

Soon, money transfer through banks 24x7

Facility being created by National Payments Corporation.



A file picture of a State Bank ATM counter.

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Mumbai, March 31 Money transfer through banks in India will soon be possible 24 hours a day.

Picture this. Your parents, living in another city, need some cash to make an urgent hospital payment. You can send the money from your workplace or from home to their bank account even at midnight and they can withdraw it the next moment.

This facility will be available throughout the country in the next few months when the newly set up National Payments Corporation of India (NPCI) launches its retail money transfer facility.

Branded as "India money line", the facility will enable bank account holders to transfer money anytime to any bank, anywhere in the country, said an official of NPCI.

The real-time money transfer facility is available even now, but the funds are credited to the beneficiary account only during banking hours. Money received after banking hours gets credited to the account only the next working day.

The new facility being created by NPCI, a non-profit entity promoted by banks according to Reserve Bank of India's advice to take up the retail payment and settlement work, will overcome this problem, said the NPCI official.

Switching facility

How does it work? You can transfer the money from your bank account by mobile or net banking facility and the beneficiary account holder can withdraw it through an ATM. NPCI's national switching facility helps process the transaction faster. It ensures automatic debit of funds from the sender's account and credits the same to the beneficiary account, the official said.

There could be an upper limit for the amount which can be sent through this system. Each bank will have a settlement limit and the amount up to that extent will be available for automatic clearing. Since the facility is mainly meant for retail payment, there is no lower limit, the official said.

All bank branches with core-banking facility (having networked branches) will be able to offer the real-time money transfer facility. As of now, close to 80 per cent of the bank branches in the country are core-banking enabled.

Four services

NPCIL, incorporated in December 2008, started functioning from February. At its first board meeting last week, the corporation, set up under the Payment and Settlement Systems Act, decided to take up four lines of services to begin

with: Real-time payment service, building a national financial switching facility, India Pay Card service and automated cheque clearing house.

The cheque clearing facilities run by the RBI will not be transferred to NPCI immediately as this was a promise given by the Finance Minister to the RBI employees union, which protested such a move fearing job losses.

However, Dr Duvvuri Subbarao, RBI Governor, recently said that operations of Electronic Clearing Service and the National Electronic Fund Transfer systems will eventually be transferred to NPCI.

Set up under the initiative of Indian Banks' Association, NPCI, a section 25 company, initially has nine banks as shareholders — five public sector banks holding 51 per cent, two private sector banks and two foreign banks holding the balance.

Eventually, all banks operating in the country will be members of NPCI.

Source:-<http://www.thehindubusinessline.com/2009/04/01/stories/2009040150621500.htm>