

NPCI/RuPay/023A/2023-24

9<sup>th</sup> February 2024

To,

All RuPay Members – Banks, Payment Gateways (PGs)

**Subject: Addendum to OC 023 – Enablement of Pre-authorization for RuPay Cards**

Dear Sir / Madam,

We refer to RuPay product circular vide reference no. NPCI/RuPay/023/2023-24 dated 20<sup>th</sup> December 2023, on enablement of pre-authorization for RuPay cards, which provided the guidelines for allowed days and maximum allowable limit for pre-authorized transactions.

The RuPay Steering Committee held on 1<sup>st</sup> February 2024 discussed the allowed days and maximum allowable limit for pre-authorized transactions and endorsed the following revisions:

| Sr. No. | MCC          | Description        | Allowed Days | Final Amount  |
|---------|--------------|--------------------|--------------|---|
| 1       | 3351 to 3441 | Car Rentals        | 7 days       | The final bill amount should be less than or equal to the pre-authorization amount. If the final bill exceeds the pre-authorization amount, a fresh authorization must be initiated for the remaining/ total bill amount. |
| 2       | 4112         | Passenger Railways | 7 days       |   |
| 3       | 4121         | Cab booking        | 7 days       |   |
| 4       | 7011         | Hotel Bookings     | 7 days       |   |
| 5       | 8062         | Hospitals          | 7 days       |   |

Please find the action required from the member banks and PGs:

- Issuing Bank:** The issuer shall identify the pre-authorization transaction basis the value 55 in DE-25 in the online transaction message and shall secure the funds in the cardholder's account. It shall also ensure that the pre-authorization hold amount, duly specified by the merchant, remains accessible to cover the pending transaction until the final settlement amount is determined.
- Acquiring Bank:** The acquiring bank shall send the value 55 in DE-25 in the online transaction message to initiate a pre-authorization for POS transaction.
- Payment Gateway (PG):** For online e-commerce transaction, the PG shall send the pre-authorization indicator in the *BEPG\_Authorize* API to initiate a pre-authorization.

Please refer Annexure I for customer lifecycle in Pre-authorization. Members are requested to refer to RuPay Online Switching Interface Specification document and BEPG Acquirer Interface guide for more information.

Member banks/ PGs are requested to make all the necessary changes and comply to the above actions by 31<sup>st</sup> March 2024.

Yours sincerely,

SD/-

**Kunal Kalawatia**  
Chief of Products

## Annexure I

### Customer Lifecycle in Pre-Authorization -

- **Request for Pre-Authorization:** When the payment is initiated, the merchant sends an authorization request to secure the funds in the customer's account.
- **Authorization:** The issuing bank verifies the customer's account for availability of funds and accordingly will approve/ decline the transaction.
- **Hold Period:** During this period, the authorized amount is secured on the customer's account. It's essential to ensure that the final settlement occurs within the specified timeframe, which is 7 days.
- **Settlement:** There will be no change in the settlement process. However, the merchant/ acquirer is expected to raise the presentment within 7 days from the date of transaction post which, the pre-authorization request would become void.

For example, please refer the below illustration:

| Day   | Scenario Description  |
|-------|---|
| Day 0 | Merchant initiates the pre-auth (Date of transaction)   |
| Day 0 | Issuer checks the availability of funds and places temporary hold on the specified amount and provides the confirmation.  |
| Day 0 | Merchant/ Acquirer can initiate a cancelation request for Pre-auth or proceed with presentment. If the merchant initiates to cancel the pre-auth, the funds held will be released by the issuer                             |
| Day 1 | Merchant/ Acquirer can initiate a cancelation request for Pre-auth or proceed with presentment.   |
| Day 2 | Merchant/ Acquirer can initiate a cancelation request for Pre-auth or proceed with presentment.   |
| Day 3 | Merchant/ Acquirer can initiate a cancelation request for Pre-auth or proceed with presentment.   |
| Day 4 | Merchant/ Acquirer can initiate a cancelation request for Pre-auth or proceed with presentment.   |
| Day 5 | Merchant/ Acquirer can initiate a cancelation request for Pre-auth or proceed with presentment.   |
| Day 6 | Merchant/ Acquirer can initiate a cancelation request for Pre-auth or proceed with presentment. A maximum of 7 days are allowed to present the transaction (Day 0 to Day 6) by which Issuer should receive the presentment. |
| Day 7 | If presentment is not received by Day 6, funds held on the cardholder's account will be released by the Issuer.   |

### Handling allowable limit over and above the Pre-authorized amount:

In some cases, the final settlement amount may differ from the initial authorization due to additional charges or adjustments. Merchant is required to handle these variances appropriately. Here's an example:

**Scenario:** A customer pre-authorizes a credit card for INR 2000 at a hotel. Upon check-out, the final bill is INR 2100, including incidentals. In this case, the merchant needs to settle the transaction with the additional amount of INR 100.

**Process:** The merchant will send a presentment for INR 2000 and shall take a fresh authorization of additional INR 100. Alternatively, the merchant can initiate a cancellation of earlier Pre-authorization and initiate a new authorization for the total bill amount, which will include the additional usage.

It's important to note that a settlement may have a different amount than the initial authorization, such as when additional charges or adjustments are made. Issuers shall have chargeback rights in case of any customer's complaint.

- a. If the acquirer submits the presentment after 7 days, the issuer may choose to honor it or reject it. If the issuer honors the request, the issuer will have the right to raise the chargeback under late presentment (Reason code – 1081).