FAQ on ECS - Debit Clearing

1. What is Electronic Clearing Service(Debit)?

The Reserve Bank of India has introduced the Electronic Clearing Service(Debit) scheme to provide faster method of effecting periodic and repetitive payments by 'direct debit' to customers' accounts(duly authorised) thereby minimising paper transactions and increasing customer satisfaction. Electronic Clearing Service (Debit) envisages "a large number of debits and one credit" in the case of collection of electricity bills, telephone bills, loan installments, insurance premia, Club fees, etc by the Utility Service Providers.

2. What is the existing system and what are the difficulties?

As per the existing system for collection of electricity bills and telephone bills, the customers/subscribers are required to go to the collection centres /designated banks and stand in long queues for payment of bills/dues. There would not be any cash transaction or payment through cheques in the new system.

3. How does ECS(Debit) works?

♠ Utility Companies, banks/institutions receiving periodic/repetitive payments towards electricity bills/telephone bills/loan installments/insurance premia initially collect mandates from their customers / subscribers for collection of amounts due from them by direct debit to their accounts with banks. The mandate provides details such as the name, account number, name of bank/branch etc. duly certified by the bank concerned.

♠ Based on the details furnished in the mandates, the user company prepares transaction data on electronic media and submits the encrypted data to the local Clearing House, through its Sponsor bank .

♠ After due validation of the data, the local clearing house processes the same and arrives at the inter-bank settlement as also generates bank-wise/branch-wise reports(hard copies)

♠ NCC debits the destination banks' accounts with clearing house and simultaneously affords a consolidated credit to the sponsor bank's account and furnishes the bank-wise and branch-wise reports to the service branches of destination banks.

♠ Service branches forward the branch-wise reports to the respective branches for debiting the accounts of customers with the indicated amounts.

4. What are the benefits under ECS(Debit)?

- Faster Collection of bills by the companies and better cash management by them
- eliminates the need to go to the collection centres/banks by the customers and no need to stand in long 'Q's for payment
- automatic debiting to the accounts once the mandates are given by the customers, to that effect cuts down the procedural delay

5. What is the present coverage of the scheme?

The scheme is made available at all RBI-ECS centres. At present, institutions in 10 centres viz. Ahemedabad, Bangalore, Calcutta, Chennai, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur and New Delhi are availing of this facility. The scheme would be extended by SBI/ SBIndore at centres where ECS (Credit) is made available. For the details of the branches providing this facility click on "List of branches providing ECS facility " on earlier page.

6. Is there any limit on individual transaction under the scheme?

An overall limit of Rs.1,00,000 per transaction. There is no minimum.

7. Service charge

While Utility Companies are levied nominal service charges of Rs.3/- (sponsor bank - Re.1/, clearing house - Re.0.50p and destination bank - Rs.1.50/-) per transaction, service for the customers opting for the scheme is free