NPCI/NFS/OC No. 369/2020-21   19th May, 2020

To,

The Chairman / MD / CEO of Co-operative Banks and RRBs, who are members of NFS
All Application Service Providers (ASPs) – supporting NFS member banks

Madam / Dear Sir,

Sub: <u>Migration from Static Key Exchange to Dynamic Key Exchange (DKE) on NFS</u>

We refer to Operating Circular (OC) No.264 dated 22th September, 2017 for migration from Static Key Exchange (SKE) to Dynamic Key Exchange (DKE) on NFS. The salient features of DKE is mentioned in the OC. (Attached as Annexure A)

As a security enhancement measure, NPCI has mandated DKE for all NFS members. This mechanism enables members and NFS to conveniently exchange Zonal PIN Key (ZPK) encrypted under the Zonal Master Key (ZMK) dynamically, using online network management messages.

In last few NFS Steering Committee meetings, it has been noted that many members, especially, Co-op. banks are yet to complete certification and implement DKE. The matter of pending DKE migration of Co-op. banks has been taken very seriously at NPCI. It may also be noted that for expediting the process, NPCI has allowed Co-op. banks and RRBs to migrate to DKE under cluster model i.e. banks having same ASP and Switch version shall not be required to undergo certification with NPCI, if any parent (first) bank having same combination is already certified. Under cluster model approach, such subsequent banks can directly be moved to production.

Hence, in view of the above, we again request all NFS members, who are yet to implement DKE, to do the required changes at their switch end, and submit the necessary documents for production movement under cluster model approach OR start certification (as the case may be), **at the earliest but not later than 30th September, 2020.**

Further, banks are requested to ensure that they complete the process well in time, to avoid last minute exigencies.

All NFS member banks need to be mandatorily live on DKE before 31st December, 2020.

We also request all ASPs to support NFS members to implement DKE by the mandated date.

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In case of any further clarification/information, kindly contact:

Sr. No.	Name	E-mail	Mobile Number
1	Gaurangi Joshi	gaurangi.joshi@npci.org.in	70459 58887
2	Dinesh Jarkani	dinesh.jarkani@npci.org.in	98209 75844

Yours faithfully,

SD/-

Praveena Rai
COO

NPCI

भारतीय राष्ट्रीय भुगतान निगम
NATIONAL PAYMENTS CORPORATION OF INDIA

NPCI/NFS/OC No.264/2017-18   22nd September, 2017

To,
All Members of National Financial Switch (NFS)

Madam / Dear Sir,

Sub: Migration from Static Key Exchange to Dynamic Key Exchange (DKE) on NFS

We refer to Operating circular No.225 dated 5th October, 2016 for migration from Static Key Exchange (SKE) to Dynamic Key Exchange (DKE) on NFS.

As an security enhancement measure, NFS intends to migrate all members to DKE at the earliest. This mechanism enables members and NFS to conveniently exchange Zonal PIN Key (ZPK) encrypted under the Zonal Master Key (ZMK) dynamically, using online management message.

The salient features of DKE are as below:

1. DKE enhances the security of the payment system by making it feasible for NFS and its members to frequently exchange PIN encryption keys.
2. DKE mitigates the risk of key compromise. DKE allows members to request for a key exchange as per their requirement, at any given point of time.
3. It eliminates the manual ZPK generation and key mailers.
4. Always a new key (ZPK) is shared with every DKE, even for repeated attempts/ trials.

Further, In NFS Steering Committee meeting held on 12th September, 2017, Members were requested to complete certification and implement DKE at the earliest.

Hence, in view of the above, members are requested to do the necessary changes at their switch end and come forward for Certification to migrate to DKE by 31st December 2017.

In case of any further clarification, kindly contact following:

Sr. No.	Name	E-mail	Mobile Number
1	Gaurangi Joshi	gaurangi.joshi@npci.org.in	7045958887
2	Dinesh Jarkani	dinesh.jarkani@npci.org.in	9820975844
3	Reshma Khopkar	Reshma.khopkar@npci.org.in	9819248802

Yours faithfully,

Ram Sundaresan .
SVP & Head - Operations