

NPCI/IMPS/OC No. 56/2014-15

March 30, 2015

To,

All Members,
Immediate Payment Service (IMPS)

Dear Sir/Madam,

Sub: Generation of Advice Message by NPCI in place of Verification Request

The Steering Committee of IMPS (in the Meeting held on 17-12-2014) approved that NPCI operationalize generation of advice message to beneficiary bank instead of Verification Request (VR) where the original transaction is timed out.

Existing Process:

Remitting bank/PPI (hereinafter referred as "Remitter") sends credit request message to NPCI and waits up to 30 seconds for receiving the response. If the Remitter does not receive the response within 30 seconds, it will generate VR to find out the status of the Original Request (OR). VR is sent by Remitter maximum three times in either of the following two situations.

- i) Remitter does not receive any response within 30 seconds after sending OR (0200 message).
- ii) Remitter has received timed out response from NPCI (in 0210 message) i.e. IMPS RC-08 / ISO RC-91 which means status of the transaction at the beneficiary bank's end is unknown.

If beneficiary bank responds to the VR, then the original transaction will be updated either as approved (RC-00) or declined (RC-M0), as the case may be. In case no response is received from beneficiary bank even after sending three VRs, then the transaction will be treated as timed out and the transaction is settled as Deemed Approved.

Issues with the current process:

It is observed that at times, the Remitter is sending incorrect VR, as follows:

- i) VR preceding OR - In this case beneficiary bank sends decline response (RC-M0) because they do not find OR. Based on the RC-M0, the Remitter reverses and credits their customer account online since the transaction is declined by beneficiary bank. Subsequently, when the OR is received by beneficiary bank, the transaction amount is credited to the a/c and successful response RC-00 is sent by beneficiary bank. NPCI will settle funds between Remitter and beneficiary bank since the transaction is successful and approved. This situation may result in financial loss since the transaction is reversed to remitting customer's a/c online based on the declined response by beneficiary bank for VR which did not have preceding OR.
- ii) Remitter sends VR and no OR is sent.
- iii) NPCI sends successful response (RC-00) to Remitter even then Remitter still sends VR due to system issue.
- iv) VRs are sent at irregular intervals.

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Proposed Process:

To address the above issues, NPCI has come up with following solution:

- VR functionality will be discontinued. (Please refer Annexure -2 for details).
- For transactions where no response is received from beneficiary bank, NPCI will send advice message (0220 message) every 30 seconds up to maximum of three times till the response is received either as approved or declined.
- On receiving advice message from NPCI, beneficiary bank should respond (0230 message) to NPCI with the status of the original transaction.
- If Remitter sends VR, NPCI will drop the VR and send timeout response to the Remitter i.e. RC -08 / ISO – 91.
- Beneficiary bank should send in their 0230 response message, status of the original transaction using any of the below mentioned four response codes.

0230 RESPONSE SENT BY BENEFICIARY BANK FOR A 0220 MESSAGE AND TREATMENT THEREOF FOR ORIGINAL TRANSACTION					
ISO 8583 - RC	Description	IMPS- RC	Original Transaction Update Status in IMPS (IMPS /ITM RCs)	Transaction Status	Settlement Status
00	Transaction Approved	00	00	Approved	YES
M0	Transaction declined	M0	M0	Declined	NO
NO	- No Original transaction: Advice message (0220) received without the Original Message (0200). - When advice message is received from NPCI, beneficiary bank ascertains the status of the original transaction. If the status thereof is unknown, then the beneficiary bank should send NO response - <u>"status of the transaction is unknown"</u>.	08	08	TXN Status is Unknown - Deemed Approved	YES
If beneficiary bank sends any response other than above RCs, such response codes will be ignored and the transaction will be treated as Deemed Approved.			08	TXN Status is Unknown - Deemed Approved	YES

If NPCI does not get response from the beneficiary bank even after sending three advice messages, the transaction is treated as timed-out and the transaction is settled as Deemed Approved. Advice message shall contain the same RRN which is sent in the original message.



Actions as Remitter:

- Under the new process, Remitter should stop generating VR for timed out transaction.
- Remitter should verify the settlement file to find out the status of such transaction and take appropriate action as mentioned below:
 - I) If the response for the transaction is RC 00, it means transaction is successful online and hence, no action required.
 - II) If the response for the transaction is RC M0, means the transaction is declined transaction and Remitter should reverse and credit the customer's a/c.
 - III) If the response for the transaction is RC 08, it means status of the transaction is unknown and hence Deemed Approved. In such case, the existing reconciliation process has to be followed.

Actions as beneficiary bank:

- Beneficiary bank should respond to advice request message (0220) with advice response message (in 0230).
- If the original transaction is successful, then the beneficiary bank should send response code RC 00.
- If the original transaction is unsuccessful, then the beneficiary bank should send response code RC M0.
- If the beneficiary bank has not received the original transaction but received an advice message, then the beneficiary bank should send RC NO.
- If the beneficiary bank switch is uncertain about the status of the transaction, then the beneficiary bank should even send RC NO.
- **BENEFICIARY BANK SHOULD NOT SEND ANY RESPONSE CODE OTHER THAN RC-00, RC-M0, & RC-NO.**
- 0220 ADVISE MESSAGE IS NOT INDEPENDENT TRANSACTION AND HENCE HAS TO BE RELATED TO ORIGINAL TRANSACTION. CARE MUST BE TAKEN TO ENSURE THAT MULTIPLE CREDITS ARE NOT AFFORDED TO BENEFICIARY CUSTOMER BASED ON 0220 ADVISE MESSAGE.

