

**Bhutan Immediate Payment Service (BIPS) and
Payment Gateway
Procedural Guidelines**



Royal Monetary Authority of Bhutan

Thimphu, Bhutan

(2017)

Index of the revision in BIPS and PG Procedural Guideline 2017

| Version | Section title | Change Made | Date |
|---------|---|---|--|
| 1 | 6.3 Merchant | <p>Added the following sub-section under Merchant:</p> <p>6.1.1. Admission necessary for participation</p> <p>6.1.2. Eligibility for admission as a participant</p> <p>6.1.3. Procedure for Admission</p> <p>6.1.4. Suspension</p> <p>6.1.5. Cancellation of Letter of Admission</p> | <p>March 15, 2017</p> <p>Approved during 38th RMA Executive Committee Meeting held on March 15, 2017</p> |
| | Annexure II Payment Gateway Merchant Registration Form | <p>Replaced Form: RMA / BIPS- III, the Merchant Registration Form with the revised version that included the cover letter, application form, verification of bank account and technical clearance report of IT Department.</p> | <p>March 15, 2017</p> <p>Approved during 38th RMA Executive Committee Meeting held on March 15, 2017</p> |

Contents:

| Section | Subject | Page |
|-----------------|---|-------------|
| 1. | SHORT TITLE AND COMMENCEMENT | 2 |
| 2. | OBJECTIVE | 2 |
| 3. | INTERPRETATION | 2 |
| 4. | AMENDMENT | 3 |
| 5. | COVERAGE | 3 |
| 6. | OPERATING PROCEDURE AND RESPONSIBILITY OF MEMBERS | |
| | 6.1. RMA | 4 |
| | 6.2. Member banks | 4 |
| | 6.3 Merchant | 5 |
| 7. | CUSTOMER CARE | |
| | 7.1. Customer registration | 7 |
| | 7.2. Customer complaint | 7 |
| 8. | SERVICE CHARGES | 7 |
| 9. | INDEMNIFICATION | 7 |
| 10. | AML/CFT COMPLIANCE | 8 |
| 11. | NON-DISCLOSURE | 8 |
| 12. | PENALTY | 8 |
| 13. | DISPUTE MANAGEMENT | |
| | 13.1. Error handling | 8 |
| | 13.2. Failed payment requests | 9 |
| | 13.3. Exception handling | 9 |
| | 13.4. Dispute Redressal | 9 |
| 14. | DEFINITIONS | 9 |
| Annexure | | |
| I. | Process flow of BIPS and PG | 11 |
| II. | Form - Application for participation of bank in RMA BIPS and PG | 13 |
| | Form - Letter of Admission for participation for banks | 14 |
| | Form – Application for Merchant in RMA BIPS and PG | 15 |
| III. | Dispute Management Systems (DMS) | 22 |

Procedural Guidelines for Bhutan Immediate Payment Service and Payment Gateway 2016

Pursuant to section 9(c) of the Royal Monetary Authority Act 2010 and approval accorded by the Board of Directors during the 119th RMA Board meeting on November 23, 2016, the Royal Monetary Authority of Bhutan hereby adopts the procedural guidelines for Bhutan Immediate Payment Service (BIPS) and Payment Gateway (PG) to govern the operation of BIPS and PG.

1. SHORT TITLE AND COMMENCEMENT

This guideline shall be called 'Procedural Guidelines for Bhutan Immediate Payment Service & Payment Gateway 2017'. They shall come into force from 27 January 2017 and extends to all member of BIPS and PG in Bhutan.

2. OBJECTIVE

Bhutan Immediate Payment Service (BIPS) and Payment Gateway is an instant national interbank electronic funds transfer system through the Internet banking, mobile and ATM channels by leveraging the use of the Bhutan Financial Switch and Bank Application Programming Interface (API) platform.

