

NPCI/IMPS/OC No. 77/2016 – 17

December 26, 2016

To,

All Members of Immediate Payment Service (IMPS)

Dear Sir / Madam,

Sub: IMPS – Consideration of Late Response for settlement

Objective

Objective of this documents is to explain the settlement process for late response by beneficiary banks for all IMPS time out/deemed approved transactions (except M2P) so as to reduce the deemed approved cases.

A. Existing Process

Currently, NPCI IMPS switch is expecting to receive response from beneficiary banks within 30 seconds for all request messages (P2P, P2A, P2U & P2M). Any response which is sent by beneficiary bank to NPCI **within** 30 seconds for OR (Original Request), VR (Verification Request) & AM (Advice Message) is considered for settlement. If the beneficiary banks sends any response beyond 30 seconds (whether approved or decline), such responses are not taken in to consideration. Hence, these transactions are treated as timed out cases and are settled as deemed approved transactions (RC-08 / ISO-91). The transactions in raw data file sent to banks and in RGCS is as follows.

1. Approved response received within 30 seconds: Final status of the transaction will be updated as approved transactions - RC-00.
2. Declined response received within 30 seconds: Final status of the transaction will be updated as declined transactions (Decline reason could be business decline or technical decline, as the case may be. E.g. RC-M1, RC-CU, etc.).
3. Verification Request (VR) or Advice Message (AM): When remitting bank/member does not receive the response within 30 seconds, it will send verification request up to three time (advice message is sent by NPCI if the beneficiary is enabled with advice message). Final position of the transaction will be updated as either approved, declined or deemed approved, as the case may be.
4. Response NOT received within 30 seconds for OR/VR/AM: Final status of these transactions are updated as deemed approved. Beneficiary banks are expected to reconcile deemed approved transactions within T+1 working day and confirm the status in RGCS by marking TCC-102/103 or RETURNS.

B. Proposed Process

No change is required to the existing process for point no. 1, 2 and 3 above.

Only for point 4 (above), we propose to consider the late response (i.e. response received after 30 seconds) in the settlement (for each settlement cycle). At the time of the processing settlement, IMPS switch will verify the timed out cases (i.e. those remaining after the response for VR/AM is updated) with the late response and accordingly the transaction status will be updated from deemed approved to Approved/Declined as the case may be. Raw data files for banks & RGCS will be generated after considering the late response and will contain the response code (either approved or declined).

CONDITIONS FOR MARKING TRANSACTION'S FINAL STATUS AS APPROVED/DECLINED/TIME OUT, as the case may be, are given below:

1. **Flagging as Approved:** If late response for OR is RC-00 then the final status of the transaction will be updated as approved - RC-00.
2. **Flagging as Declined:** If the late response for OR is declined, then the final status of the transaction will be updated as declined, with applicable response code.
3. **Flagging as Timeout:** If no late response is received for any timed out transaction, then the final status of the transaction will be updated as timed out/deemed approved.

NOTE: Late response for VR/AM is not considered now. We may consider handling late response for VR/AM in Phase 2.

C. CHANGES REQUIRED AT BANKS SIDE

There is no major change is required to be done at banks' side. Following minor changes are required to be made so as to bring time out/deemed approved cases to near zero:

a. Existing Process

If the beneficiary bank's IMPS switch is not getting response from the CBS within 30 seconds, then the switch is sending timed out response (IMPS RC-08 /ISO RC-91) to NPCI.

b. Proposed Process

Beneficiary banks should **stop sending time out response to NPCI and are expected to send either approved or decline response without any time limit validation i.e. even after 30 seconds.** NPCI switch will validate and update such belated response as the final status of the transaction, as follows:

- i. If the late response received is within the settlement cycle, it will be considered and the final transaction status will be updated as Approved/Declined, as the case may be.
- ii. If the late response is received after the settlement cycle, such late response will be dropped and the transaction will be considered as timed out. In such cases, the existing TCC/RET process has to be followed.

NOTE – 1: Beneficiary banks should send time out response only when VR is received without OR (please refer NPCI/IMPS/OC No. 74/2016 – 17 for details).

NOTE – 2: Beneficiary bank should not credit the customer's account based on VR or AM. VR / AM is sent to beneficiary only to seek the status of the original transaction.

We are hopeful that with the implementation of handling late response, the incidence of Deemed Approved cases will reduce substantially.

We request you to disseminate the information contained herein to the officials concerned and arrange to make the necessary changes as per the go live date mentioned below.

Effective Date: 15th Jan 2017

Should you need any further assistance/clarification, please contact following officials:-

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Yours faithfully,

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