

FAQ on EFT System

1. What is RBI-EFT System?

RBI EFT is a new Scheme recently introduced by Reserve Bank of India (RBI) to help banks offering their customers money transfer service from account to account of any bank branch to any other bank branch.

2. At how many centres and bank branches is the EFT facility available ?

The EFT system presently covers all the branches of the 27 public sector banks and 8 scheduled commercial banks at the four metropolitan centres (viz., Calcutta, Chennai, Mumbai and New Delhi). Funds transfer is possible from any branch to other branch - both inter-city and intra-city. Although the system is designed primarily for inter-bank funds transfer, intra-bank funds transfer (money transfer between the branches of the same bank) is also possible. For the list of branches providing the facility, click on " List of banks/branches providing EFT facility" on earlier page.

3. What is the funds availability schedule for the beneficiary ?

If the remitting bank transmits the funds transfer message to RBI by 3.30 p.m. (prescribed cut-off time) on Day-1, the receiving bank's account is credited by RBI at the destination centre on Day-2 morning. The receiving bank in turn credits the beneficiary's account on the same day (i.e. by 12.00 Noon of Day-2).

4. How does the RBI EFT system operates ?

Step-1 : The remitter fills in the EFT Application form giving the particulars of the beneficiary (city, bank, branch, beneficiary's name, account type and account number) and authorises the branch to remit a specified amount to the beneficiary by raising a debit to the remitter's account.

Step-2 : The remitting branch prepares a schedule and sends the duplicate of the EFT application form to its Service branch for EFT data preparation. If the branch is equipped with a computer system, data preparation can be done at the branch level in the specified format.

Step-3 : The Service branch prepares the EFT data file by using a software package supplied by RBI and transmits the same to the local RBI (National Clearing Cell) by 3.30 p.m..

Step-4 : The RBI at the remitting centre consolidates the files received from all banks, sorts the transactions city-wise and prepares vouchers for debiting the remitting banks on Day-1 itself. City-wise files are transmitted to the RBI offices at the respective destination centres.

Step-5 : RBI at the destination centre receives the files from the originating centres, consolidates them and sorts them bank-wise. Thereafter, bank-wise remittance data files are transmitted to banks on Day-1 itself (after 6.00 p.m.). Bank-wise vouchers are also prepared for crediting the receiving banks' accounts the next morning.

Step-6 : On Day-2 morning the receiving banks at the destination centres process the remittance files transmitted by RBI and forward credit reports to the destination branches for crediting the beneficiaries' accounts.

5. *How is this RBI EFT System an improvement over the existing facilities ?*

The primary modes of funds transfer at present are demand draft, mail transfer and telegraphic transfer. The demand draft facility is paper based. The remitter, after purchasing demand draft from a bank branch, dispatches the same by post/courier to the beneficiary. The beneficiary, in turn, lodges the draft to his/her bank for collection and clearing. The time taken for completing the process is about 10 days. In the case of telegraphic transfer, fund reaches the beneficiary either on the same day or the next; but both the remitter and the beneficiary would have to be account holders of the same bank. If they are customers of different banks, a good deal of paper processing is required. On the other hand, RBI EFT system is an inter-bank oriented system. RBI acts as an intermediary between the remitting bank and the receiving bank and effects inter-bank funds transfer. The customers of banks can request their respective branches to remit funds to the designated customers irrespective of bank affiliation of the beneficiary.

6. *Any limit on the amount of individual transaction ?*

Yes. Maximum amount permitted for fund transfer per transaction is Rs. 5 lakhs.

7. *What is the procedure for acknowledgment ? How would the sending branch know that the remitted amount has been credited to the beneficiary ?*

The receiving branch acknowledges every transaction it receives after crediting the beneficiary's account. The acknowledgment particulars reach the remitting branch as an inward message on Day-3 of the EFT processing cycle. The remitting branch will, therefore, have precise information as to when the beneficiary's account was credited.

8. *Is it necessary for all branches to install computer system ?*

No. It is not necessary for all branches to have computer systems. Branches can send the remittance details to their service branch in paper format (the copies of the EFT Application Forms submitted by the remitting customers accompanied by a Remittance Scroll). The Service branch will make data entry and transmit the funds transfer information electronically to local NCC. But, if a branch has computer facility, it can transmit funds transfer information electronically to its service branch either on a floppy or through a network. This would minimise the data entry work at the service branch.

9. *What additional organisational structure banks would be required to create ?*

Each participating bank has to identify a branch at the respective centre to act as the link point for transmitting all outward messages and receiving all inward messages. The Service Branches/ Main Branches of banks who have been coordinating the cheque-clearing work are in the best position to discharge this role. So no additional organisation infrastructure is to be created.

10. *What about service charges ?*

Indian Banks Association has finalised the service charges which would be Rs.25/- per transaction to be shared between remitting bank (Rs.10/-), RBI (Rs.5/-) and receiving bank (Rs.10/-).

11. How does the RBI-EFT system benefits the banks ?

- Banks can now provide inter-bank TT service
- Reconciliation is automatic.
- Banks can make use of this EFT infrastructure for introducing new payment /cash management products for their customers.
- The number of outstation cheques issued by customers and consequent service load on banks may decline over a period of time.

Back to **Home Page**