The main objective of the BIPS and PG Procedural Guideline is to govern the day to day operation of the systems by its members which comprise of the RMA, member banks and merchants. The objectives of system are:

- a. To build a robust and cost effective real-time retail payment service available round-the-clock;
- b. To provide a channel independent access mechanism;
- c. To build an interoperable fund transfer service; and
- d. To be a catalyst in facilitating financial inclusion process and to provide banking services to even the last mile customer.

3. INTERPRETATION

The authority for the final interpretation of any provision of the Procedural guideline shall vest with the RMA which, if warranted, may issue such instruction and clarification from time to time as may be necessary to give effect and implement this guideline.

4. AMENDMENT

The amendment relating to addition, changes or repeal of any provisions of this guideline shall be made by the Board/Executive Committee based on the recommendation of the Management.

5. COVERAGE

The system shall cover transactions of the following characteristics:

- a) For transactions initiated through Mobile channels, which will be authenticated using mobile, m pin & account number.

Mobile + Account Number + M Pin

- b) For transactions initiated using the Internet banking, which will be authenticated the using existing two-factor authentication method i.e. username and password.

User ID +Internet Banking Password + Account Number

- c) For transactions initiated using ATM, which will be authenticated by using existing two-factor authentication method i.e. ATM card and pin code.

ATM card + Pin code+ Account Number

- d) For payment related to Government to Citizen (G2C) services, which will be the authenticated by account number and one-time password provided by Issuing Bank for remitting customers using G2C/appropriate web portal and mobile apps.

G2C Portal + Account Number + One Time Password (OTP)

To complete a cycle, following five parties shall be involved:

- a) Remitting customer
- b) Remitting bank
- c) Bhutan Financial Switch (BFS)
- d) Beneficiary bank
- e) Beneficiary customer

The process flow of BIPS and PG is covered under Annexure I.

6. OPERATING PROCEDURE AND RESPONSIBILITY OF MEMBERS

6.1. RMA

- a. Operation and Maintenance

The RMA is the owner and coordinator of the BIPS and PG and shall operate and maintain BIPS and PG. RMA shall undertake the task of operation, supervision and maintenance of the network.

- b. Monitoring and reports

The entire operation pertaining to the BIPS and PG shall be monitored by RMA.

The RMA shall ensure that each member banks receives transaction and settlement reports. However, members shall keep their books of accounts reconciled on a daily basis.

- c. Settlement

Interbank settlement amongst the members involving debiting the remitting bank and crediting the beneficiary bank shall be carried out on a net basis on a daily by the RMA.

6.2. Member banks

- a. Operations: Members shall maintain round-the-clock connectivity of their network for the BIPS services with an uptime of 99 %;
- b. Accuracy of input Data: Members shall ensure that their switch generates accurate input data with reference to the BIPS specification for BIPS transactions;

- c. Security of transactions: Security of transactions between the mobile handset and the bank's BIPS server shall be the responsibility of the remitting and beneficiary member banks;
- d. If any member banks fail to fulfill its commitment towards other members participating in the BIPS Network, thus, causing any loss in the form of settlement or transaction fees, the defaulting member shall bear such loss completely. In such a case, funds available in the defaulting member's settlement account shall be used to settle claims at the earliest.
- e. Members are required to have a round-the-clock help desk team.
- f. Members are required to have a reconciliation team working daily.
- g. Members are required to have a separate operations team to handle inter member/customer's complaints.
- h. Members shall have primary infrastructure, Business continuity plan, and disaster recovery (DR).
- i. Members shall have robust infrastructure in terms of application, network, and hardware capabilities to perform BIPS transactions in a secure and efficient manner.
- j. Members shall perform all scheduled maintenance activity during non-peak hours.

6.3. Merchant

- a. Merchants shall maintain round-the-clock connectivity of their network for the BIPS and PG services with an uptime of 99 %;
- b. Merchant shall ensure that their web portal/mobile application generates and abides to accurate input data with reference to the BIPS and PG specification of RMA;
- c. Merchant shall ensure the security of their web portal using Secure Sockets Layers (SSL) certification.
- d. Merchant shall share the PKI to complete the Certificate Signing Request (CSR) with RMA.

