

The Economic Times

May 28, 2005, Saturday

RBI working on 'payment' rules

NEW DELHI -- The 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, ATMs.

Anurag Khanna, CEO of Banknet India, in his welcome address highlighted the importance of the Payment and Settlement Systems for banks.

RB Barman, executive director, RBI, announced that the RBI is planning to introduce T+0 settlement for electronic clearing systems in Mumbai by mid-August. Currently, bulk cash settlements for payment of dividend warrants and corporate salary payments take two days (T+2). The RBI is also working with the Centre to draft a comprehensive legislation on payment system. The Payment System Bill will give the central bank powers to form regulations for the payment industry.

Cheque truncation will be introduced in the National Capital Region (NCR) by March '06, following which it will be rolled out in Mumbai, Chennai and Kolkata, said Mr Barman.

The RTGS system, which was launched in March '04, enables online clearing and settlement of payments on a real-time basis. At present, around 4,934 bank branches are under RTGS at 399 centres, and daily transactions worth Rs 44,000 crore are routed through RTGS. About 10,000 bank branches will be covered under the RTGS network by March '05.

The IBA, together 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 1,050 clearing houses will act as franchisees," said Mr Barman.

AP Hota, chief general manager, DPSS, 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 a global economy.

He further emphasised that the electronic payment 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.

The conference was organised by Banknet India, promoted and managed by senior bankers. Banknet India is an IT-focused banking research company and has been associated with more than 25 major banking and technology events.

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