

DOMESTIC MONEY TRANSFER - RELAXATIONS

HIGHLIGHTS

Enabling walk in customers not having Bank Account to transfer funds. No charges within the Bank and applicable NEFT charges for other Banks.

1.0 The Reserve Bank of India has issued guidelines relaxing its instructions on domestic money transfer vide circular No: DPSS.PD.CO.No. 622/ 02.27.019/ 2011-2012 dated 5th October 2011.

It is informed that at present 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 identify/address. Consequently, they face difficulties in using the authorized channels for transferring funds.

Reserve Bank of India has been receiving frequent representation to open up the formal banking channels to facilitate fund transfer of small value, subject to monthly ceilings and monitoring, to give impetus to the process of financial inclusion.

2.0 The relaxations fall under the following three categories:

- a) Liberalising the cash pay-out arrangement for amounts being transferred out of bank accounts to beneficiaries not having bank account and enhancing 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 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.

3.0 Operational instructions are detailed in the Annexure – I.

4.0 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 popularize 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.

Para 4(e) of the guidelines provide that branch to ensure that the charges for such domestic fund transfers are well within reasonable limits which are as under:

- a) Any customer could walk in to deposit money in any branch of the bank if the account is in any other branch of the bank to which he wants to deposit the money. There will be no charges on this.
- b) Any customer could walk in to deposit money having an account in the branch of any other bank. The charges will be as per the charges applicable on NEFT transfer for that amount.

5.0 It is further advised that random checks are carried out at various branches by a team of the Bank's Zonal officers to see that this system is being implemented by the branches in '*letter & spirit*'.

Annexure-1

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.

Corporate instructions will follow on getting implementation from delivery channels.