6.3.1. Admission necessary for participation

No persons shall be entitled to use the Payment Gateway (PG) service, unless the institution / merchant is admitted for participation.

6.3.2. Eligibility for admission as a participant

- a. To be eligible to apply for admission, an applicant must have a valid business license issued by an appropriate authority
- b. Is willing and able to comply with the technical operational requirements of PG service

6.3.3. Procedure for Admission

Any business/merchant eligible to be admitted in the PG service may submit to RMA the application containing full particulars in the form specified in Annexure I (Application for Merchant Registration). The Governor/Deputy Governor will issue Letter of Admission as specified in Annexure IV to every business/merchant admitted into the PG Service.

6.3.4. Suspension

- a. If a participating institution/merchant has defaulted in complying with any procedural guidelines
- b. Every order of suspension shall be notified immediately to the banks.
- c. An order of suspension may be reviewed and may be revoked at any time by the Governor/Deputy Governor upon representation received from the concerned business/merchant.

6.3.5. Cancellation of Letter of Admission

A Letter of admission issued to a merchant may be cancelled by the Governor/Deputy Governor on his being satisfied that such merchant has:

- a. Defaulted in complying with any Regulations or procedural guidelines issued from time to time.
- b. Failed to get the order of suspension passed against it under Regulation revoked within a period of three months from the date of order of suspension.
- c. Has conducted its transactions in the PG service in a manner prejudicial to the interest, integrity or efficiency of the System.
- d. No order of cancellation shall be passed without first giving an opportunity of hearing to the concerned merchant.
- e. Every order of cancellation shall be notified to the concerned bank.
- f. Notwithstanding the order of cancellation of Letter of Admission passed against it, such merchant shall discharge all its obligations arising out of the participation in the System.

7. CUSTOMER CARE

7.1. Customer registration

- a. To avail BIPS services, all banks shall to ensure safe and secure registration process for their customers.
- b. For remitters opting for mobile phones to initiate BIPS fund transfer, mobile banking registration is mandatory. However, this registration is not mandatory while initiating transactions using the Internet or ATM channel.
- c. Mobile banking registration is not mandatory for beneficiary to receive the fund in his/her bank account.

7.2. Customer complaint

In BIPS and PG remittance, a debit to a customer's account takes place first at his/her request and therefore it is expected that there can only be a complaint about the beneficiary not receiving credit or credit to wrong account. Any complaint about credit not being given to an intended beneficiary should be dealt with conclusively and bilaterally by the remitting and beneficiary banks within **3 days** from the date of the complaint.

8. SERVICE CHARGES

Service charges levied as part of availing the service is determined by Service Charge Committee for BIPS and PG comprising the representative from RMA and the banks or any other measures adopted by Authority. The charges shall be configured in the system. Service charge shall be revised periodically.

9. INDEMNIFICATION

All members participating in the BIPS network shall defend, indemnify, and protect themselves from all loss and liabilities, if any, arising out of the following:

- a. Member's failure to perform its duties and responsibilities as per BIPS and PG, 2016;
- b. Malfunctioning of member's equipment;
- c. Fraud or negligence on the part of a member;
- d. Unauthorized access to BIPS network, and
- e. Member's software, hardware, or any other equipment violates copyright and patent laws.

10. AML/CFT COMPLIANCE

All BIPS members should comply with proper Anti Money Laundering (AML) and Combating the Financing of Terrorism (CFT) checks as stipulated by RMA and other regulatory bodies, regulating the activities of the members before registering a customer for BIPS and PG. Further, remitting and beneficiary members banks shall be responsible to check the transaction amount limit as prescribed by RMA along with unusual remittance pattern, if any, with their customers.

11. NON-DISCLOSURE

All members participating in the BIPS network shall maintain the confidentiality of the BIPS and PG data. Each member shall treat BIPS and PG related documents strictly confidentiality and shall not disclose to third parties without prior written permission from RMA.

