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FREQUENTLY ASKED QUESTIONS

RTGS System

(Updated as on January 7, 2021)

1. What does RTGS stand for?

Ans. The acronym 'RTGS' stands for Real Time Gross Settlement, which can be explained as a system where there is continuous and real-time settlement of fund-transfers, individually on a transaction by transaction basis (without netting). 'Real Time' means the processing of instructions at the time they are received; 'Gross Settlement' means that the settlement of funds transfer instructions occurs individually.

2. Are the payments under RTGS final and irrevocable?

Considering that the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable.

3. What are the benefits of using RTGS?

Ans. RTGS offers many advantages over the other modes of funds transfer:

- It is a safe and secure system for funds transfer.
- RTGS transactions / transfers have no amount cap.
- The system is available on all days on 24x7x365 basis. There is real time transfer of funds to the beneficiary account.
- The remitter need not use a physical cheque or a demand draft.
- The beneficiary need not visit a bank branch for depositing the paper instruments.
- The beneficiary need not be apprehensive about loss / theft of physical instruments or the likelihood of fraudulent encashment thereof.
- Remitter can initiate the remittances from his / her home / place of work using internet banking, if his / her bank offers such service.
- The transaction charges have been capped by RBI.
- The transaction has legal backing.

4. How is the processing of RTGS different from that of National Electronic Funds Transfer (NEFT) System?

Ans. NEFT is an electronic fund transfer system in which the transactions received up to a particular time are processed in batches. Contrary to this, in RTGS, the transactions are processed continuously on a transaction by transaction basis throughout the day.

5. Is RTGS a 24x7 system or are there some timings applicable?

Ans. RTGS is available 24x7x365 with effect from December 14, 2020.

6. Is there any minimum / maximum amount stipulation for RTGS transactions?

Ans. The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is ₹ 2,00,000/- with no upper or maximum ceiling.

7. What about processing charges / service charges for RTGS transactions?

Ans. With effect from July 01, 2019, the Reserve Bank has waived the processing charges levied by it for RTGS transactions. Banks may pass on the benefit to its customers.

With a view to rationalise the service charges levied by banks for offering funds transfer through RTGS system, a broad framework of charges has been mandated as under:

- a) Inward transactions – Free, no charge to be levied.
- b) Outward transactions – ₹ 2,00,000/- to 5,00,000/- : not exceeding ₹ 24.50/-; (exclusive of tax, if any)
- Above ₹ 5,00,000/- : not exceeding ₹ 49.50/-, (exclusive of tax, if any)

Banks may decide to charge a lower rate but cannot charge more than the rates prescribed by RBI.

Our Circular Ref. No. DPSS (CO) RPPD No.1140/04.03.01/2019-20 dated December 16, 2019 on 'Furthering Digital Payments – Waiver of Charges – NEFT System' (available at <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=11756&Mode=0>) may be referred to for further details.

8. What is the essential information that the remitting customer needs to furnish to the bank for making a remittance?

Ans. The remitting customer has to furnish the following information to a bank for initiating an RTGS remittance:

- i. Amount to be remitted
- ii. The account number to be debited
- iii. Name of the beneficiary bank and branch
- iv. The IFSC number of the receiving branch
- v. Name of the beneficiary customer
- vi. Account number of the beneficiary customer

vii. Sender to receiver information, if any

9. How would one know the IFSC number of the receiving branch?

Ans. The IFSC number can be obtained by the remitter (customer) from his / her bank branch. Alternatively, it is available on the cheque leaf of the beneficiary. This code number / bank branch information can be communicated by the beneficiary to the remitting customer. The list of IFSCs is also available on the RBI website at the link <http://rbidocs.rbi.org.in/rdocs/RTGS/DOCs/RTGEB0815.xlsx>

10. Do all bank branches in India provide RTGS service? How can a remitting customer know whether the bank branch of the beneficiary accepts remittance through RTGS?

Ans. For a funds transfer to go through RTGS, both the sending bank branch and the receiving bank branch need to be RTGS enabled. Presently, there are more than 1,65,000 RTGS enabled bank branches, the list of which is available on the RBI website at the link <http://rbidocs.rbi.org.in/rdocs/RTGS/DOCs/RTGEB0815.xlsx>

11. What care should be taken while originating an RTGS transaction?

Ans. The following should be ensured while putting through a funds transfer transaction using RTGS –

- Originating and destination bank branches are part of the RTGS network.
- Beneficiary details such as beneficiary name, account number and account type, name and IFSC of the beneficiary bank branch should be available with the remitter.
- Extreme care should be exercised in providing the account number of the beneficiary, as, during processing RTGS transactions, the credit will be given to the customer's account solely based on the account number provided in the RTGS remittance instruction / message.