Actions from NPCI:

- NPCI will send timed out response RC 08 (ISO 91) to Remitter if beneficiary bank does not send any response for an OR within 30 seconds. Thereafter, NPCI will send advice request message (0220) to beneficiary bank for which the beneficiary bank has to send response (0230 message).
- If NPCI receives successful response i.e. RC-00, from the beneficiary bank for advice message, then the transaction status will be updated as successful with RC-00 and the transaction will be settled.
- If NPCI receives response from the beneficiary bank as RC M0 for advice message, then NPCI will update the transaction as RC M0. Since the transaction is declined, NPCI will not settle this transaction. No adjustment will be allowed in DMS for transaction with RC M0.
- If NPCI receives response as RC NO then it will be considered as timed out transaction and the transaction will be settled as Deemed Approved.

- If NPCI receives any response other than RC-00, RC-M0, & RC-NO, then NPCI will update the response code as RC 08 (ISO 91). In such case, NPCI will settle the transaction as Deemed Approved.
- If beneficiary bank does not respond to any of the three advice messages sent by NPCI, then the transaction will be treated as timed out - RC-08 (ISO-91) - and the transaction will be settled as Deemed Approved.
- NPCI will not forward any 0230 message to Remitter online. The Remitter has to verify the status of the transaction from settlement file made available in DMS.
- There will be no change in any of the reports.

We are releasing herewith the 'Specification document' for the implementation of the advice messages. All the members are requested to implement the changes before **May 31, 2015**. Members are required to make changes both as a 'Remitter' (stop initiating the verification requests) and as 'beneficiary bank' (send response to the Advice message forwarded by NPCI).

Member bank has to certify the advice message changes with NPCI before implementing the changes to their production system.

Detailed advice message flow is mentioned in Annexure – I and various scenarios of bank readiness for advice message as remitter & beneficiary with treatment thereof is mentioned in Annexure – 2.

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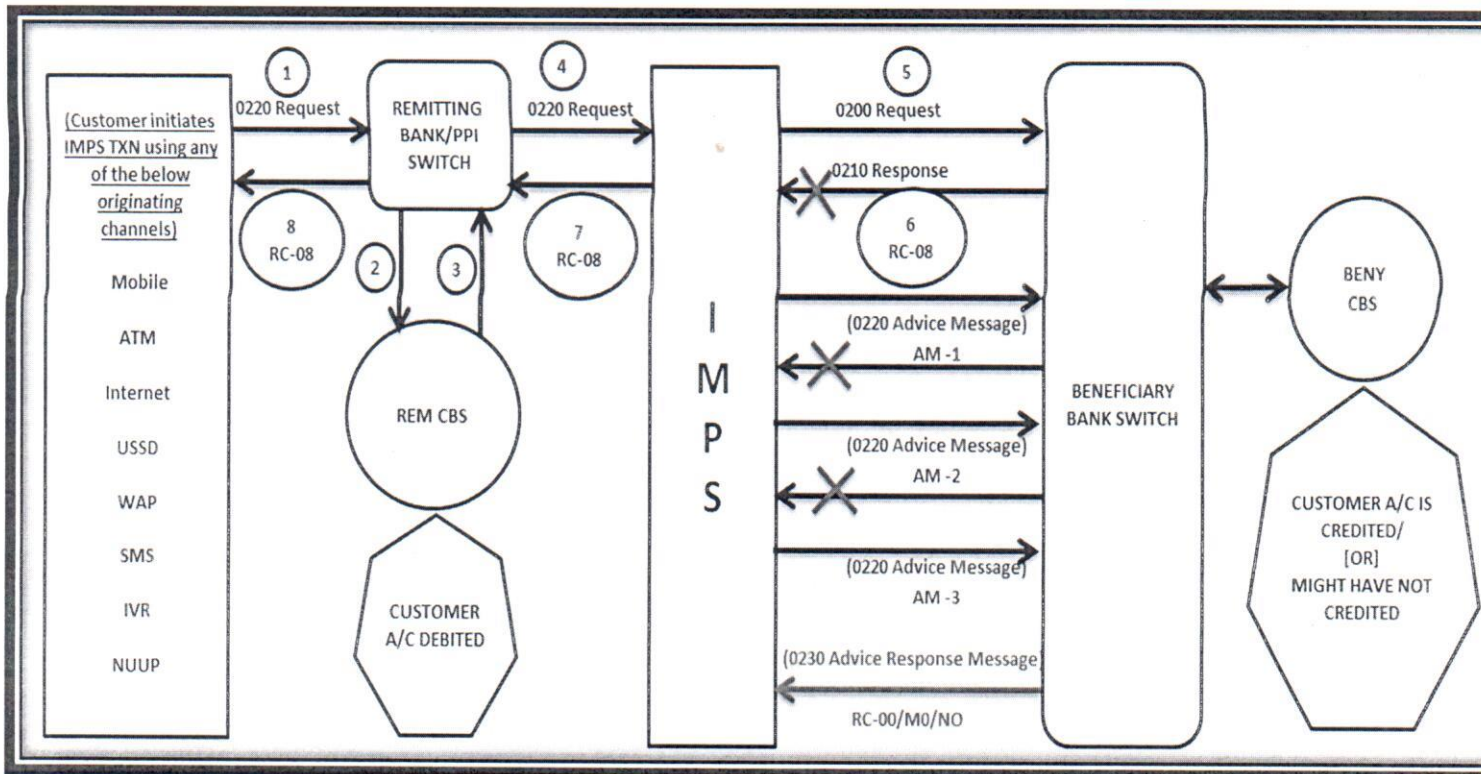
Yours faithfully,