12. PENALTY

All members shall comply with the BIPS and PG Procedural Guideline. RMA reserves the right to impose penalties on the members if they have violated any of the provisions specified under these guidelines. Penalty may include imposing a fine decided by RMA or suspending/terminating of end-to-end (host-to-host) connectivity of the member.

13. DISPUTE MANAGEMENT

13.1. Error handling

- a. A payment request may fail to be effected due to various reasons such as loss of network connectivity, incorrect beneficiary details, etc. A remitting bank will accordingly receive from BFS or the beneficiary member, a negative response with the appropriate error code/response code. Details of various possible errors and handling them are available in the BIPS web portal that will be made available upon admission as BIPS member.
- b. RMA is committed to achieve and sustain a near-zero failure rate of payment requests that it processes. Therefore, RMA shall analyze the causes for failed payments requests on an ongoing basis and share the analysis with other members periodically. BIPS members on receipt of the same are expected to initiate immediate corrective action and support RMA in achieving a near-zero failure rate.

13.2. Failed payment requests

In case any BIPS transaction request fails, the remitter, based on the Switch's or Beneficiary's response, would reverse the original transactions and give a credit back to the remitting customer. This reversal shall happen immediately upon the receipt of a failed status response. The procedure to be followed, to ascertain the finality status of a payment request is given in the host-to-host interface specifications, which would be made available to members on admission to BIPS.

13.3. Exception handling

- a. Exception transactions are those, which cannot be reconciled or are reported as erroneous by a customer. Members should collaboratively endeavor to settle discrepancies in settlement, if raised by other members. To facilitate settlement of the exception transactions, RMA shall provide necessary transaction logs as logged by the BIPS systems of BFS, if any, relating to the transaction reported as exception.
- b. Members should resolve and settle all adjustments pertaining to the BIPS remittance transactions arising out of error. They shall furnish all reports/documents in support of the BIPS transaction dispute.
- c. Members are required to make necessary changes in the systems and procedures to comply with any revision in the guideline that may be issued by RMA from time to time.

13.4. Dispute Redressal

The procedure for handling disputes in the BIPS and PG Network is as follows:

- a. RMA maintains a database for all transactions performed by the members. Only valid disputes are processed by the RMA and the member banks.
- b. RMA and the member banks shall validate and processes the disputes raised by members upon verification of reports.
- c. Appendix – III explains the Dispute for BIPS and PG settlement guidelines

