



NEFT to be available round the clock

The Reserve Bank of India (RBI) in its Statement on Developmental and Regulatory Policies issued on **August 7, 2019**, has stated that there will be round-the-clock availability of the **National Electronic Funds Transfer System** from December 2019.

National Electronic Funds Transfer (NEFT) is an Indian system of electronic transfer of money from one bank or bank branch to another. The banks or their branches that support such transactions have to participate in the NEFT network.

RBI's press release: Round-the-Clock Availability of National Electronic Funds Transfer System:

As currently, the **National Electronic Funds Transfer (NEFT)** payment system operated by the Reserve Bank as a retail payment system is available for customers from **8.00 am to 7.00 pm** on all working days of the week (except 2nd and 4th Saturdays of the month). As mentioned in the Payment System Vision 2021 document, the Reserve Bank will make available the NEFT system on a **24x7 basis** from **December 2019**. This is expected to revolutionize the retail payments system of the country.

RBI has been taking steps to revolutionize the payment system in the country. Earlier in June 2019, RBI had issued a statement stating that in order to provide an impetus to digital funds movement, it had decided to do away with the NEFT, RTGS charges. "It has been decided that with effect from July 1, 2019, processing charges and time-varying charges levied on banks by RBI for outward transactions undertaken using the RTGS system, as also the processing charges levied by RBI for transactions processed in NEFT system, will be waived by the Reserve Bank." The inward transactions were, however, free for all. Several banks including SBI had removed such NEFT and RTGS charges for their account holders. Since July 1, SBI NEFT Charges and SBI RTGS Charges are not being levied when one makes a fund transfer through any of this mode of payment either on SBI net banking or through mobile. Irrespective of the amount of fund transfer, SBI NEFT and SBI RTGS charges is Nil from **July 1, 2019**.

RBI's press release also included: 'On-tap' Authorization for Retail Payment Systems:

As announced in the Statement on Developmental and Regulatory Policies of **June 6, 2018**, the Reserve Bank published a policy paper on **January 21, 2019** for public consultation on minimizing concentration risk in retail payment systems from a financial stability perspective. Comments/feedback received from a wide array of individuals, public and private entities, institutions and industry associations suggested the need to encourage more players to participate in and promote pan-India payment platforms. Accordingly, in order to benefit from diversification of risk as also to encourage innovation and competition, it has been decided to offer 'on tap' authorization to entities desirous to function/operate/ provide platforms for

- i. Bharat Bill Payment Operating Unit (BBPOU);
- ii. Trade Receivables Discounting System (TReDS); and
- iii. White Label ATMs (WLAs).

Instructions to this effect will be issued by the end of September 2019.