

GUIDE TO **ON-BOARDING** AND **OFF-BOARDING** OF MEMBER BANKS AND INSTITUTIONS.

NPCI - an introduction

India has a far-reaching vision to uplift and transform its economic environment. Key to this objective has been a collaborative approach with banks, financial institutions and other stakeholders in creating a unified financial ecosystem for the country that is flexible and democratizes banking services to all sections of Indian society.

To drive this objective, the National Payments Corporation of India (NPCI) was set up as the umbrella organisation to operate retail payments and settlement systems in India. An initiative of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA), under the provisions of the Payment and Settlement Systems Act, 2007, the mandate of NPCI is to build the modern payment and settlement infrastructure India requires.



Objective of this document

Members and NPCI are guided by the procedural guidelines (of each NPCI product) for suspension or termination of membership of a bank or institution for any one or more of the products or services offered by NPCI. This document has been created as a guide to the on-boarding and off-boarding process for member banks and institutions that participate in the NPCI ecosystem.

It will enable members to initiate on-boarding request, which can be tracked till production Go Live or to guide off-boarding.

It is therefore recommended that members ensure that all key personnel within their organisations are well-versed with the processes as defined in this document.

This will ensure smooth deployments, internal operations and compliance requirements across the network.

Roles and responsibilities

NPCI

NPCI is the owner, network operator, service provider, and coordinator of all products and services in the NPCI network. As such, NPCI reserves the right to on-board or offboard members and stakeholders who may not fulfill all the rights, duties and obligations as laid down for their participation in the NPCI network. NPCI will follow the established procedures for on-boarding or off-boarding as laid out in the detailed NPCI product guides as well as defined in this process guide.

Member On-boarding

Members who on-board for various NPCI products and/or services need to be regulated under the relevant law or act authorising them to avail the intended service. The member bank or entity should comply with all the NPCI Procedural Guidelines (as specified for the applicable NPCI product) and follow all certification requirements, operating and risk guidelines and circulars issued by NPCI from time to time. Further, the member bank or entity interested to get onboard must fulfil eligibility criteria specific to the product in subject as per the respective product's procedural guidelines in order to go live.

Member Off-boarding

In cases of off-boarding of member from individual NPCI products or network, it is the responsibility of the member to provide the relevant documents needed for the offboarding process as per the NPCI procedure for the product or service applicable. NPCI under the following circumstances may terminate/suspend the membership for any of its products:

- a) If the member's banking license/authorization or PPI authorization (wherever applicable) is cancelled by RBI or applicable regulator.
- b) The RTGS membership of the Bank is suspended, cancelled or frozen (For Direct Member Banks).

- c) If the bank settlement gets into shortfall of funds in RTGS Settlement account for more than specified number of times as set by NPCI (For Direct Member Banks).
- d) Steps have been initiated to wind up the business of the member
- e) If the member stops or suspends payment of its debts generally, ceases to carry on business, or goes into liquidation.
- f) If the member is granted moratorium or prohibited from accepting fresh deposits
- g) If the member is amalgamated or merged with another member
- h) The member has failed to comply with or violated provisions of the product procedural guidelines, as amended from time-to-time, the member commits a material breach of product procedural guidelines, or gross irregularities is observed, which remains un-remedied for thirty (30) days after giving notice.
- i) If the member's AUA/KUA or sub-AUA/sub-KUA license is suspended/terminated by UIDAI
- j) Regulatory directions for suspension/termination of services or membership from the payment system.
- k) If the member voluntarily requests to opt out of participation from the product.
- l) If the member gets compromised due to a cyber-attack, NPCI may suspend the membership of the member temporarily based on the intensity and impact the particular cyber-attack has on overall payment system
- m) NPCI shall have the right to take appropriate action as deemed fit by NPCI, including but not limited to suspension of membership, in the event NPCI observes disproportionate increase in fraud transactions, technical declines, business declines, downtimes and other such critical operational metrics with respect to the transactions processed by or through the member or third parties engaged by the member when compared against industry averages/best practice benchmark standards followed in the payments ecosystem with respect to such critical operational metrics

Off-boarding Turn Around Times (TAT)

- 1) On specific direction by a regulator/competent authority/court the TAT is within 3 working days.