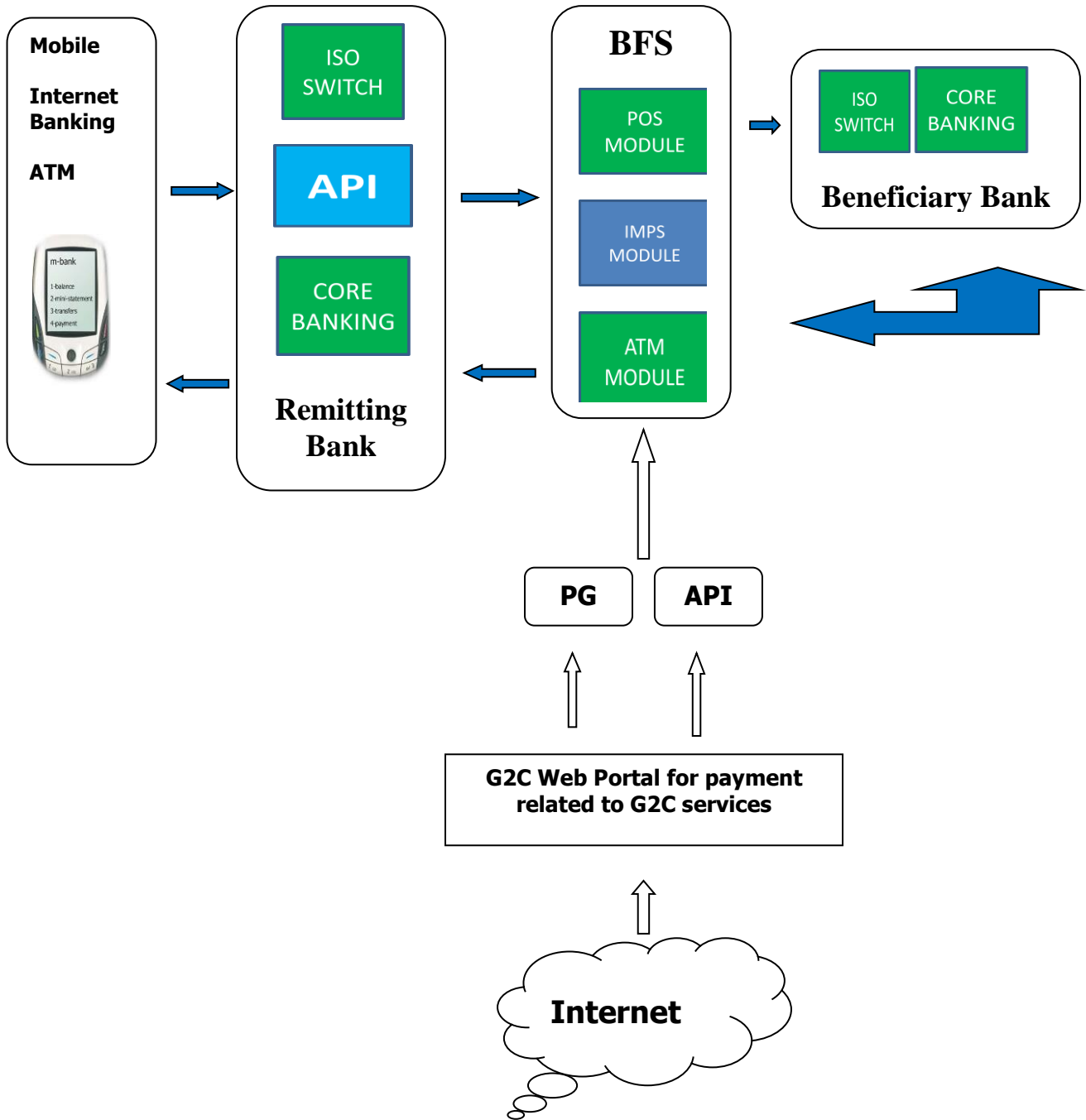
14. DEFINITIONS

- i. **BIPS and PG:** Bhutan Immediate Payment Service (BIPS) and Payment Gateway (PG) is an instant national interbank electronic funds transfer system through the Internet banking, mobile and ATM channels.
- ii. **Remitter** - means the person having account with the sending/originating bank wishing to transfer funds from his account through BIPS channels.
- iii. **Bank** - means a commercial bank as defined in Financial Services Act of

- Bhutan 2010.
- iv. **Beneficiary Bank:** refers to the BIPS member bank including branch where the beneficiary's account is held.
 - v. **Customer:** customer refers to an account holder of a bank who registers to avail of the BIPS services.
 - vi. **Remitting Bank** - refers to a member bank where the account of a remitter is held.
 - vii. **Account Holder** - refer to the beneficiaries under the scheme who would opt to receiving funds from the remitter directly by way of credit to their bank accounts.
 - viii. **Member Bank** - means a bank admitted for participating into the BIPS by RMA.
 - ix. **RMA** - means the Royal Monetary Authority of Bhutan established under the RMA Act 2010.
 - x. **Governor** - means the Governor of the Royal Monetary Authority of Bhutan.
 - xi. **Deputy Governor** - means the Deputy Governor of the Royal Monetary Authority of Bhutan.
 - xii. **Settlement Account** - means an account maintained by a participating bank at the Banking Department of RMA for the purpose of settlement of payment obligations.
 - xiii. **Bhutan Financial Switch (BFS)** – is the switch set up by the RMA to facilitate interbank fund transfer.
 - xiv. **Merchant:** is a service provider who has been authorized by RMA to perform PG and BIPS transactions.
 - xv. **One Time Password (OTP)** OTP is assigned by Issuer Bank to the remitter to initiate the payment for services through BIPS.
 - xvi. **RRN:** Retrieval Reference Number refers to the unique number assigned to a remittance transaction that helps in subsequent retrieval for reference.
 - xvii. **SFTP:** refer Secured File Transfer Protocol.

