NPCI/NACH/2020-21/Circular no. 005 June 12, 2020

To

All NACH member banks

**Implementation of encryption & decryption process for ACH files**

NPCI and member banks currently exchange files for processing of NACH financial and non-financial transactions, recon and settlement reports using the signing certificate. It has been decided to implement encryption / decryption for communication between banks and NACH for further enhancing the security. Encryption / decryption workflow for transaction files and reports is provided below:

i. Transaction files

| Sl. No. | File flow | Process |
|---|---|---|
| 1 | Bank to NPCI | Signing: use private key certificate of the bank<br>Encrypt: use the public key of the certificate shared by NPCI |
| 2 | NPC to bank | Signing: use private key certificate of NPCI<br>Encrypt: use the public key of the certificate shared by bank |

ii. Reports

Encryption would be done using the Public Key of the certificate shared by destination bank

NACH system will be ready with the necessary changes by June 30, 2020. Banks should migrate to the new process on or before September 30, 2020. Till that time, NACH will support both old and new mechanisms of file exchange. The detailed technical specification document is provided in Annexure I.

All member banks are advised to take note and strictly adhere to the timelines.

For clarifications, please raise in **CRM**.

With warm regards,

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