- 2) Bases on a voluntary decision of the member bank/institution – 3) Offline off-boarding TAT is within 3 months.
- 4) Online off-boarding TAT is within 3 weeks.
- 5) Bank/institution termination of membership by NPCI the TAT is within 2 weeks, which can be extended if an SCM is called.
- 6) TAT for process of recovery of dues from any off-boarded member bank/institution is within 7 working days.

Process for Aadhaar Enabled Payment System (AePS)

Eligibility Entry Criteria

Pre-requisite to avail the membership of AePS, BHIM Aadhaar Pay & eKYC services entity should have Authentication User Agency (AUA for Authentication services) & KYC User Agency (KUA for eKYC) agreements or Sub-AUA/Sub-KUA approval from UIDAI

Entity must be regulated and authorised under the Banking Regulations Act 1949 in order to avail interoperable AePS services.

On-boarding

Banks/Entities are required to execute the agreement and complete documentation for usage of AePS services. The Bank/Entity will need to undergo risk assessment and compliance checks before being on-boarded onto the AePS ecosystem.

A detailed on-boarding checklist will be made available to the prospective entity on request. All member Banks/Entities are strictly required to comply with the RBI's notifications on financial inclusion business correspondent guidelines, RBI notifications or circulars on KYC/AML or PML/CFT guidelines or RBI notifications on use of eKYC service of UIDAI from time to time. The member will also need to be compliant with UIDAI regulations and guidelines as well as the PML Act.

The Regulatory Guidelines of Reserve Bank of India/UIDAI shall have an over-riding effect over the provisions made in these Guidelines

Off-boarding

NPCI can terminate or suspend AePS membership with immediate effect if the member fails to comply with or violates any provisions of the AePS Service Procedural guidelines or in case of any of the circumstances listed above.

The member bank is given the opportunity to be heard within thirty (30) days for confirmation or revocation of the written termination/suspension notice which will have been passed earlier.

If the breach is capable of remedy but cannot reasonably be cured within thirty (30) days period, termination/suspension will not be effective if the member in default commences cure of the breach within thirty (30) days and thereafter diligently pursues such cure to its completion within sixty (60) days of such notice of breach.

Member bank whose termination of membership has been revoked shall be entitled to apply for membership afresh in accordance with AePS Procedural guidelines.

Process for Cheque Truncation System

Eligibility Entry Criteria

All banking institutions authorized under The Banking Regulation Act 1949 are eligible to onboard for CTS.

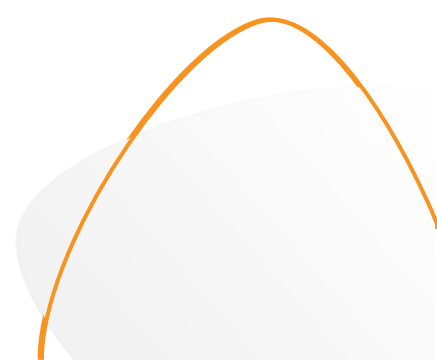
On-boarding

The Cheque Truncation System is open to all banks authorised and approved by RBI to onboard for CTS.

Off-boarding

The Bank/Institution may be de-boarded (deactivated) from being a participant/member in the CTS due to following reasons:

- As per direction by RBI to off-board
- Due to any other reason where the bank/institution is required to be deboarded as per RBI guidelines.



Process for Immediate Payment System (IMPS)

Eligibility Entry Criteria

IMPS membership is open to all banks and non-bank members such as PPIs subject to them having the RBI's approval.

Banks & payment banks having mobile banking license (RBI approval) are eligible for availing and offering IMPS. They can on-board as beneficiary bank only or remitter and beneficiary bank.

