

RMA reviews charges on Electronic Payment Systems

The Royal Monetary Authority of Bhutan (RMA), in collaboration with the commercial banks, has implemented various Electronic Payment Systems such as the National Electronic Clearing System (NECS) Credit, National Electronic Clearing System (NECS) Debit, National Electronic Funds Transfer (NEFT) System as well as the Bhutan Financial Switch (BFS) in the country to facilitate customers to promptly transfer funds amongst the commercial banks (inter-bank) with the objective of providing safe, efficient and affordable electronic payment services to the general public.

NECS (Credit) is used for affording credit to a large number of beneficiaries by raising a single debit to an account such as payment of salaries, pensions, dividends, bonus, LTC, etc.

NECS (Debit) is used for raising debits from number of accounts of customers for crediting a particular institution such as the payment of utility bills, collection of schools fees, etc.

National Electronic Funds Transfer (NEFT) system

The National Electronic Funds Transfer (NEFT) system is an electronic funds transfer system that facilitates the transfer of funds from one branch of a bank to any branch of other participating commercial banks in Bhutan. NEFT facilitates transfer of funds between individuals, institutions as well as between an institution and an individual. In other words, NEFT normally facilitates transfer of funds between two parties.

For the benefit of customers who do not have bank accounts, i.e. walk-in-customers (remitters not having bank accounts with the remitting bank) are allowed to transfer funds through NEFT up to a maximum amount of Nu.50, 000/- per transaction by depositing cash.

Currently, NEFT transactions are processed five times a day on an hourly interval thereby facilitating receipts of funds within an hour of its transfer.

Bhutan Financial Switch (BFS)

The BFS which RMA has operationlised from December, 2011 for further development of the country's payment systems has facilitated the interoperability of ATMs and the Point of Sale (PoS) terminals of the banks thereby making it very convenient for the clients to withdraw cash from the ATM of any bank as well as facilitate payments for purchase from shops through the PoS machine of

any bank.

The introduction of these payment systems have been possible with significant amount of investments made by the RMA, as Central Bank as well as by all commercial banks as the stakeholders, in the form of hardware, software, customization, network connectivity, development of interface etc. Since the roll out of these payment systems, customers have been offered these facilities free of any charges until a nominal fee of Nu.5 per financial transaction has been charged for inter-bank ATM transaction from March 2013 although issuing banks continue to pay hefty monthly interchange bills to the acquirer banks for using the latter's ATMs by their customers.

Therefore, in order to rationalize the services with the objective of providing enhanced services, it is felt necessary to introduce the following modest transfer charges on inter-bank electronic payment systems such as the NEFT and the BFS with effect from July 1, 2014:

I. National Electronic Funds Transfer (NEFT) System charges:

	Slab	Charges
A	Inward NEFT (receipt through NEFT)	Free of Charge
B	Outward NEFT (remittance through NEFT)	-
	Up to Nu. 50,000	Free of Charge
	Nu. 50,001 to Nu. 100,000	Maximum of Nu. 15
	Nu. 100,001 to Nu. 1,000,000	Maximum of Nu. 20
	Above Nu. 1,000,000	Maximum of Nu. 35

It may be observed from the above slab that a customer shall continue to avail free NEFT funds transfer facility up to Nu.50,000 per day per beneficiary through various batches of NEFT.

II. Inter-bank ATM charges:

- Customers shall be offered five (5) successful financial inter-bank ATM transactions per month free of any charge. In other words, customers of one bank can withdraw cash from ATMs of other banks five times in a month without paying any charge.

The cost of providing these five (5) free transactions shall be borne by the issuing bank on behalf of its customers as the interchange fee at the rate of Nu.12 per successful financial

transaction is payable to the acquirer bank.

- Over and above the five (5) free monthly transactions, the customers shall be charged Nu. 12 per successful financial transaction for withdrawing cash from the ATMs of other banks.

The above ATM charges are applicable only for inter-bank ATM transactions as the banks have been providing the ATM services for their own clients free of charge.

The charges for the inter-bank electronic payment systems have been kept at reasonable rates, reflecting the continued efforts of the financial sector to provide affordable electronic payment services to the customers.