



IMPS
IMMEDIATE PAYMENT SERVICE

**The instant payment,
inter-bank electronic
fund transfer service for India.**

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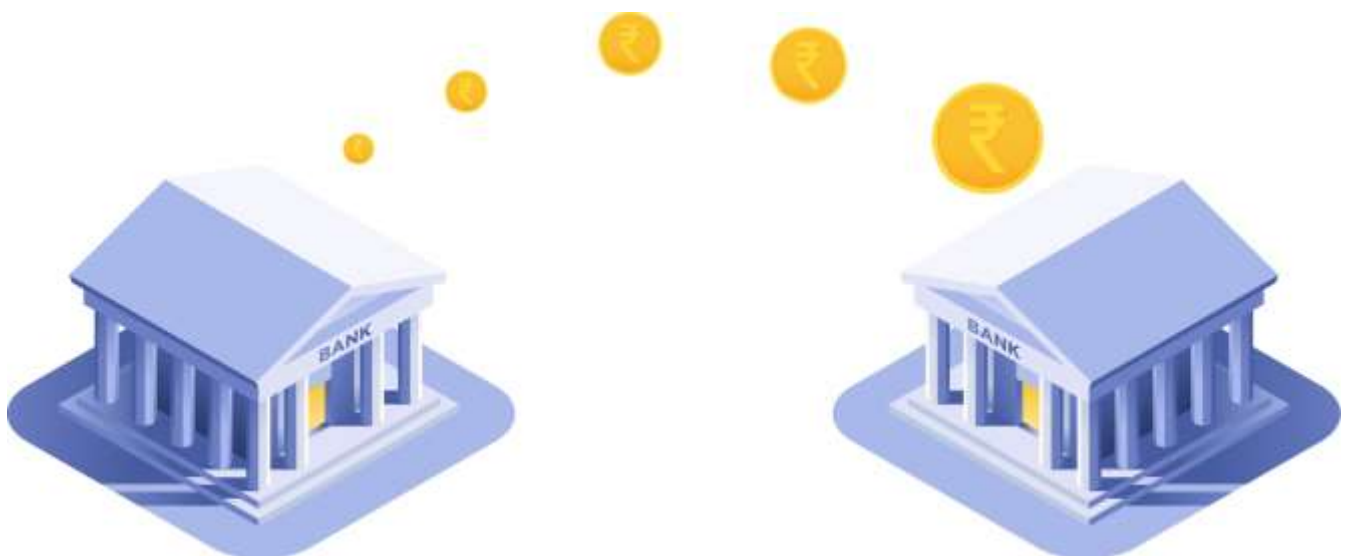
1. Background

Building a seamless 24x7 inter-bank transfer service.

Prior to 2010, the Indian banking industry faced a challenge in electronic inter-bank fund transfers. Till this time, inter-bank modes available were NEFT and RTGS, which were accessible for fund transfers only during banking hours.

Considering the pressing business requirement for a seamless 24x7x365 service, NPCI conducted a pilot study on the mobile payment system with banks like SBI, BOI, UBI and ICICI in August 2010. Subsequently, Yes bank, Axis and HDFC bank joined in the month of September, October and November 2010, respectively.

Immediate Payment Service (IMPS) was publicly launched on 22nd November 2010 by Smt. Shyamala Gopinath, DG RBI, in Mumbai. IMPS is now a widely utilised mode of fund transfers across India by customers, businesses, banks and financial institutions.



2. Introduction

Introduction to NPCI IMPS electronic fund transfer solution

IMPS is a robust, real-time, instant payment, electronic funds transfer service that is available 24x7, across the year (including holidays), to facilitate inter-bank (account-to-account, account-to-wallet* and wallet- to-account) fund transfers. It can be accessed on multiple electronically enabled channels such as mobile, internet, ATM, SMS.

Banks and payment banks that have RBI approved mobile banking licenses are eligible to avail of and offer IMPS. They can on-board as beneficiary bank only or remitter and beneficiary bank. Any banking entity mentioned can play a part in the IMPS ecosystem.



3. Business Uses

Business uses of the IMPS service

Fund transfer

There are two methods by which a fund transfers can be initiated through IMPS

1) Using Mobile number + Mobile Money Identifier (MMID):

A combination of the mobile number and MMID is linked to a unique account number. Both Remitter as well as Beneficiary needs to register their mobile numbers with their respective bank accounts and get an MMID, in order to send or receive funds using IMPS.

2) Using Account number + IFSC

In cases where the Remitter is enabled on mobile banking, but Beneficiary mobile number is not registered with any bank account then fund transfer can be made using beneficiary's account number and IFSC.

Non-financial transactions

1) Check status:

Remitter can check the status of any Deemed Approved transaction by initiating a Check Status request.