On-boarding

There are the 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
- 🔥 Member will Have to complete the certification process.
- 🔥 Post successful completion of testing, the required documents need to be submitted by member for Go Live.

Off-boarding

For off-boarding from IMPS, the bank need to share all relevant documents to get offboarded.

NPCI will inform the member, in writing, regarding termination/suspension of its membership from the IMPS network.

If NPCI is of the opinion that the non-compliance/violation is not curable, NPCI may suspend/terminate the IMPS membership with immediate effect. However, the member will be given an opportunity of a hearing within thirty days at which they will receive a final order confirming or revoking the termination/suspension passed earlier.

NPCI may, at any time, if it is satisfied, either of its own volition or on the representation of the member, decide that the order of suspension/termination of membership is revoked.

If the non-compliance/violation is capable of remedy but cannot be reasonably cured within thirty (30) days, the

termination/suspension will not be effective if the member in default commences cure of the breach within thirty (30) days and thereafter diligently pursues such a cure to its completion within sixty (60) days of the notice of violation.

If the termination of membership order is revoked, the entity can apply afresh for membership, in accordance with IMPS procedural guidelines. However, no automatic restoration of membership to IMPS is granted by NPCI.

Process for National Automated Clearing House (NACH)

Eligibility Entry Criteria

Banks maintaining settlement accounts with RBI-DAD would be allowed to participate on NACH system. Banks not possessing the same but desirous of participating in NACH would be allowed to do so through their Sponsor Bank (for settlement purpose), who should be maintaining a settlement account with RBI-DAD.

Government Departments/Corporates can choose to become direct participant having Direct Corporate Access (DCA) for the purpose of submission/receipt of the transactions provided the request for participation is recommended by the Sponsor Bank and the Departments/Corporates agree to comply with the NACH Procedural Guidelines as applicable to them and NPCI Net/Internet Access regulations that are applicable for usage of Network for submission and receipt of transactions.

On-boarding

Banks willing to participate in NACH need to comply with the prescribed system requirements including:

- ✦ Executing all on-boarding documents as specified by NPCI and required by RBI and Indian banking laws.
- ✦ Establishing network connectivity
- ✦ Procuring Digital Signature Certificates, Signing Tool
- ✦ Initiating request for getting certification system access
- ✦ Performing test scenarios, undergoing certification
- ✦ After completion of test scenarios, evidence submission for certification process completion.

Off-boarding

The Bank/Institution may be de-boarded from being a participant/member in the NACH due to following reasons:

1) Implementation of RBI Directive:

- Upon receipt of an RBI directive to block a specific bank, the Operations team will promptly disable the bank's access within the NACH application.

2) Bank-Initiated Deboarding Request:

- Banks willing to be deboarded must submit a formal letter on official letterhead, clearly outlining the reasons for the request.

A) Approval Process:

- The submitted letter requires approval from the relevant authority overseeing deboarding requests for bank initiated requests .

3) Access Disabling:

- Based on RBI direction / approval by the relevant authority, the bank's access to the production environment will be immediately disabled to ensure compliance with the directive.

4) Post-Deboarding Communication:

- For bank initiated requests, a confirmation communication will be sent to the bank, providing detailed information and acknowledgment of the successful deboarding process.

Process for National Electronic Toll Collection (NETC)

Eligibility Entry Criteria

1. An entity incorporated under the Banking Regulations act 1949 and the Companies Act 1956/2013 is eligible to onboard as member of NETC
2. The interested entity must have approval from IHMCL to operate as NETC FASTag member.

On-boarding

NETC Membership is open to all entities meeting the above eligibility criteria.. Participating Members need to submit the 'Letter of Authority' which authorizes NPCI to use their settlement account with RBI for the purpose of settlement of NETC transactions.

