

NPCI/UPI/OC-99/2020-21

12th January, 2021

To,

All Members participating in various NPCI Products

Madam / Dear Sir,

Sub: Adherence to NPCI guidelines by members/participants

NPCI, an umbrella organization for retail payments system, has the responsibility to oversee the adherence to various guidelines of NPCI by the members/participants for all NPCI Products. It is also in the interest of the eco-system that the members/participants observe the rules and regulations set by NPCI through Procedural Guidelines (PG) and Operating Circulars (OC) to ensure that the eco-system runs on the same standards and principles of integrity and credibility.

With the continuous evolution and increased pace of development of payment landscape in the country including the participants leveraging the technological developments, and also the requirement to ensure safe, secure and efficient payment systems, it is incumbent on all participants to ensure strict adherence of the various NPCI guidelines.

NPCI shall ensure that the members/participants are adhering to PGs and OCs of all products of NPCI. Though such activity are presently monitored/tracked at our end and raised to participant concerned when issues are observed, there is no formal process of recording members/participants self-attestation confirming adherence to all NPCI guidelines and take corrective measures/actions for cases where continuous non-adherence is observed. Also, it becomes quite difficult to track the status and progress of non-compliance. The impact due to non-adherence by one participant that affects another participant or the customer need hardly be emphasized here. To address this gap, we are implementing the process of obtaining a self-attestation from members that they are complying with the NPCI guidelines. We attach herewith the **Annexure A** which covers responsibilities of members/participants and **Annexure B** which covers NPCI guidelines to be adhered as on date and will include any guidelines issued from time to time. We shall be obtaining a self-certification from each member/participants that they are adhering to such guidelines. A communication detailing the modalities of such certification shall be shared separately.

NPCI shall also be tracking from various reports, data, etc. to review that members/participants are adhering to the guidelines.

We have also set up Surveillance & Enforcement (S&E) Division within the Risk Management Department of NPCI to handle cases where non-compliance is observed so that proper remedial action can be taken. This will further maintain the smooth functioning of payment systems.

Please make a note of the contents herein and disseminate the information contained herein to the officials concerned.

Yours faithfully,



Praveena Rai
Chief Operating Officer

Encl:

1. Annexure A - Responsibilities of Members/Participants
2. Annexure B - List of Compliance Documents Checklist

Annexure A

Responsibilities of Members / Participants

The responsibilities of the members/participants to various NPCI products are as follows:

- To comply with the on boarding & certification process.
- Adherence to the rules, regulations, instructions, etc. as per -
 - OCs issued by NPCI
 - PGs of NPCI
 - NPCI data specifications for sending/processing transactions
- Prepare master list of compliances applicable to various products in co-ordination with NPCI & ensure periodic review of the list.
- To monitor the adherence of regulations within the organization and take corrective steps in case of any deviation.

The following corrective steps shall be taken for any non-adherence to NPCI regulations.

Level 1

- Letter shall be issued to the members/participants against any deviation observed.

Letter may be issued based on the severity of the non-compliance advising the members/participants to explain why action cannot be taken on such members/participants for the non-compliance.

- Members/Participants shall provide response within 15 working days from the date of letter.
- If the response is acceptable, then the observation shall be closed at NPCI end.

Level 2

- If the response is not received within 15 working days or the response is not acceptable, then
 - Letter shall be issued addressed to the senior official of the members/participants.
 - Members/participants shall be given one to three months' time from the date of issuance of such letter to take remedial action based on the severity.
 - If not remedied within the said time lines, the members/participants will be served with a notice for taking action by way of penalty.

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- The penalty shall be imposed basis the severity of non-compliance (i.e. low/medium/high).

Level 3

- After imposing the penalty, if it is observed that the member/participant has not taken corrective steps or still not responded to NPCI letter, then the issue shall be escalated, as the case may be, to:-
 - Top management of the member/participants
 - Regulator (RBI)
- The member/participant shall be put under temporary suspension post the above activities with appropriate internal approval. The period of temporary suspension shall be based on the severity of the non-compliant event.
- The non-compliant member/participant shall be provided with suitable time to remedy the non-compliant event and it shall be monitored for closure. Post completion of initial temporary suspension period, confirmation shall be sought from the members/participants for the corrective steps taken at their end.
- In case member/participant has remedied the non-compliant event, the suspension shall be revoked after validating remedial measure taken by such member/participant.
- In case the member/participant has not remedied the non-compliant event, the suspension will be continued till such time it is not remedied.
- After considering the following factors, the case shall be taken up for permanent termination of membership for the product.
 - severity of the case
 - number of times the temporary suspension has been extended
 - failure to implement remedial measures during the suspension period
- In case the remedial measures are implemented by the member/participants, then the termination shall be put on hold and status of non-compliance shall be monitored. If status found to be compliant, then the case shall be closed.

