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**ROYAL MONETARY AUTHORITY OF BHUTAN**

**RMA/BFS-RuPay/2018-19/**

**Date: March 19, 2019**

The Chief Executive Officers,  
All BFS Member Banks

**Subject: Circular on BFS and RuPay Inter-connectivity**

Dear Sir,

As already known to all the BFS member banks, we would like to reiterate that the Royal Monetary Authority has entered into a Network to Network Agreement with the National Payment Corporation of India and is aimed at interconnecting the ATMs and PoS networks for the convenience and benefit of the citizens of the two nations. The scope of the arrangement includes the following two phases of interconnectivity:

**Phase 1:** Acceptance of RuPay cards issued in India across merchant locations and ATMs of member banks of RMA in Bhutan.

**Phase 2:** Issuance of RuPay cards by member banks of RMA and acceptance of these cards across merchant locations and ATMs in India.

The cross-border digitalization project was conceived and approved during the 133<sup>rd</sup> Board Meeting held on 29<sup>th</sup> December 2017.

The first phase of interconnectivity i.e. acceptance of RuPay cards in BFS network has been tested successfully with live RuPay cards including both cash withdrawal and balance enquiry from 12<sup>th</sup> March 2019 onward. Since then, there are few RuPay transactions on a daily basis. The type of transactions supported and interchange fees applicable are given below:

Particulars	Rate/Amount (INR)	Payable By	
ATM Cash Withdrawal Interchange Fee	Rs 30	NPCI	
Balance Inquiry Interchange Fee- ATM	Rs 5	NPCI	
Interchange Fee-PoS (Transaction size <= 2000 INR)	0.90% of transaction amount	RMA Bank	Member
Interchange Fee-PoS (Transaction size > 2000 INR)	1.20 % of transaction amount	RMA Bank	Member



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## ROYAL MONETARY AUTHORITY OF BHUTAN

### Deduction of TDS on Interchange Fee

A TDS of 10 percent will be levied on the interchange fees earned for the RuPay acquiring transactions in accordance with the Income Tax Act of India, 1961. The same will be reflected against the member banks settlement account maintained with the RMA. The claims on reimbursement of TDS charges on the interchange fees will be disbursed to the BFS member banks, subject to NPCI refunding the charges to the RMA as per the NPCI extant guidelines.

In particular, please note the following:

1. Member banks to train a significant portion of the staff and the merchants to be aware of the business of RuPay cards for acceptance and have the knowledge to conduct a successful RuPay card transaction.
2. Make RuPay stickers and decals to be prominently exhibited at all ATMs and merchants to the extent possible.
3. Provide timely assistance, necessary for resolving any problems, complaints or disputes between a cardholder and a merchant.
4. The settlement and clearing for the RuPay cards with the BFS member banks will be presented in Ngultrum in the existing domestic BFS settlement account of the respective member banks. Further, the member banks can distinguish the RuPay transactions based on RuPay BINs and by the name 'NPCING' in the transaction reports.
5. Provision of ATM withdrawal slips at the ATMs as a proof of transaction for the Indian tourists to be eligible for the reconversion of unspent/leftover Ngultrum into at the RMA exchange counters. The ATM slips also serve as legitimate transaction receipt in case of ATM disputes and chargebacks.

### Cybersecurity measures

The RMA conducted an assessment towards achieving security accreditation of cyber security and information security to mitigate cyber intrusion and threats from disrupting and damaging confidentiality, integrity and availability of Switch services. To this end, the RMA has successfully been certified with both ISO 27001:2013 and PCI DSS v3.2.1 accreditation awards. Along the same vein, the member banks are advised to put in place a robust cyber security framework to address the growing cyber security incidents/attacks in the banking sector. Further, the banks are encouraged to gradually replace the current magnetic stripe based ATM/Debit cards with the EMV chip based cards and to upgrade the ATMs to accept and process EMV chip cards to avoid EMV liability shift.



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**ROYAL MONETARY AUTHORITY OF BHUTAN**

For any further clarification, please contact the following officials:

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Finally, we would urge the member banks to provide reliable and seamless 24/7 ATM and PoS services.

Yours sincerely,

**(Dasho Penjore)**  
Governor