New members who intend to be acquirers or issuers in the NETC ecosystem should get the approval of IHMCL. All acquirers/issuers need to adhere to all the guidelines, rules, and regulations, as stated in the Payment and Settlement Act, 2007 of Government of India and Reserve Bank of India.

To on-board customers, the participating FASTag issuing bank or entity enables first time activation with an issuance fee and minimum recharge amount as applicable. The FASTag is then activated and can be topped-up/recharged online through multiple payment channels as directed by regulatory authorities.

Off-boarding

The Bank/Institution may be de-boarded (deactivated) from being a participant/member in the NETC FASTag ecosystem due to following reasons:

- Direction by regulator/competent authority/court
- Voluntary decision by Bank/Institution
- Due to any other reason where the bank/institution is required to be deboarded.

Members and NPCI are guided by the legal document and procedural guidelines for suspension or termination of membership of a Bank/Institution as a member of NPCI, and services offered by NPCI.

Entry and Exit Criteria

Sub-Process Name	Description of Entry Criteria	Description of Exit Criteria
Off-boarding of member on direction by regulator/Competent authority/Court	Regulator/Competent Authority/Court issues a directive, stopping a bank/institution from participating in clearing/payment systems.	Bank/Institution is Off-boarded from NPCI's Production System for doing any future transactions
Off-boarding of member on a voluntary decision of bank/institution	Participant shares formal request letter to NPCI Business Development team	Bank/Institution is Off-boarded from NPCI's Production System for doing any future transactions

	citing the reason for termination of services	
Termination of membership of any bank/institution by NPCI	Operations/Business/Production team sends request mail to Risk team for seeking approval to terminate the membership of a Bank/Institution along with their reason for termination	Bank/Institution is Off-boarded from NPCI's Production System for doing any future transactions
Process of recovery of dues, if any from Bank/Institution is off boarded	Business team/Operations team checks with Finance, Operations for any pending dues from Banks/Institutions	Dues are recovered from Bank/Institution

- NPCI deactivates all users of the Bank/Institution from NRCS and designates them as inactive in NRCS (IIN of Bank/Institution will be deactivated).
- The Bank/Institution status is updated to inactive in NETC.
- Following the closure of the dispute lifecycle & resolution of all open disputes, the Bank/Institution is deactivated from NRCS.
- The Network Team is notified for IP policy disablement.
- NPCI team sends a communication to the Issuer Member Bank/Institution & Sponsor bank (in the case of sub-member/PPI) notifying them of the action taken by NPCI.
- NPCI team sends a communication to IHMCL notifying them of the action taken by NPCI.

Process for National Financial Switch (NFS) network

Eligibility Entry Criteria

Any entity having a valid banking license issued by the RBI or an authorized WLAO under the Payment & Settlement Systems Act 2007, or full KYC PPIs of non-bank PPI issuers permitted by RBI can get onboard as member on NFS platform.

NFS network supports ATM Acquiring transactions of international networks such as Discover Financial Service (DFS), Japan Credit Bureau International (JCB) and China's UnionPay International (UPI). NFS network also supports Issuance of RuPay cards by member banks of Royal Monetary Authority of Bhutan (RMA) and acceptance of these cards at ATMs in India. It also supports acceptance of RuPay cards issued in India at ATMs of RMA member banks in Bhutan.

On-boarding

An entity who conforms to the membership criteria of NFS network can be on-boarded as a direct NFS member or sub-member.

Prospective member entities will need to:

- ✦ Submit a request for on-boarding on to the NFS network, along with the required documents for internal approvals.
- ✦ Enter into a membership agreement with NPCI for direct membership or tripartite agreement with sponsor bank and NPCI for sub-membership.
- ✦ Establish network connectivity, if the entity (or their ASP) is not connected to NPCI.
- ✦ Complete the certification process.
- ✦ Enable key management – Generation and insertion of keys for production movement.
- ✦ Be on-boarded on to NFS BCS.
- ✦ Be on-boarded on to the NFS network (Production movement).