Process for penal action

The penalty shall depend upon the severity of the non-compliance. The S&E Division shall assess each non-compliance by members/participants and classify the severity of such case as low/medium/high. NPCI shall inform the member/participants the severity level for any one or more events of non-adherence to the NPCI guidelines. Based on the severity, the penalty shall be determined. In case proper

explanation (acceptable to NPCI) is provided by the member/participant within the 30 days from the date of communication of imposing penalty, in such case, the penalty shall not be applicable. Any decision by NPCI, in this connection, shall be final and binding of such member/participant.

Annexure B

List of Compliance Documents Checklist

Sr. No.	Name of the Document
1	Circular 1 Enablement of UPI for 1000 employees
2	Circular 2 Prerequisites for UPI Customer launch
3	Circular 3 Daily reconciliation of UPI transactions
4	Circular 4 Compliance with NPCI Circulars and Procedural Guidelines of UPI
5	Circular 5 Security considerations on UPI - Immediate Actions
6	UPI OC 06 - Implementation of FRM in UPI
7	Circular 7 UPI- Usability enhancement
8	Circular 8 Addendum to circular for implementing UPI 1.5 changes
9	Circular 9 Daily reconciliation and dispute handling
10	Circular 10 Enhancements for seamless customer onboarding
11	Circular 11 urgent enablement of reading/generating dynamic QR Code by 20th Dec 2016
12	Circular 12 Revision of benchmarking criteria of UPI system/interface of member banks
13	Circular 13 Compliance to merchant onboarding and sdk guidelines checklist
14	Circular 14 UPI Compliance requirement for member banks
15	Circular 15 - UPI Merchant SDK :Specific requirements and Compliance
16	Circular 15 - a Checklist for PSP SDK - Addendum to 15
17	Circular 15- b Single PSP Model Merchant Integration (Addendum circular 15B) & 32cRisk and compliance
18	Circular 15 c Guidelines on Interoperability features for all BHIM UPI Apps



19	Circular – 16 UPI IMPS 99# Revision in MDR Interchange Fee Period 1 st Jan 2017 to 31 st March 2017
20	Circular 17 a - Compliance for successful Debit reversals
21	Circular 17 b - Handling deemed approved transactions and reconciliation
22	Circular 18 Bank Compliances to enable UPI Merchant ecosystem
23	Circular 19 – UPI DRC-Process to handle timeout transactions for debit reversal request message sent to remitting banks.
24	Circular 19-interchange structure for RuPay UPI IMPS 99#
25	Circular 20 - Assigning exclusive MCC for LIC
26	Circular 21 Usage of BHIM by bank's UPI PSP App
27	Circular 22 Launch of Referral and Merchant Cashback scheme for BHIM users.
28	Circular 23 UPI OC Migration from Service Tax to GST 18%
29	Circular 24 Corporate disbursement through UPI
30	Circular 25 Discontinuing services on USSD 1.0 system
31	Circular 26 Process to handle UPI customer complaints & best practices
32	Circular 27 UPI – Inclusion of UPI Banks in BHIM Merchant Cashback and Referral Bonus Scheme
33	Circular 28 Scanning UPI credentials integrated in Bharat QR through UPI PSP Application
34	Circular 29 To reduce the high technical declines & Business declines
35	Circular 30- Direction for submission of UPI system audit reports from external agencies falling under below defined criteria and guidelines.
36	Circular 31 Inclusion of UPI Banks in BHIM Merchant Cashback and Referral Bonus Scheme
37	Circular 32 Unified Payment Interface: Multiple bank model (API Approach)
38	Circular 33 Desirable to have feature (change from mandatory) – App passcode and ATM Pin for set UPI PIN

39	Circular 34 Compliances related to MCCs in UPI and guidelines for merchant on-boarded through Aggregator
40	Circular 35 Guidelines for positioning of UPI/BHIM logo as payment mode at merchant location(offline and online)
41	Circular 36- OC- UPI & IMPS pricing changes for transaction value <= Rs. 1000 /-
42	Circular 37 Bank PSP apps and third party apps Compliance to UPI Deep linking Specs 1.5.1
43	Circular 38UPI – RRC “Refund/Return Reversal Confirmation”
44	Circular 39UPI - Efficient implementations for merchant on-boarding on UPI
45	Circular 40 UPI – Complaints Handling Process
46	Circular 41UPI & IMPS process to handle chargeback for wrong account transfer
47	Circular 42 UPI – Enhanced penalty for not updating TCC, RET, DRC & RRC after T+1 working day
48	Circular 43 Standardization of the Account Statement narration in Unified Payments Interface (UPI)
49	Circular 44- 1 Balance Inquiry in UPI – Optional for PSP & 3rd party UPI enabled App. 2) No storage or usage of Customer Account Balance by PSP Bank or 3rd party as ‘Customer Sensitive payment data’
50	Circular 45 -1) Implementation of new response/error codes. 2) Best practices to reduce - ‘Deemed approved’ transactions, ‘Unsuccessful debit Reversals’ and ‘overall declines’
51	Circular 46 : BHIM UPI branding at all UPI enabled Apps and merchants
52	Circular 47 Extension and modification of BHIM / BHIM UPI incentive/cashback scheme for individuals and cashback scheme for merchants

