

NPCI/IMPS/OC No.93/2019-20

14<sup>th</sup> October, 2019

To,  
All Members participating in IMPS & UPI Network

Madam / Dear Sir,

**Sub: IMPS & UPI – Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions**

We refer to RBI circular DPSS.CO.PD. No.629/02.01.014/2019-20 dated 20<sup>th</sup> September, 2019 towards harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems.

RBI circular states that wherever there are failed transactions, the credit amount shall be auto reversed to the customer's account *suo moto*, without waiting for customer's complaint/claim along with the compensation, in case of delay as per stipulated time. The circular also harmonizes the turnaround time (TAT) for such adjustments and compensation to be charged to the participant deferring the adjustment.

It is also classified that transaction failures could be on account of various factors not directly attributable to the customer. E.g. Disruption of communication links, ATM cash out, time out of sessions etc. The framework is applicable only for Domestic Transactions, where both the Issuer and Acquirer are within India. The RBI mandate shall come into effect from **15<sup>th</sup> October, 2019**.

Please refer **Annexure A** for the change in TAT and customer compensation for IMPS & UPI transactions along with the interim processes to be implemented.

Please make note of the above and disseminate the instructions contained herein to the officials concerned. For any queries or clarification, please contact:

| Name              | e-mail ID                     | Mobile Number |
|-------------------|-------------------------------|---------------|
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Yours faithfully,

SD/-

**Giridhar G M**  
Chief – Offline Product Operations

## Annexure A

### A) Banks Actionable for unsuccessful transactions:

#### Remitter/Acquirer:

1. For declined transactions (customer account is debited and declined at NPCI) it is the remitter responsibility to reconcile & reverse customer account if not done in online within T+1, otherwise remitting bank has to pay compensation to customer.
2. Remitting bank should reverse the customer account on the same day as and when the returns/credit adjustments are received, otherwise remitting bank has to pay compensation to customer.
3. In case of non-fulfilment of UPI Merchant transactions, acquiring bank should raise returns/ credit adjustments within 4 calendar days from the transaction date, otherwise compensation shall be debited from acquiring bank and credit the same to issuing bank.

#### Beneficiary/Issuer:

1. Bank as a Beneficiary should credit the customer's account within T+1 day (if not credited online), otherwise customer account has to be credited with compensation. Bank to update TCC 102/103.
2. If the amount cannot be credited due to any reason, same has to be returned to remitting bank on or before 4 pm every day for UPI transactions and 5.30 pm for IMPS transactions by T+1, otherwise NPCI shall debit the beneficiary bank and credit to the remitting bank. Remitting bank should credit their customer account (Transaction amount + Compensation) on same day. If delayed then remitting bank has to pay additional compensation to the customers.
3. For UPI Merchant transactions, acceptance by acquiring bank for chargeback or pre-arbitration (including deferred chargeback cycle) should be done within 4 days for chargebacks raised under reason code "1065". If acquiring bank does not accept chargebacks/pre-arbitration within 4 days then NPCI shall debit the acquiring bank and credit issuing bank transaction amount + Compensation. Issuing Bank should credit the amount to the customer's account on the same day or latest by 5<sup>th</sup> day from the transaction day. If delayed then issuing bank has to pay additional compensation to the customers.

- B) Changes in adjustment / dispute process:** For deemed approved P2P IMPS & UPI transactions, Customer compensation shall be applicable in case beneficiary fails to update "RET" as per below table. TAT for raising returns by Beneficiary Bank are highlighted below.

| Product | Adjustment Type | No. of days after Transaction date         |
|---------|-----------------|--|
| IMPS    | RET             | 4C of 1 <sup>st</sup> day (before 5.30 PM) |
| UPI     | RET             | 4C of 1 <sup>st</sup> day (before 4 PM)    |

**Changes in dispute processing:**

Condition for customer compensation shall be calculated from transaction date to the customer account credited/reversed date if it is within T+1 for P2P and T+5 for P2M customer compensation will not be applicable (Example:-If the P2P transaction amount is credited to the customer account on T+3 then customer will be eligible for 100X2=200 rupees compensation, similarly, if P2M transaction amount is credited to the customer account on T+7 then customer will be eligible for 100X2=200 rupees compensation).

**For IMPS & UPI P2P transactions:**

| Adjustment Type                                 | Within T+1 | *After T+1 |
|---|------------|------------|
| Chargeback Accept / Deemed Accept               | NA         | Applicable |
| Pre-Arbitration Accept                          | NA         | Applicable |
| Pre-Arbitration Deemed / Deemed Accept          | NA         | Applicable |
| Arbitration Accept                              | NA         | Applicable |
| Deferred Chargeback Accept / Deemed Accept      | NA         | Applicable |
| Deferred Pre-Arbitration Accept / Deemed Accept | NA         | Applicable |
| Deferred Arbitration Accept                     | NA         | Applicable |

\* T+1 indicate transaction next day 4 PM for UPI & T+5.30 PM for IMPS.

**For UPI Merchant transactions:**

| Dispute Name                                    | Within T+4 | *After T+4 |
|---|------------|------------|
| Return / Credit Adjustment                      | NA         | Applicable |
| Chargeback Accept / Deemed Accept               | NA         | Applicable |
| Pre-Arbitration Accept/Deemed Accept            | NA         | Applicable |
| Arbitration Accept                              | NA         | Applicable |
| Deferred Chargeback Accept/Deemed Accept        | NA         | Applicable |
| Deferred Pre-Arbitration Accept / Deemed Accept | NA         | Applicable |
| Deferred Arbitration Accept                     | NA         | Applicable |

\* \* T+4 indicate 4 pm of 4<sup>th</sup> day from the next day of the transaction date.

**Note:**

- Compensation shall not be applicable for wrong credits and fraudulent transactions.
- Existing Disputes TAT for chargebacks, re-presentments etc. shall remain same including for new reason codes i.e. failed TXNs at merchant.
- New reason code "1065 (P2M) – Account debited but transaction confirmation not received at merchant location" will be introduced in RGCS while raising chargebacks for issuing bank to claim compensation basis the customer information. Penalty shall only be applicable for the new reason code i.e. for failed TXN at merchant. No penalty shall be calculated for exiting reason codes.
- Acquiring bank to initiate return/credit adjustments with specific MMT "Account debited but confirmation not received at merchant location" to identify disputes arising due to such failed Transactions.

- e. Where Acquirer/Merchant have failed to initiate a credit adjustment/refund, if the customer lodges a complaint with the Issuing bank, Issuing bank to initiate a chargeback with specific MMT (Member Message Text) as 'Account debited but confirmation not received at merchant location' to identify disputes arising due to such failed Transactions.
- f. Till proposed changes are implemented in BCS & RGCS, the customer compensation on the disputes/adjustments for transaction from 15<sup>th</sup> Oct, 2019 shall be calculated as per new RBI circular and settle the same through manual adjustment in regular intervals, details of the same shall be provided to members in report format on regular basis.
- g. NPCI shall provide cycle wise reports even on RTGS holidays. However RTGS settlement shall happen as per RBI RTGS calendar. It should be noted that Banks NDC limit shall be refreshed only once on RTGS holidays.

**Changes in Adjustment Report:** NPCI shall populate flag "Cust Comp" in SHDT70 column and "ADJ Raise Time" in SHDT71 which helps banks to know the status of compensation.

**NTSL reports/DSR:** New line item will be introduced in DSR with narration "Customer compensation for Non-Compliance" under which compensation value will reflect.

*(Handwritten signature)*