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Banknet conference on payment system

MUMBAI, India -- Banknet India Conference on Payment Systems in banks, which concluded recently discussed and debated on Technology and Payment Systems, Cheque Truncation System, Real Time Gross Settlement (RTGS), Cash Management, Internet Banking, Mobile Banking and ATMs.

More than 25 CTOs, CEOs and Business Heads from major banks, technology vendors and Top officials from Reserve Bank's Department of Payment and Settlement Systems (DPSS) addressed 250 senior level bankers and IT professionals from more than 90 organisations.

Anurag Khanna CEO of Banknet India in his welcome address highlighted the importance of the Payment and Settlement Systems for banks. He added that if managed through a clear, coherent strategy, payments can be a real source of competitive advantage and consistent profitability for banks.

Dr RB Barman, Executive Director, Reserve Bank of India announced that the RBI is planning to introduce T+0 settlement for electronic clearing system in Mumbai by mid-August. Currently, bulk cash settlements for payment of dividend warrants and corporate salary payments take two days.

RBI is also working with the Centre to draft a comprehensive legislation on payment system. The Payment System Bill will give the apex bank powers to form regulations for the payment industry

Cheque truncation will be introduced in the National Capital Region (NCR) by March 2006, following which it will be rolled out in Mumbai, Chennai and Kolkata.

The RTGS system, which was launched in March 2004, enables online clearing and settlement of payments on a real-time basis.

At present, around 4,934 bank branches are under RTGS at 399 centers and daily transactions are worth Rs 44,000 crore route through RTGS. 10,000 bank branches will be covered under the RTGS network by March 2005.

Indian Bank's Association (IBA), in association with member banks, will form a company that will act as an umbrella organisation for operating all retail payments and settlement systems in India. "The company will act as a holding body and the 1050 clearing houses will act as franchisees," said Reserve Bank of India executive director Dr RB Barman.

IBA has formed a working group which has representatives from public sector banks, private banks, foreign banks and co-operative banks and will decide on the nature and the model of the company.

Number of banks including ICICI Bank, Citibank, Standard Chartered Bank and 12 public sector entities are likely to pick up stake in this company.

AP Hota, Chief General Manager, Department of Payment and Settlement Systems, RBI highlighted the mission of the central bank for the establishment of safe, secure, sound and efficient payment and settlement systems for the country.

Suresh Rangarajan, COO, timesofmoney.com elucidated the impact of technology on cross border remittances and new age payment solutions, in an increasingly interconnected global economy. He further emphasized that the electronic payments revolution has drawn **unbanked** citizens into mainstream financial services.

Nageshwar Rao, CEO, IDBI bank stressed on the importance of efficient payment system in banks to speed up the liquidity flow in the economy and to create a momentum for economic growth.

