

Electronic Funds Transfer and Clearing System (EFTCS) Project undertaken by the Royal Monetary Authority of Bhutan

The Royal Monetary Authority of Bhutan (RMA) with Technical Assistance from the Reserve Bank of India (RBI) has implemented the Electronic Funds Transfer and Clearing System (EFTCS) Project for strengthening the Payment Systems in Bhutan aimed at providing fast, secure and efficient payment services to the public.

With the introduction of EFTCS, the transfer of money/funds from one account to the other account shall take place electronically. It will also minimize the inconveniences and delays associated with the current cash and other paper based transfer of funds such as cheques and drafts.

Under the EFTCS Project, RMA shall implement the following three types of Payment Systems:

1. National Electronic Funds Transfer (NEFT) System

NEFT is a nationwide funds transfer system to facilitate individual transfer of funds from one branch of a bank to another branch of any other participating commercial bank in Bhutan.

Example: An individual having account with Bhutan National Bank (BNB) shall be able to transfer funds to another person having account with any of the other commercial bank i.e BoB, T Bank and Druk PNB Bank.

2. National Electronic Clearing System (NECS) Debit

Under NECS Debit, the account of an institution shall be credited by debiting money from the accounts of many customers. In other words, NECS (Debit) is used for raising debits to accounts of multiple customers for crediting the account of a particular institution, thus involving multiple debits and a single credit.

Under this scheme, the debits are raised with proper authorization from the account holders.

Example: Payment of Utility Bills.

The Utility Companies like Bhutan Telecom, Bhutan Power Corporation, City Corporation etc shall be able to collect the monthly amounts of bills payable to them by their customers, directly by debiting the accounts of the individual customers maintained with commercial banks such as BoB, BNB, T Bank and Druk PNB Bank.

Types of transactions planned to be covered during the initial stage of implementation of NECS (Debit) include payment of utilities bills (telephone bill, electricity bill and water bill).

In future, additional transactions such as loan repayments, payment of insurance premiums, monthly charges for cable television, fees for school/college/training institutions etc. shall also be included under NECS Debit.

3. National Electronic Clearing System (NECS) Credit

Under NECS credit, the accounts of individuals maintained with commercial banks shall be credited with amounts

payable to them by the organization/company. It covers transactions involving single debit and multiple credits.

Types of transactions planned to be covered during the initial stage of implementation of NECS (Credit) include payments of salaries and dividends.

Example:

Salaries:

Monthly salaries payable to the employees of an organization shall be directly credited to their accounts maintained with any commercial bank by debiting the account of the concerned organization.

With the introduction of this service, it will no longer be required for the employees and the employer organizations to maintain accounts in the same bank.

Dividend:

Henceforth, companies like Penden Cement Authority Ltd., Kuensel Corporation, Bhutan Times, Bhutan Tourism Corporation etc desiring to pay dividend to their shareholders need not send cheques to their shareholders as currently practiced. Instead, the dividend payable to the shareholders shall be directly credited into their accounts maintained with any commercial bank.

In future, additional transactions such as pension payments, disbursement of bonus, income tax refund by Government, refund of Initial Public Offer for subscription of shares etc. shall also be included under NECS Credit.

Benefits of EFTCS.

Following are some of the benefits of using the EFTCS by Individuals (customers), User Institutions and the banks:

- Transfer of funds from one branch of a bank to any branch of any other participating commercial bank in Bhutan shall be possible.
- Receipts/payments of funds shall be faster.
- Administrative cost associated with the conventional method of payments shall be minimized to a greater extent.
- It is very safe and secure mode of transfer of funds.

Implementation of EFTCS Project

The above three Payment Systems have been launched from today, June 11, 2010. Initially, the project shall be implemented in Thimphu, to be extended to other parts of the country in due course.

Request to the Users

In view of the various benefits of these Payment Systems, the RMA appeals to various organizations and the general public to avail these facilities.