/debit/prepaid) as a means of payment and their acceptance at various delivery channels have been gaining popularity. While the debit cards are directly linked to the bank account of the customer, the credit card account and prepaid card accounts are held in the books of the bank which has been opened after due diligence by the banks. Prepaid payment instruments are issued by both banks and non-banks, the latter being permitted to issue only semi-closed prepaid cards. As on date, semi-closed prepaid cards are usable only for payments of goods and services (P2B).

3.2. On a review of the potential reach of such cards, it has been decided to permit card-to-card fund transfers in a manner which ensures that the underlying

characteristics of the card from which the transfer is initiated are retained. Henceforth, person-to-person fund transfers, in a limited way, from such semi-closed prepaid cards are permitted up to Rs 5,000 per transaction subject to a cap of Rs 25,000 per month. Accordingly permissible card to card transactions are indicated in the table below:

Instrument	Issuer (Remitter end)	Type of card	Nature of operations-usage	Nature of card to card transfer enabled (P2P) (Beneficiary end)
Prepaid payment Instrument (PPI)	Banks	Open system	Payment for goods and services (P2B) Withdrawal of cash at ATM	To other open system PPIs To semi closed PPIs issued by the banks To bank accounts To debit cards To credit cards (for repayment of outstanding dues only) To semi closed system PPIs (issued by non-bank entity)*
Prepaid payment Instrument (PPI)	Banks	Semi closed system (other than gift cards)	Payment for goods and services (P2B)	To bank account. To semi closed PPIs issued by the banks. To semi closed system PPIs (issued by non-bank entity)*

Debit Card	Banks	General	Payment for goods and services (P2B) Withdrawal of cash at ATM	To debit cards To credit cards (only for repayment of outstanding dues. The limit of Rs 5000/- per month and monthly ceiling of Rs 25,000/- would not be applicable) To open system PPIs To semi closed system PPIs (issued by banks) To semi closed system PPIs (issued by non-bank entity)*
Credit Card	Banks	General	Payment for goods and services (P2B) Withdrawal of cash at ATM	To debit cards To bank accounts. To credit cards (only for repayment of outstanding dues. The limit of Rs 5000/- per month and monthly ceiling of Rs 25,000/- would not be applicable) To semi closed system PPIs (issued by non-bank entity)*
Prepaid payment Instrument (PPI)	Non-bank (authorized by RBI under the PSS Act 2007)	Semi closed (fully KYC complaint PPIs)	Payment for goods and services (P2B)	To other semi closed PPIs issued by the same authorized entity/banks. To bank accounts

* authorized to operate a payment system by RBI under the PSS Act, 2007