



To,

**All the Members of Immediate Payment Service (IMPS)**

Dear Sir / Madam,

**Sub: IMPS – Importance of Daily Reconciliation**

Objective: The objective of this circular is to elucidate the importance of daily reconciliation of IMPS transactions.

This circular recommends process to be followed by banks so as to attain efficiency in IMPS reconciliation and handling exceptional transactions.

**REMITTING BANK**

Remitting banks should do reconciliation between switch & CBS data with IMPS raw data and ensure that total amount debited to their customers' a/c (remitting bank's pooling a/c) is equal to the total amount shown as debit in the DSR (Daily Settlement Report). It is recommended to reconcile transaction count, amount, fee etc. Please ensure to reconcile the total amount shown as debit in DSR is equal to the pooling a/c balance as per the cut-off. Any discrepancy should be investigated entry-wise and appropriate action should be taken. We give below indicative action point under various scenarios:

- Initiate chargeback only in case of customer complaint for non-credit of beneficiary's a/c, provided the beneficiary bank has not raised TCC (102/103) or Return, as the case may be. (Please refer Operating Circular NPCI/IMPS/OC No 33/2013-2014 for more details).
- Chargeback should not be raised if TCC is already present or funds are returned by beneficiary bank.
- Download the Returns and credit adjustments raised by beneficiary banks and credit the remitting customer's account immediately.
- Download all settlement files and adjustments data daily which are made available in DMS application for each settlement cycle and store it for future reference.

**BENEFICIARY BANK**

Beneficiary banks should do reconciliation between Switch, CBS and IMPS raw data. Please ensure that the total amount shown as credit in DSR (Daily Settlement Report) is equal to the GL balance in the receivable pooling a/c. Any discrepancy should be investigated entry-wise and appropriate action should be taken. Identify the un-reconciled or unmatched entries and raise adjustments through DMS application, after taking appropriate action, wherever necessary, as follows.

**For Timed out transactions RC-08 (ISO8583 RC-91):**

- Upload TCC – 102 if beneficiary customer's a/c is credited online
- Upload TCC – 103 if beneficiary customer's a/c is credited manually (since the transaction amount was not credited online)
- Upload RET- (Returns) if customer a/c cannot be credited due to various reason using relevant reason codes.
- Do not return the funds without ascertaining whether manual credit can be afforded to your customer. (Please refer to Operating Circular NPCI/IMPS/OC No 28/2013-2014 for detailed reconciliation actions).

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- Ensure that chargebacks are re-presented with valid proof within the TAT of 3 days (excluding chargeback day) if the customer a/c is credited either online or manually (please refer to Operating Circular NPCI/IMPS/OC No 28/2013-2014 for details).
- Download all settlement files and adjustments which are made available in DMS and perform reconciliation accordingly, similarly respond to the adjustments raised by other banks within the TAT.

#### **For approved transactions RC-00**

Bank should check approved transactions between IMPS raw data and CBS. In case transaction is approved at IMPS raw data but not credited to customer a/c online in CBS, beneficiary bank has to credit customer a/c manually. In case the customer a/c cannot be credited due to any reason, bank should return the funds by raising credit adjustment in DMS.

The reconciliation of RC-00 and RC-08 (detailed above) can be merged into a single process.

#### **Best practices:**

- Reconcile GL a/cs maintained for remitting and beneficiary transactions every day. This will help banks to address the issue of surplus credits getting accumulated.
- Timely processing of TCCs/ Returns/Credit adjustments will result in:
  - Reduction of chargebacks, thereby saving time and efforts involved in addressing chargebacks raised by remitting banks.
  - Reduction of customer complaints for timed out (RC-08) transactions.
- Facilitate timely resolution of customer complaints.

Proper implementation of daily reconciliation process shall not only help the banks to have a better control over the GL a/cs for IMPS transactions and address customer complaints effectively but shall also benefit the overall ecosystem.

#### **Other Operational arrangements – Our suggestions**

- ✚ **Automated Recon System** - Avoid manual reconciliation system which may be error prone. Banks should automate the entire IMPS reconciliation process to avoid errors and resultant financial loss.
- ✚ **Separate Reconciliation Team** - Banks should have separate and dedicated team to reconcile IMPS transaction and initiate actions on T+0/T+1.
- ✚ **Operations Team** - Banks should have separate operations team to handle customer complaints of your own bank and to respond other bank complaints.
- ✚ **Technology Team** – To perform analysis on daily basis and find if any incorrect request or response message is sent or received by your switch or CBS. This has to be fixed immediately to avoid any repetitive errors and resultant financial loss.
- ✚ **DR Setup** – Banks should have DR setup: In case of major issue at the production system, bank can switch over to the DR to avoid decline transactions thereby resulting to customer complaints & reconciliation issue.

For any queries or clarification, please contact:

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Yours faithfully,

  
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