

NPCI/UPI/OC No. 14 / 2016-17

January 4, 2017

To,

All Member Banks, Unified Payments Interface (UPI)

Dear Sir / Madam,

Subject: UPI – Unified payments interfaces compliance and requirement for member banks

National Payments Corporation of India (NPCI) launched Unified Payments Interface (UPI) with member banks on 25th August, 2016. Currently, 35 banks are live on UPI out of which 27 banks live as PSP and 8 banks are live as an issuer only. More banks would be joining the service in due course.

Further to our communication and deliberations, we wish to communicate the following decisions and requirements from member banks:

- 1. Implementation of Separate settlement of UPI:** Presently the UPI transactions are getting settled in IMPS. RBI vide their approval for launching UPI, directed to segregate the settlement and SGF for IMPS and UPI transactions. It is decided that there will be separate settlement for UPI and IMPS effective **1st February 2017** for 1st cycle (23:00 hour -10:00 hour). NPCI will communicate the modalities of separate SGF (Settlement Guarantee Fund) in due course.
- 2. Implementation of Deemed Approval:** Presently in UPI any timeout at beneficiary bank end, there is reversal initiated from UPI to both Remitter Bank and Beneficiary Bank. There are few cases, where beneficiary bank was not able to process the online reversal and hence getting out of funds. Accordingly the concept of introducing deemed approved only in case of beneficiary bank is not able to respond to credit reversal was deliberated and approved in UPI steering committee dated 19th September, 2016. Now it is decided to enable the “deemed approved” concept for UPI effective **1st February 2017** for 1st cycle (23:00 hour -10:00 hour) for only this condition. All the conditions of T+1 credit and penalty for delayed credit for deemed accept cases shall be followed. Also members in UPI ecosystem shall commit to less than 0.1% of deemed approved transactions as decided in UPI steering committee.
- 3. Implementation of generating UPI PIN using ATM PIN:** NPCI issued UPI OC no. 8 regarding “Generating UPI PIN using ATM PIN as the What You Know factor in addition to existing factors”. We wish to inform the member banks that required

changes at NPCI end are in production / live. Issuer bank's can avail the functionality if so desired.

4. UPI Technical Declines: UPI transactions increasing day by day. We observed that number of technical declines have also increased. The major technical reasons are:

- a) Timeout during debit or credit
- b) CBS unavailable
- c) Issuer node offline
- d) Message acknowledgment not received etc.

NPCI is regularly providing the analysis to all member banks. Member banks are requested to initiate necessary steps to stop technical declines and are expected to maintain the benchmark of **Technical declines ratio below 1%**.

We would like to also draw your attention to our earlier circulars action items that are yet to be fulfilled. Request you to provide your confirmation on implementation:

Sr. No.	NPCI Requirement	Reference to document	Compliance Status
1.	Enabling Reading and generating dynamic QR code functionality in PSP App	NPCI/UPI/OC No: 11/2016-17 dated 7 th of December 2016 under the subject : "Urgent enablement of reading, generating dynamic QR code by 20th Dec"	YES / NO Previous compliance date :20 th December , 2016 Revised Compliance date :15 th January, 2017
2.	Implementing the UPI 1.5 common library (including marking SPAM collect feature on PSP App)	NPCI/UPI/OC No: 07/2016-17 dated 19 th of October 2016 under the subject : "UPI – Usability enhancement"	YES / NO Previous compliance date :31 th December , 2016 Revised Compliance date :15 th January, 2017
3.	Implementation of Daily Reconciliation and dispute	NPCI/UPI/OC No: 03/2016-17 dated 2nd	YES / NO

	Handling for UPI at bankside with dedicated reconciliation /operations team	of August, 2016 & NPCI/UPI/OC No: 09/2016-17 dated 1 st of December 2016 under the subject : "UPI - Daily Reconciliation and Dispute Handling"	
4.	Bankside UPI System capacity to handle revised processing volume of "5 Million (50 Lakhs) transactions per day and 500 transactions per second (TPS)" including interface with CBS (excluding SBI) with "99.9% uptime"	NPCI/UPI/OC No: 12/2016-17 dated 8 th of December 2016 under the subject: "Revision in benchmarking criteria of UPI system, interface of member banks" and NPCI/UPI/OC No: 04/2016-17 dated 12 th of August 2016 under the subject: "Compliance with the NPCI Circulars and Procedural Guideline"	YES /NO/In Progress Date : 31 st January , 2017

You are requested to acknowledge this communication and confirm the latest by the 5th January , 2016 to the following email Id's :

1. sarika.sorte@npci.org.in
2. Anjali.jain@npci.org.in

Yours faithfully,

Dilip Asbe
Chief Operating Officer