

NPCI/IMPS/OC No 74/2014-15

August 12, 2016

To,

All Member Banks, IMPS & PPIs

Dear Sir/Madam,

**Sub: (A) IMPS –Verification Request (VR) preceding Original Request (OR)**  
**(B) Implementation of two ports (one for remitting & another for beneficiary transactions)**

**Objective:**

Objective of this circular is to explain the process to follow for VR preceding OR issues & Implementation of two ports (one for inward & another for outward transactions).

**Issue:**

**A. VR Preceding OR issue**

OR means original request message sent by remitting bank to credit the beneficiary customer's a/c for which the beneficiary bank should send response with response code for the transaction. VR means Verification Request message which is sent by remitting bank, when there is no response received from beneficiary bank for the OR.

The remitting bank should send OR first and if there is no response received within the TAT from the beneficiary bank, only then VR should be sent. However, due to technical issues (switch or network) remitting banks are sometimes sending VR first and OR thereafter, due to which remitting banks are getting in to out of fund situation for such transactions. Please refer to the scenario given below:

- i) Remitting bank sends VR without any OR
- ii) Beneficiary bank sends RC-M0 (Decline Response) because there is no original transaction present
- iii) Remitting bank will reverse the customer account in online mode based on the declined response received i.e. RC-M0 from beneficiary bank
- iv) Subsequently, for the same transaction, the remitting bank is sending OR
- v) Beneficiary bank receives the OR, credits the customer's a/c online successfully and sends approved response to the remitting bank online i.e. RC-00
- vi) If the OR response is RC-00 then NPCI will settle the funds by debiting remitting bank and crediting the beneficiary bank

Thus remitting banks are getting in to out of fund situation for sending VR first and OR later.

**Proposed Solution and responsibilities for remitting and beneficiary banks are as follows:**

**Remitting Banks:**

- i) Remitting banks should not to send VR before OR. We recommend that remitting banks should review their process of sending original online message and if any issues are found (as explained above), it must be fixed immediately.

**Beneficiary Banks:**

We request beneficiary banks to configure their system to send timed out response in the online message (i.e. RC-08 / ISO-91 instead of RC – M0) when VR is received without OR in data element – 39. Based on the time out response, remitting bank will not reverse and credit the customer's a/c online. Thus, the remitting banks will not get in to out of fund situation for VR preceding OR transactions.

**Please note importantly that it will be the responsibility of Remitting Bank to ensure that first OR is sent and VR is sent only thereafter. Any financial impact due to sending VR before OR will have to be borne by the Remitting Bank only.**

**B. Implementation of two ports - one for inward and another for outward transactions**

Banks which are having single port system for sending/receiving inward & outward transactions may experience following problems:

- During peak transaction volume, the messages may get queued up resulting in technical declines and timeouts.
- If bank as a beneficiary bank is not sending any online responses to NPCI, then NPCI will switch off the node to avoid time outs (deemed approved transactions). In such situation, the same bank as remitting bank will not be able to send outward transactions to NPCI.

**Proposed Solution**

To avoid the issues explained above due to single port, we recommend members to implement (if not already done) two ports i.e. one for inward and another for outward transactions.

- Two ports will help in managing the load.
- Increase the approval ratio and reduce the decline transactions (Technical & business declines).
- Time out transactions (Deemed Approved) is also expected to come down.
- In case NPCI brings down the bank's node for beneficiary transactions (due to time out issue), the bank can still continue sending the outward transactions because it will be on another port.

**Effective Date: September 15, 2016**

All IMPS members are requested to make necessary changes as per effective date and get it certified with NPCI. Same will be moved in to production system after certification.

Please make a note of the above and disseminate the information contained herein to all officials concerned.

For any queries or clarification, please contact:

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Yours faithfully,

SD/-

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