Annexure I

PROCESS FLOW OF BIPS AND PG



- o **Step 1:** Remitter sends payment instruction from his/her BIPS application i.e. the Internet, Mobile, ATM and G2C portal.
- o **Step 2:** Remitting bank validates the details of the remitter and debits his/her account. Thereafter, the transaction detail is sent by the remitting bank to RMA BFS.
- o **Step 3:** After processing, transaction is passed by RMA BFS to the beneficiary bank. Beneficiary bank validates the details of the beneficiary customer, credits the account, sends confirmation to RMA about transaction status and sends a SMS to the beneficiary customer informing him of the credit.
- o **Step 4:** RMA sends the transaction status to remitting bank which in turn informs the status of the transaction to the Remitter.
- o **Step 5:** Remitting bank sends SMS confirmation of the transaction to the remitting customer.

FORMS

Annexure-II

Form: RMA / BIPS&PG– I

Ref. No.....

Date:.....

The Deputy Governor
Royal Monetary Authority of Bhutan
Chhophel Lam, Kawajangasa
Thimphu Bhutan

Dear Sir,

Subject: Membership for Bhutan Immediate Payment Service (BIPS)

The(name of the bank) would like to participate in the RMA Immediate Payment Service.

In this connection, we would like to request the RMA to kindly approve our participation in the RMA BIPS.

We agree to abide by the Procedural Guidelines for BIPS in the event of being admitted into the System.

We would also comply with the technical and operational requirements of the BIPS.

We will ensure that adequate balance would be maintained in our account with Royal Monetary Authority of Bhutan for settlement of obligation relating to BIPS transaction.

We authorize the Royal Monetary Authority of Bhutan to debit our account maintained at Banking Department, RMA for all transaction relating to BIPS.

Yours faithfully,
Signature:

Name:
Designation of the authorized signature

Form: RMA/BIPS&PG-2

ReferenceNo:

Date:.....
.....
.....
.....
.....

Dear Sir,

Subject: Letter of Admission for participation of bank in RMA BIPS

Kindly refer to your application no.
dated.....requesting for participation in the RMA BIPS.

In this regard, RMA is pleased to inform that..... (name of the bank) has been admitted for participation in the RMA BIPS with effect from.....

As confirmed in your application, you are required to adhere to the Procedural Guidelines as well as comply with the technical and operational requirements as indicated in the Procedural Guidelines for BIPS.

Further, as authorised vide your letter no. dated, we will be debiting your current account maintained at Banking Department of Royal Monetary Authority of Bhutan for all transactions relating to your BIPS operations.

Yours faithfully,

Signature:

Name:

Designation of the authorized Signatory:

Merchant registration for Payment Gateway (PG)

The Deputy Governor
Royal Monetary Authority of Bhutan
Thimphu

Dear Sir/Madam,

Application for Merchant Registration in PG

We would like to request for approval to participate in the Payment Gateway Service and agree to abide by the Bhutan Immediate Payment Service and Payment Gateway Procedural Guideline 2017 as amended from time to time in the event of being admitted into the System.

We will comply with all the technical and operational requirements of the Payment Gateway Service and any related notifications that RMA may issue.

I/We declare that RMA will not be held responsible for any service related issues.

