

NPCI/UPI & IMPS/OC No 79/2016-2017

Jan 27, 2017

To,

All Members of UPI (Unified Payments Interface) & IMPS (Immediate Payment Services)

Madam/Dear Sir,

Sub: A. Implementation of Deemed Approved process in UPI

B. Segregation of UPI & IMPS Settlement

Please refer our circular NPCI/UPI/ OC No.14/2016-17 dated 5th January 2017 wherein we have informed about implementation of -

(A) Deemed Approved process in UPI (for timed out transaction response from beneficiary banks)

(B) Segregation of UPI & IMPS Settlement

Date of Implementation of (A) & (B) above: 1st Feb 2017.

(A) Implementation of Deemed Approved process in UPI

Existing Process	New Process w.e.f. 1-2-2017
When NO response for the credit reversal request within the TAT or 96 as the response code received from the beneficiary bank, in such cases, NPCI was considering the transaction as declined and the settlement was not processed. The response code in the raw data for such cases was reflected as 'BT'.	When NO response for the credit reversal request within the TAT or 96 as the response code received from the beneficiary bank, in such cases, NPCI will be considering the transaction as deemed approved and the settlement will be processed . The response code in the raw data will be reflected as 'RB'.

Note:- If the beneficiary responds to the credit reversal request as successful, then we will not be considering those transactions as deemed approved. Such transactions will be treated as declined and settlement will not be processed. The final response in the raw data for such cases will be 'BT'.

(For further details on the existing and new process please refer the Annexure A)

1. HOW BENEFICIARY BANK SHOULD HANDLE THE UPI TIMED OUT/DEEMED APPROVED TRANSACTIONS:

EXISTING IMPS PROCESS FOR HANDLING DEEMED APPROVED TRANSACTIONS, RULES, DISPUTES TAT & PENALTIES, ETC. WILL BE SAME FOR UPI DEEMED APPROVED

TRANSACTIONS (FOR DETAILS PLEASE REFER our IMPS Circular 28 - Processing of Timed Out Txn).

NOTE:- The penalty provision for UPI deemed approved transactions will be applicable from 16th February, 2016.

(For further details on penalty clauses, please refer our IMPS OC No 65 - Penalty for delayed credits for timed out txns_effective_01.01.2016)

2. **DISPUTES ALLOWED FOR REMITTING BANK:**

- a. Chargeback, pre-arbitration, arbitration.
- b. Deferred chargeback, pre-arbitration on deferred chargeback and arbitration on deferred chargeback.

3. **ACTION EXPECTED FROM BENEFICIARY BANKS:** (TCC - Transaction Credit Confirmation). Beneficiary should reconcile all deemed approved transactions and confirm the status in RGCS as follows:

- a. Upload TCC – 102 in RGCS if customer a/c is credited online but response to NPCI has not been sent by beneficiary bank.
- b. Upload TCC – 103 in RGCS if the customer a/c is not credit in online and the same is credited manually.
- c. Upload Returns: If the customer account cannot be credited due to any reason (e.g. closed a/c, invalid a/c etc.) then beneficiary bank should return the funds to the remitting bank through RGCS.
- d. Beneficiary bank should download all adjustments raised by other banks (as remitter) for deemed approved transactions and respond to those adjustment either by accepting or rejecting them in RGCS (Representing chargebacks, pre-arbitration accept/reject for the chargebacks & deferred chargeback raised by the remitting banks on beneficiary banks.)

4. **Applicability of DEEMED APPROVED transactions:** Deemed approved functionality is applicable for all UPI financial transactions i.e. (A) PAY (B) COLLECT (C) MERCHANT

5. **DEEMED APPROVED RESPONSE CODE IN RGCS:** RESPONSE CODE - RB is assigned as the response code for deemed approved transactions in UPI.

Note: All UPI member banks as remitter should ensure not to reverse their customer's account for the response code – RB in the automated or manual reconciliation process. Remitting bank should check TCC/RET and update their customers suitably for the deemed approved transactions. If beneficiary bank does not raise TCC/RET, then remitting bank may raise chargeback. "CHARGEBACKS SHOULD BE RAISED BY THE REMITTING BANKS ONLY IF THERE IS CUSTOMER COMPLAINT". REMITTING BANKS SHOULD NOT RAISE ANY CHARGEBACK ONLY BECAUSE TCC/RET IS UPDATED BY BENEFICIARY BANK.

(B) SEGREGATION OF UPI & IMPS SETTLEMENT

It has been decided to segregate the UPI & IMPS settlement which is processed through RGCS & RTGS w.e.f 1st Feb 2017.

Existing Process:

Currently, NPCI is arriving the settlement amount of UPI & IMPS separately. Thereafter, the single entry through RTGS is processed after summing the settlement amount of UPI & IMPS.

Raw files, DSR & other adjustment reports are being provided separately for UPI and IMPS in RGCS.

Proposed process:

In the proposed process, NPCI will arrive the settlement amount of IMPS & UPI separately and post separate settlement amount through RTGS settlement account (i.e: one entry for UPI & another for IMPS).

