

Real Time Gross Settlement System (RTGS) System

(Updated as on October 31, 2022)

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 (RBI), the payments are final and irrevocable.

3. What are the benefits of using RTGS?

Ans. RTGS offers many advantages for funds transfer:

- It is a safe and secure system for funds transfer.
- RTGS transactions / transfers have no amount cap set by RBI.
- 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, RBI 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 ₹ 25/- (exclusive of tax, if any)

Above ₹ 5,00,000/-: not exceeding ₹ 50 (exclusive of tax, if any)

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

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
- viii. Sender and Beneficiary Legal Entity Identifier (for eligible transactions)

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 https://rbi.org.in/Scripts/Bs_viewRTGS.aspx?Category=5. The list is updated on a fortnightly basis.

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 1,60,000 RTGS enabled bank branches, the list of which is available on the RBI website at the link https://rbi.org.in/Scripts/Bs_viewRTGS.aspx?Category=5. The list is updated on a fortnightly basis.

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. The details of Customer Facilitation Centre of member banks are also available on the website of RBI at https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2070.

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 the Help Desk / Contact point at the RBI?

Ans. You may approach RTGS Help Desk / Contact point of the RBI at rtgsmumbai@rbi.org.in.

22. Whom should I approach for raising dispute/complaint related to RTGS transaction?

Ans. You may approach grievance redressal cell of your bank with details of the disputed transaction. In case your grievance is not resolved within 30 days, you may make a complaint under "The Reserve Bank-Integrated Ombudsman Scheme (RB-IOS 2021)". The RB-IOS 2021 provides a single reference point for customers to file complaints against the RBI regulated entities specified therein. The RB-IOS, 2021 is available at the following path on the RBI website: https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121.pdf.

23. How can I file complaint under the RB-IOS 2021?

Ans. Complaints can be filed online on <https://cms.rbi.org.in>, or through the dedicated e-mail or sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at RBI, 4th Floor, Sector 17, Chandigarh – 160 017 in the format given at the following path - https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf. A toll-free number – 14448 (9:30 am to 5:15 pm) – is also available for customers to seek assistance in filing complaints and information on grievance redressal, with multi-lingual support.

24. What is Legal Entity Identifier and how is it relevant in case of RTGS transactions?

Ans. The FAQs on "Legal Entity Identifier (LEI) for Large Value Transactions in Centralised Payment Systems" on the RBI website at <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=140> can be referred to.

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