12. In RTGS, why is credit to the beneficiary given solely based on account number?

Ans. Transactions in RTGS happen in real time and it is not possible to match name and account number before affording credit to the beneficiary. Since name in the Indian context is spelt differently and would not really match with that available with the beneficiary bank, the process of affording credit solely based on the account number of the beneficiary has been enabled.

Our Circular Ref. No. DPSS (CO) EPPD No. / 863 / 04.03.01 / 2010-11 dated October 14, 2010 on '**Electronic payment products – Processing inward transactions based solely on account number information**' (available at <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=6043&Mode=0>) may be referred to for further details.

13. What is the time taken for effecting funds transfer from one account to another through RTGS?

Ans. Under normal circumstances, the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by the remitting bank. The beneficiary bank must credit the beneficiary's account within 30 minutes of receiving the funds transfer message.

14. Can a remitting customer initiate a transaction for a future date?

Ans. No, the RTGS system does not accept future value dated transactions.

15. Can a transaction be originated to draw (receive) funds from another account?

Ans. No. RTGS is a credit-push system i.e., transactions can be originated by the payer / remitter / sender only to pay / transfer / remit funds to a beneficiary.

16. Can an RTGS transaction be tracked? Would the remitting customer receive an acknowledgement of money credited to the beneficiary's account?

Ans. While the customers do not have the facility to track the transaction, the RBI has implemented the feature of positive confirmation in an RTGS transaction. Under this, the remitting bank would receive a message from RBI (through the beneficiary bank) that the money has been credited to the beneficiary bank / customer account. Based on this, the remitting bank should advise the remitting customer that money has been credited to the receiving bank's beneficiary account.

17. Would the remitting customer get back the money if it is not credited to the beneficiary's account? Is there any time frame prescribed for it?

Ans. Yes, if it is not possible to credit the funds to the beneficiary customer's account for any reason, the funds received by the RTGS member bank will be returned to the originating bank within one hour of receipt of the payment at the Payment Interface (PI) or before the end of the RTGS Business day, whichever is earlier. Once the money is received back by the remitting bank, the original debit entry in the customer's account needs to be reversed.

18. Is a customer eligible to get compensation for delay in returning the payment?

Ans. In case of any delay in returning the failed payment, the originating customer is eligible to receive compensation at current repo rate plus 2%.

19. Whom can a customer contact, in case of non-credit or delay in credit to the beneficiary account?

Ans. The customer can contact his / her bank / branch if there is an issue of delay / non-credit to the beneficiary account. If the issue is not resolved satisfactorily, complaint may be lodged at email or by post at following address giving UTR number and details of the issue -

The Chief General Manager
Customer Education and Protection Department
1st Floor, Amar Building
Reserve Bank of India
SBS Road, Fort
Mumbai – 400 001

20. What is UTR number?

Ans. Unique Transaction Reference (UTR) number is a 22 character code used to uniquely identify a transaction in RTGS system.

21. What is LEI and what is its purpose?

Ans. The Legal Entity Identifier (LEI) is a 20-digit number used to uniquely identify parties to financial transactions worldwide. It has been implemented to improve the quality and accuracy of financial data reporting systems for better risk management. It is used to create a global reference data system that uniquely identifies every legal entity in any jurisdiction that is party to a financial transaction. It can be obtained from any of the Local Operating Units (LOUs) accredited by the Global Legal Entity Identifier Foundation (GLEIF), the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL) (<https://www.ccilindia-lei.co.in>), which is also recognised as an issuer of LEI by the Reserve Bank.

22. Which RTGS transactions should include LEI information?

Ans. All payment transactions of value ☐50 crore and above undertaken by entities (non-individuals) should include remitter and beneficiary LEI information from April 1, 2021. Banks should use the 'Remittance Information' field for recording Remitter and Beneficiary LEI.

23. Is LEI required for individual customer transactions?

Ans. No, LEI is not required for customer transactions where both remitter and beneficiary are individuals.

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