- Separate RGCS login will be provided for all banks, one for UPI & another for IMPS.
- All UPI reports such as Raw files, DSR, Adjustments reports etc. and raise adjustments options will be made available in UPI RGCS
- For accessing RGCS, member banks should use the below mentioned URL for IMPS:
<http://192.168.183.50/RTGS/IMPS/>
- For accessing RGCS, member banks should use the below mentioned URL for UPI:
<http://192.168.183.50/RTGS/UPI/>
- **U2I disputes:** Member banks are requested to contact NPCI for any dispute related to U2I transactions as this functionality will not be available in RGCS w.e.f. 1st Feb 2017. NPCI shall liaise with beneficiary banks and arrange for the status of the transaction or fund reversals as the case may be. **U2I transaction will be discontinued w.e.f. 1st Feb 2017.**
- Existing IMPS user IDs, Passwords (including admin) will be remain same for accessing UPI RGCS.
- For identifying the UPI settlement amount in RTGS please refer the **product code-015** and **message code will be UPISTL** in the unique transaction reference number (UTR). E.g. XU^{TR}/NPCIH17024015001.
- We also request you to update the settlement related information to your RTGS treasury team, Reconciliation team, etc. for their information & reference.

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

Name	E-mail ID	Contact No
Soumyajit Roy	soumyajit.roy@npci.org.in	08879754970
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Yours faithfully,

SD/-

Ram Sundaresan
Head – Operations
Enc.

Existing Process:

NPCI sends credit request message to the beneficiary bank and beneficiary bank should respond to NPCI either as approved or declined with appropriate response code. If beneficiary bank does not send any response to NPCI, then it is treated as declined transaction. Please see the flow of transaction as follows:-

- Remitting bank gives successful response to NPCI after debiting their customer's account online
- NPCI sends credit request message to the beneficiary bank
- Beneficiary bank does not respond to the request message then NPCI will send Check Transaction (CT) request message three times. If beneficiary respond to NPCI for the CT request, then the transaction will be updated as either approved or declined as the case may be.
- If the response from beneficiary bank is not received for all three CT messages, then NPCI send credit reversal request message to beneficiary bank and debit reversal request message to the remitting bank. Transaction will be treated as decline irrespective of whether response to the reversal request message is received or not received from beneficiary bank. And, no adjustments are allowed for such transaction.
- Decline transactions are reversed by the remitting banks online or post reconciliation, if the online reversal does not happen for any reason whatsoever.
- The online response message (i.e. `<RespreqMsgId="" result="SUCCESS|FAILURE|PARTIAL|DEEMED" errCode="">`) contains "APPROVED, FAILURE, PARTIAL & DEEMED approved" flags. Currently NPCI is sending only Approved, Partial and Failure flags. If beneficiary bank does not respond to the credit reversal request message, presently, it is treated as declined transaction. Hence, presently, DEEMED APPROVED flag is not being sent in the online message.

Proposed Process:

- Remitting bank gives successful response to NPCI after debiting their customer's account online.
- NPCI sends credit request message to the beneficiary bank.
- Beneficiary bank does not respond to the request message, then NPCI will send Check Transaction (CT) request message three times. If beneficiary bank respond to NPCI for the CT request message, then the transaction will be updated as either approved or declined, as the case may be.
- If the response for any of the CT request messages is not sent by beneficiary bank, then NPCI consider this as credit time out and send credit reversal request to beneficiary bank.
 - i) If NPCI receives response for the credit reversal request message from the beneficiary bank then NPCI update the same as either approved or declined as the case may be.
 - ii) If NPCI DOES NOT receive response for the credit reversal request message from the beneficiary bank then NPCI will treat this transaction as **DEEMED APPROVED** with "Response Code - RB". Thereafter, NPCI will not send any debit reversal request message to the remitting banks.
 - iii) **PLEASE NOTE IMPORTANTLY THAT for any response code other than RC-00 (APPROVED) & RC- RB (DEEMED APPROVED), for all other decline transactions remitting bank can reverse the customer's account in the online process.** If the online reversal fails due to any reason, in such cases, the customer's account has to be reversed as part of the reconciliation process. Please check before reversing the customer a/c manually, whether the customer a/c is debited and the funds are available in pool a/c).
 - iv) The online response message i.e. `<Resp reqMsgId="" result="SUCCESS[FAILURE|PARTIAL|DEEMED" errCode="">`) contains "APPROVED, FAILURE, PARTIAL & DEEMED approved" flags. NPCI will start sending the "DEEMED" approved status in the online message to the PSP if the beneficiary bank does not send the response to the credit reversal request message. PSP should accordingly send response status as deemed approved to the customer on the UPI mobile APP.
For single debit multiple credit (SDMC) cases, even if one out of the multiple transaction is DEEMED APPROVED, then NPCI will send the status to the PSP as PARTIAL. PSP should verify the response code for each transaction and display the status to the customer's mobile screen as DEEMED APPROVED for SDMC transactions.
Eg:- A customer initiated a transaction to 4 people. Out of which 1 transaction is deemed approved, one is declined and two are successful. Then settlement will be processed for only 3 transactions. For two successful record the response code will be 00, for deemed approved transaction the response code is RB and for the declined transaction the response code will be updated accordingly (based on the decline reason by the beneficiary).
 - v) Separate report for deemed approved transaction will be made available in RGCS for both remitter and beneficiary banks.