53	Circular 48 Foreign Inward Remittance (FIR) through Unified Payment Interface (UPI).
54	UPI OC 49 - Onboarding banks as an acquirer only with no retail presence
55	Circular 50 Introduction of Bill Pay functionality (BBPS) on BHIM APP
56	Circular 51 UPI – Process for scheduling maintenance activities & SMS alerts to customers
57	Circular 52 Modification of BHIM incentive scheme for individuals and withdrawal of BHIM incentive scheme for merchants
58	Circular 53 Compliance to the Sec 43A, Rule 3 & 7 of Information Technology Act, 2000
59	Circular 54 Regarding removal of Pay to Aadhaar functionality in UPI and IMPS
60	UPI OC 55 - Blocking of transactions between same account in UPI
61	OC 56 Member banks to be on boarded on 2.0 + UPI user experience master sheet shared with all PSP
62	Circular 57 Changes in PSP & Customer communication to prevent fraudulent transactions
63	Circular 58 Parent app to support interoperability compliance for their P2M only apps in case of nonexclusive handles
64	Circular 59 Change of production IP of RGCS for UPI
65	Circular 60 Credit/Debit nonresident accounts in UPI & IMPS for domestic transactions.
66	Circular 61 UPI transaction frequency limit revised to 10 transactions for P2P w.e.f October 21, 2018
67	UPI OC 62 - UPI Pricing for Transaction through linked Over Draft (OD) account
68	Circular 63 Migration to UPI 2.0 by 31st March 2019.
69	Circular 64 - UPI 2.0 Pricing

70	Circular 65 Change in cutover cycles in UPI – (w.e.f – 28th January 2019)
71	Circular 66 Minimum NDC of Rs 2.5 Lakhs for Sub member banks in UPI & IMPS
72	UPI OC 67 - Revision in UPI switching fee for P2P & P2M
73	UPI OC 67A - UPI Pricing(Addendum to UPI OC 67)
74	Circular 68 Levy of sub charge by merchants & Channels partners prohibited on UPI
75	OC No. 69 Limit on P2P Collect transaction value
76	Circular 70 Introduction of P2PM Category in UPI from unorganized or small merchants
77	Circular 71 Enhancement of UPI per transaction limit to Rs 2lakhs for UPI based ASBA
78	UPI OC 72 - Rationalization of MDR & Interchange in UPI
79	Circular 73 Payer app Behavior for Intent Based Transaction on UPI
80	Circular 74 UPI Compliance Guidelines
81	Circular 75 On-boarding RRBs as Acquirers in UPI
82	Circular 76 Sub member banks limit management
83	UPI OC 77 - Revision of UPI Switching Fee
84	Circular 78 Reconciliation and handling declined /timed out transaction in UPI for ONE time Mandate block transaction types
85	UPI OC 79 - Revision of UPI P2M interchange and PSP fee
86	Circular 80 Third party validation API using PAN in UPI
87	Circular 81 Guidelines for Multi-Bank model and migration from single bank to multibank PSP model
88	Circular 82 Implementation of Rs 2lakhs limit per transaction for specific categories in UPI
89	UPI OC 83 - Introduction of Cash Withdrawal Services at Merchant Location
90	UPI OC 84 - RuPay, UPI P2M Fee Rebate

91	UPI OC 85 - measures to mitigate misleading UPI Is for Covid donations
92	UPI OC 86 - Addendum to RMD 001
93	Revised UPI OC 87 - Indicative Guidelines for System Audit Report (SAR)
94	UPI OC 88 - URCS Implementation 14th May 2020
95	UPI OC 89 - Customer on-boarding on iOS based devices
96	UPI OC 90 - Service Charge for UPI e-mandate for recurring transactions.
97	UPI OC 91 - UPI Interchange & PSP fees for P2M
98	UPI OC 92 - UPI Pricing for Mandate with Block & onetime debit (Non IPO
99	UPI OC 93 - Introduction of International Merchant payments through UPI
100	UPI OC 93A - UPI Pricing for UPI Global - Addendum to UPI Circular 93
101	Circular 94 - Creation of Secondary / Back up UPI ID to improve Customer Experience
102	Circular 94A – Addendum to Circular 94
103	Circular 95 - Guideline on usage of UPI APIs'
104	Circular 96 - Merchant Ecosystem Enhancements & Introduction of B2B as a Separate Category
105	OC-97 Guidelines on volume cap for Third Party App Providers (TPAPs) in UPI
106	Circular 98 UDIR - Enhancing Complaint handling & resolution process for UPI transactions
107	RMD 001 Restriction on BHIM UPI transactions
108	RMD 014-Standard SMS text for user when he initiates device binding
109	RMD 15 Security Recommendations for UPI ecosystem
110	RMD-170 Additional security measures for UPI
111	RMD 327 Spam & Block Functionality on app
112	UPI OSG -Operating and Settlement Guidelines
113	UPI Technical specification (TSD)
114	UPI Procedure Document (PG)