

NPCI /UPI /OC No. 53 /2018-19

17 July 2018

To,

All Member Banks - Unified Payments Interface (UPI)

Dear Sir/ Madam,

Compliance to the Sec 43A, Rule 3 & 7 of Information Technology Act, 2000

NPCI has executed the Agreement for Provision of Unified Payments Interface (UPI) to Member (UPI Agreement) for admitting member banks in UPI network. Under Section 15.3 of the Agreement, member banks are obliged to ensure compliance with laws on data protection under Information Technology Act, 2008 and rules framed thereunder.

- 2 In continuation to the above referred UPI Agreement and our circulars on compliances by Merchants & third parties in the ecosystem, including but not limited to Circular No 32 and Circular No 15B dated 15th of September 2017, we draw your reference to section 43A of Information Technology Act, 2000 (IT Act) and the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011(IT Rules) which deal with data protection of sensitive personal data.
- 3 Members are requested to note that along with the member banks acting as PSPs, UPI also provides for the third party App providers to participate in the UPI framework. Clear and explicit guidelines in regard to data storage have been issued vide our circular numbers 32 & 15B for Multi Bank model and single SDK model respectively.
- 4 The third party App providers store restricted data as permissible. It may be noted that section 43A of the IT Act provides a framework in respect of handling all the sensitive personal information. In this regard, reference is invited to Rule 3 & 7 in particular of the IT Rules. Financial transactions conducted via UPI platform fall under the category of sensitive personal data (where applicable and as defined) or information under Section 43A of the IT Act.
- 5 Bearing reference to the aforementioned, it is hereby advised to members and the third party App providers through member banks to ensure compliance with Rule 3 and 7 of the IT Rules with respect to maintaining security and privacy of information pertaining to the technical architecture of the systems deployed as a part of the payment system and transactions, the mechanism of transferring and processing the data, outsourcing arrangement made with any other vendor and controls followed by banks/ third party App providers and the respective vendors.
- 6 Member banks are also requested to ensure compliance with all directives issued by Reserve Bank of India in regard to storage of payments system data.

We advise necessary compliance to the circular. The details of the circular may please be brought to the notice of all the relevant departments.

Thanking you,

Vishal Kanvaty
SVP - Innovations & Products