



To,

All Member Banks/Prepaid Payment Instrument Issuers (PPIs) of IMPS

Dear Sir/ Madam,

Sub: Immediate Payment Service (IMPS) - Joining of RRBs, UCBs and DCBs

As you are aware that one of the most popular used cases for IMPS has been, the remittances from urban migrants to their families back home. IMPS have been seen as a preferred choice here since the money is transferred immediately and the service is available 24x7.

However expansion of this service has the limitations currently because most of the beneficiaries are in rural/semi-urban areas wherein the dominant banks are RRBs/UCBs/DCBs. As per the existing RBI guidelines, any bank can use the IMPS platform only if it has the mobile banking approval.

Currently, only 9 out of 62 RRBs have received RBI approval for mobile banking. Bringing all the RRBs, UCBs and DCBs into the scope of mobile banking will take some time as these banks will have to comply with the necessary guidelines as issued by RBI.

However, it is noticed that most of the customers of these banks are "beneficiaries" and not the "remitters". Considering this fact and the likely time that the banks will take in acquiring the mobile banking approval, it would be advisable to at least enable these bank customers on IMPS (mobile banking) as the "beneficiaries", till the time the banks acquire capabilities to offer complete mobile banking services. This will not only help in expansion of urban migrant remittance but will also help in expanding the financial inclusion reach.

Considering these facts, we requested RBI approval for these Banks (RRBs, UCBs and DCBs) to join IMPS only as a Beneficiary without the Mobile Banking approval from RBI.

Following conditions are envisaged to be applicable for such Banks joining IMPS:

1. The Banks would act as Remitter or provide range of mobile banking services only after obtaining the RBI approval
2. The Banks would be connected through their Sponsor Banks to IMPS and the Sponsor Bank would be responsible for their settlement.

Such a regulatory relaxation for Regional Rural Banks, UCBs and DCBs, would go a long way in promotion of mobile banking in rural/semi-urban area. For RRBs to participate only as receiving Banks, mobile Banking approval should not be insisted upon, but as and when RRBs would like to offer mobile channel to its customers, mobile banking license should be insisted upon.

The approval from RBI on the above has been received, and RRBs, DCBs and UCBs can now join IMPS, subject the conditions as mentioned above.

This is for your kind information.

Yours sincerely,

Dillip Asbe
Chief Operating Officer