2) Name Inquiry:

The service permits Name Inquiry using the beneficiary's account number and IFSC as well as MMID and mobile number.

4. Business Benefits

What are the benefits of using IMPS?

For banks

- Secure inter-operability across banks and mobile operators
- Allows real-time domestic fund transfer to beneficiary customers
- 24x7x365 availability to member banks
- Fast, inexpensive, safe and secure.
- Channel agnostic and works on multiple channels
- Provides foreign inward remittance facility to beneficiary customers
- Allows value-added services such as Beneficiary Account validation to validate beneficiary's account prior to making financial transactions and check status to allow customers to get to know the latest status of their transactions

For customers

- Instant, real-time fund transfer to specified beneficiary
- Transfer of amount up to ₹ 5 lakhs per transaction
- Fund transfer can happen at any time of choosing 24x7x365
- Available 24x7 including holidays
- Enables access through mobile phones and net banking

For Reserve Bank of India

- Enables the objective of Digital India with electronic automation of retail payments
- Builds the foundation for a full range of mobile based banking services.

5. Participants

Who can participate in IMPS?

- Beneficiary
- Beneficiary Bank/PPI
- Remitter
- Remitter Bank/ PPI
- National Financial Switch - NPCI

Direct members

All members who have RTGS membership with RBI are eligible to become direct member. The member's RTGS account in RBI is used for inter-bank settlement. Any member offering IMPS through mobile channel needs to have a Mobile Banking License from RBI.

Indirect members/sub-member banks through sponsor banks

Members without a RTGS membership with RBI are only eligible to participate as indirect member/sub-members. These members can participate through an existing direct member as a sponsor bank using their sponsor bank's RTGS account in RBI. Any member having an RTGS account in RBI may also choose to participate as sub-member if they so desire. In this case, settlement will be through the sponsor bank.

Non-banking institutions

Non-banking institutions can join IMPS if they are an authorized payment system service provider and hold a valid approval from RBI. These institutions will become sub-members of an existing IMPS direct member bank, which will act as its sponsor bank. Non-banking institution settlements are done on the books of the sponsor bank and processed through RTGS. This means that sponsor bank's account will be debited/credited for settlement for non-banking institution transactions.

Roles and Responsibilities

- 1) NPCI is the owner, operator, service provider, and co-ordinator of the IMPS Network. NPCI reserves the right to either operate and maintain the IMPS Network on its own or provide or operate necessary services through third party service providers.
- 2) NPCI will act as a settlement agency and will arrange the necessary interbank settlement of credits and debits to the banks' respective current accounts with RBI as per approval received from RBI.

Member on-boarding and certification process

There are 3 steps involved in on-boarding members on IMPS:

- Members to complete the development as per the latest specifications shared by NPCI.
- Post development member needs to raise certification request on C-flow portal
- Member will have to undergo 2 rounds of testing – Comfort and UAT in the Certification Zone tool, which is a testing simulator provided by NPCI
- Post successful completion of testing, required documents needs to be submitted by member for Go-Live

6. Use Cases

How to use IMPS services?

Retail Customer use cases

1) Money transfer to remote location

Ram, who is a migrant worker in a large metropolitan city in India, can instantly send money to his family who stay in an interior rural area of Madhya Pradesh, by using the IMPS service through the banking mobile application on his mobile phone.

2) Remittance from abroad

Madhavan who is a contract worker based in the UAE, is able to send money from his salary account back home to India. He can directly transfer funds to his wife's bank account through a money transfer provider in the United Arab Emirates (UAE), who has a tie-up with Indian banks for IMPS transfer.

3) Secure high value purchase

Rohit has booked a new car. He wants to make a large down payment to reduce his car loan requirement. He uses his laptop to access the IMPS service that his bank enables and make the large down payment in complete security.

4) Instant payment for high value shopping

Chandrakant has promised his wife a gold necklace on the auspicious occasion of Dhanteras. He selects a beautiful necklace for his wife and pays for it using the IMPS facility through his bank's mobile application on his mobile phone.

Corporate use cases

1) Verification of prospective borrower

ABC Limited is a large NBFC in the business of providing loans. To verify the account details of a potential borrower, ABC Limited uses the the IMPS account validation API to enable the loan process.

2) Bulk salary disbursements across India

CBD Company Limited has a network of branches and sales teams across India. To ensure that their employees receive their salary credits every month, CBD uses the bulk disbursement facility that its bank offers.

7. Acts

- 1) Payment and Settlement System Act 2007
- 2) Prevention of Money laundering Act (PMLA) 2002
- 3) Section 25 of the Companies Act, 1956
- 4) Indian Arbitration and Conciliation Act, 1996