Yours faithfully

(Signature)
Name
Designation
Seal of the applicant:
Date and Place:

Part – A

Application for Merchant Registration

INSTRUCTIONS

- Application must be made in the prescribed form only. Wherever space is insufficient, information may be furnished in a separate sheet
- Application along with enclosures duly completed should be page numbered and submitted to the Payment and Settlement System Department, Royal Monetary Authority of Bhutan
- Application must be signed by an official who has the authority to do so such as, Chairman, Managing Director, Chief Executive Officer, or the proprietor.
- Application must bear common seal of the firm/company

| S/L | Particulars | Response |
|--------------------------------|--|-----------------|
| <u>Merchant details</u> | | |
| 1 | Merchant Legal Name (Specify your Company name as it appears in the Registration Certificate) : | |
| 2 | Official Website (Insert your Company's official website URL:) | |
| 3 | Contact Person Name, email address and mobile phone number to be contacted for the gateway service | |
| <u>Business details</u> | | |
| 4 | Licensed under (business license issued by: Year of incorporation/license: | |
| 5 | Registered mailing address (Specify your operation office address, email ID, Telephone number) | |
| 6 | Main business of the Merchant: | |
| 7 | Clear description of the products / services offered (Specify what products and services | |

| | | |
|--------------------------|---|--|
| | which you intend to offer) | |
| 8 | Office Strength (Mention number of employees working in your office) | |
| 9 | Is this a new business | Yes/No (if Not, provide the name of pervious business) |
| Ownership details | | |
| 10 | Business Filing Status : - If Individual, mention relevant details of the individual; - If Private Ltd or Public Ltd mention relevant details of all Directors; - If Partnership mention relevant details of all Partners; - Others | |
| 11 | ID proof (CID Copy): | |
| 12 | Account number and Bank details (Specify your account number, account type and name of the Bank) | |
| 13 | Statement from the Bank confirming that the merchant holds current account with them as per Annexure II | |
| Other Information | | |
| 14 | Is website managed by self or outsourced. If by third party specify name, address of service provider | |
| 15 | Amount of fees deposited along with application, if applicable: | |
| 16 | Clear and precise details of process flow, technology to be used, security features and any other relevant details : | |
| 17 | Describe the customer grievances redressal mechanism (return/cancellation policy) | |
| 18 | Amount of finance required for executing the service : | |
| 19 | Sources of finances : (a) Amount of own capital proposed to be deployed : (b) Amount of borrowings expected from banks; (c) Amount of borrowing expected from sources | |

| | | |
|----|--|--|
| | other than banks: (Sources may be mentioned) | |
| 20 | How does the applicant propose to recover the investment and earn an income (through cash flows or by levying joining fees, security fees, annual/ operating charges etc. please give full details): | |
| 21 | Technical certificate from ITD, RMA as per the Annexure III | |
| 22 | Any other information the applicant wishes to furnish. | |

Merchant should also abide by the following schedule:

- Transactions routed through Payment Gateway is payment within Bhutan only
- Bhutan Immediate Payment Service and Payment Gateway Procedural Guideline 2017
- Royal Monetary Authority of Bhutan Act 2010
- The Financial Service Act of Bhutan 2011
- AML CFT (anti-money laundering and combating the financing of terrorism) Regulation 2015
- Any other instructions and circulars as may be specified (issued) by the RMA from time to time.

Terms and conditions

We understand and accept that:

- RMA may verify the provided information
 - RMA may revoke the registration if the information provided is false/incorrect
 - The merchant must fulfill any new requirement that the RMA may impose in the future
 - Membership to RMA Payment Gateway service is subject to annual renewal and the renewal application should be submitted to RMA one month in advance
 - The merchant should be holding a valid license issued by the relevant Ministry
 - RMA will not be held responsible for any of our service related issues
 - Must adhere to the security and IT requirements laid down by RMA for connecting the merchant site to the payment gateway service;
-

(Signature)

Name

Designation

Seal of the applicant:

Date and Place:

| |
|---------------------------------|
| Affix Legal stamp and signature |
|---------------------------------|

Part B

To be completed by the Bank

The Director
Payment and Settlement Systems Department
Royal Monetary Authority of Bhutan
Thimphu

Subject: Verification of account

Dear Sir/Madam,

_____ (name of the bank) would like to confirm that _____ (name of the business/company) maintains account with us as detailed below. We understand that the account will be used for transactions relating to RMA Payment Gateway Service:

Merchant Account Number :

Account Type (Current/Saving/ other):

Bank address :

Signature:

Name of the officer:

Designation (not below the level of Branch Manager):

Bank Branch:

Telephone No.:.....