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Head - Operations

Enc.

Annexure – I:



Transaction Flow:

- 1) Remitter bank's customer initiates transaction through any channel.
- 2) The transaction information is received by the Remitter bank. Remitter bank validates the transaction and debits the customer's account.
- 3) Remitter sends the transaction to NPCI.
- 4) NPCI forwards the message to the beneficiary bank.
- 5) Beneficiary bank does not send any response to NPCI within 30 seconds.
- 6) NPCI will send timed out response to Remitter (RC-08 / ISO-91). On receiving timed out response, remitter should treat the transaction as deemed successful and should not raise any Verification Requests. Status of the timed out transactions should be searched from DMS.
- 7) For Remitter & NPCI, status of the original transaction at the beneficiary bank's end is unknown.
- 8) NPCI will send 0220 advice message to beneficiary bank up to maximum of 3 times till the beneficiary bank responds to the 0220 advice message.
- 9) Beneficiary bank has to respond with 0230 message either with success (RC-00) or with decline status (RC-M0). Beneficiary bank has to send RC-NO in case advice request message does not find any original transactions and if the status of the original transaction is unknown.
- 10) If beneficiary sends any response other than RC-00, M0, & NO, such transactions will be updated as timed out transactions RC-08 / ISO-91 and process the settlement as Deemed Accepted.
- 11) NPCI will update the final status of the transaction accordingly. In case no response is received for any of the three advice message sent by NPCI, then the transaction will be treated as deemed approved and the existing process on RC-08 will be applicable.



Annexure – 2:

NPCI WILL OPERATIONALISE THE ADVICE MESSAGE ON IMPS SWITCH W.E.F JUNE 01, 2015 - BELOW SCENARIOS WILL BE APPLICABLE IF IMPS MEMBERS ARE NOT READY EITHER AS REMITTER OR BENEFICIARY					
Scenarios	Remitter Institution	Beneficiary Bank	NPCI	Remarks	Settlement Status
Scenario - 1	Remitter Institution is not ready with advice message implementation	Beneficiary Bank is not ready with advice message implementation	Remitter Institution will send VR to find the status of original transaction same as existing process. NPCI will forward the VR to Beneficiary bank and wait for response up to 30 seconds and update the original transaction status whatever the response sent by beneficiary bank, in case of no response received from beneficiary then the transaction will be treated as timed out/deemed approved. On receiving VR, beneficiary bank should verify the status of original transaction and update in response message accordingly	Existing VR process will remain	VR status will be updated if IMPS RC is 00 or 01 otherwise IMPS RC-08 will be updated
Scenario - 2	Remitter Institution is ready with advice message implementation	Beneficiary Bank is not ready with advice message implementation	NPCI will send timed out response to remitter institution and thereafter remitter should not generate VR, remitter should check the status of the transaction in settlement reports	NPCI will not initiate either VR nor Advice Message to beneficiary bank	OR status will remain as final status
Scenario - 3	Remitter Institution is not ready with advice message implementation	Beneficiary Bank is ready with advice message implementation	Remitter institution will send VR to find the status of original transaction same as existing process, NPCI will send time out response to remitter for all VRs. NPCI will forward the 0220 advice message to Beneficiary bank and wait for response up to 30 seconds and update the original transaction status with the response sent in 0230 message by beneficiary bank	NPCI will initiate Advice Message and send it to beneficiary bank and update the original transaction status accordingly	Original transaction will be updated with the advice response message that is sent by beneficiary bank, in case of no response for advice message transaction will be updated with IMPS RC-08
Scenario - 4	Remitter Institution is ready with advice message implementation	Beneficiary Bank is ready with advice message implementation	Remitter institution will not send VR on receiving time out response from NPCI. NPCI will send advice message to beneficiary bank. Beneficiary bank will have to verify the original transaction status and respond accordingly in 0230 message	NPCI will initiate Advice Message and send it to beneficiary bank and update the original transaction status accordingly	Original transaction will be updated with the advice response message that is sent by beneficiary bank, in case of no response for advice message transaction will be updated with IMPS RC-08