༄༅ །། རྒྱལ་གཞུང་དངུལ་ལས་དབང་འཛིན།།
ROYAL MONETARY AUTHORITY OF BHUTAN

Part C

To be completed by IT Department, RMA

Technical Clearance Report

The Technical Team has completed the system integration and technical assessment of the _____ (business/company) for the Merchant Registration in RMA's Payment Gateway. The following technical components were assessed as per the provisions of Bhutan Immediate Payment Service and Payment Gateway Procedural Guideline 2017 and we confirm that they are ready to start their operation:

| S/L | Particulars | Status |
|------------|---|---------------|
| 1 | We checked the maintenance of round-the-clock connectivity of their network for the PG services with an uptime of 99 %; | |
| 2 | We assessed their web portal/mobile application that generates and abides to accurate input data specification; | |
| 3 | The security for Secure Sockets Layers (SSL) certification of their web portal was submitted to RMA; | |
| 4 | The Public Key Infrastructure (Certificate Signing Request) required for message flow from merchant web to RMA PG was received and verified | |
| 5 | Any other technical requirement | |

(Signature)
Name:
Designation:
Department:

(Signature)
Name:
Designation:
Department:

Annexure III

Dispute Management System for BIPS settlement and procedural guidelines

Processing of beneficiary time out as deemed successful

For the successful transactions, remitting bank need not hold funds in its pooling account since such transactions are settled and deemed to have been credited to beneficiary's account.

The beneficiary timed-out transactions will be considered as deemed successful transactions. Consequently, such transactions will be settled in the BIPS settlement process (In other words, the beneficiary bank will be credited and remitting bank debited for transactions that are timed out at beneficiary banks' end as part of BIPS settlement process).

Processing of successful transaction with wrong beneficiary account number

In any case if the remitting customers inform that the final beneficiary through the inserted bank account number is wrong then bank shall entertain the dispute within the time period of three days and request shall come from remitting bank to beneficiary bank. The beneficiary bank shall investigate the transaction and credit the original beneficiary after getting consent from the customer whose account has been credited.

Reconciliation Actions: There will not be any change to existing BFS methodology of making available various reports to banks. The **response code too** will remain same. Beneficiary banks will have to reconcile the CBS data with settled transactions report of BIPS provided by RMA. It must be ensured that the reconciliation process is carried out immediately and the beneficiary's account is credited if the credit has not been completed online.

Return process: Beneficiary bank can return the funds to the remitting bank where beneficiary bank is not able to credit their customer's a/c due to wrong a/c no., a/c closed, etc. Beneficiary bank after verifying the BIPS report and CSB report shall

return the funds through manual settlement by instructing RMA. The returns must be processed maximum within **T+3 day**.

Reconciliation Team:

All BIPS member banks have to deploy separate resources for performing reconciliation on daily basis and raise manual adjustments, if needed. Banks are advised to handle the recon operations on all days irrespective of Sundays and other public holidays.

Operations Desk:

Banks need to have operations desk to address other bank customer complaints and ad-hoc requirements.

Disputes in BIPS

Reconciliation Actions

| S. No | Scenario | Status | RMA proposed actions | Remitting Bank Actions | Remarks |
|--------------|-------------------------------------|--|---|---|--|
| 1 | Beneficiary bank response timed out | Customer account is debited but response got timed out | | Remitting bank can see the status of timed-out transaction and credit back the remitting customer | All transactions other than response code 00 shall be reversed by Remitting bank |
| 2 | Manual Settlement | On good faith | Settlement as per the instruction from member banks | | Bank need to provide Debit instruction to PSSD, RMA to debit their account maintained with Banking Dept. RMA with official e-mail ID |