Off-boarding

NFS will notify a member in writing about termination/suspension of membership to the NFS network. If NFS is of the opinion that the breach is not curable, NFS may suspend/terminate the membership with immediate effect.

However, a member is given an opportunity to be heard within thirty (30) days before confirmation or revocation of the termination/suspension notice.

If NFS is satisfied, it can at any time, either of its own volition or on representation of the member that the order of suspension/termination of its membership should be revoked, may take action accordingly.

If the breach is capable of remedy but cannot be reasonably cured within thirty (30) days, termination/suspension will not be effective if the member in default

commences cure of the breach within thirty (30) days and thereafter, diligently pursues such cure until completion within sixty (60) days of such notice of breach.

Any member whose termination of membership has been revoked is entitled to apply for membership afresh in accordance with NFS-OSG.

Process for RuPay

Eligibility Entry Criteria

Bank or any regulated entity authorised to issue Cards and/or do acquiring business.

On-boarding

When a prospective bank or acquiring entity indicates intent to participate in the RuPay system, NPCI begins the process for acceptance project and certification.

- 1) Once a member is certified for RuPay, an RTGS mandate has to be received from the member to enable mapping of the settlement account of the member bank with RBI.
- 2) Member needs to complete an Acquirer On-boarding Form.
- 3) Essential documents required for RuPay acceptance project:
 - ▶ Volume and Value projection for 5 Years
 - ▶ Network Diagram
 - ▶ Transaction Flow Diagram
 - ▶ PCI-DSS, PA-DSS and PCI-PTS certificates
 - ▶ EMV L1 & L2 certificates
 - ▶ Key Injection Officers from the bank

If an existing member bank is collaborating with a new TSP, then the entire onboarding process will need to be repeated.

In case an acquiring bank wants to on-board a non-bank entity to facilitate acquiring, all the steps mentioned above need to be executed in addition to signing the bi-party / tri-party agreement with the non-bank entity.

- 1) Agreement is executed between NPCI and the bank.
- 2) Documents are provided for the on-boarding of the bank i.e. Issuer Identification Number (IIN) request form, technical documents, RuPay specifications, etc.
- 3) Bank shall use NPCI's Net connectivity.
- 4) On receiving the IIN Form, NPCI will assign an IIN to the bank.
- 5) Bank to complete the setup at their end and request NPCI for whitelisting of their IP and Port at NPCI's end.
- 6) NPCI also shares its IP and Port with the bank.

- 7) After whitelisting, NPCI and the bank initiate testing and certification. As a part of certification, the bank is also required to complete the white plastic certification for the said IIN.
- 8) Post successful completion of certification / testing, a sign-off is provided by NPCI and the bank moves into production.

Issuer On-boarding

Every RuPay card requires an issuer. The issuer will have the primary contract with RuPay and they will be allotted an IIN.

- 1) An Issuer must apply for an IIN by submitting the duly filled 'IIN Request/Assignment Form'.
- 2) The IIN Request/Assignment Form needs to accompany the RuPay membership agreement form for first time requests only. Post this, any further IIN request is to be made by submitting the duly filled 'IIN Request Form/ Assignment Form'.
- 3) The Issuer Bank/ NBFC/ PPI /Non- Bank PPI needs to update and submit Part I (Requestor's section) of the form.
- 4) By submitting the IIN Request/Assignment Form, the Issuer Bank/ NBFC/ PPI /Non Bank PPI acknowledges and accepts full responsibility for any and all activities associated with the use of this IIN (if and when assigned) and warrants its usage in conformance with:
 - 🔥 All applicable RBI guidelines
 - 🔥 RuPay Operating Regulations
 - 🔥 RuPay Bylaws
- 5) The date by which the issuer will commence issuance of RuPay card, should be within 9 months from the IIN assignment date.
- 6) The IIN would be activated via the IIN Activation/Update Form at least 1 month prior to card issuance date for the assigned IIN.

Off-boarding

- 1) Any issuer that no longer uses an assigned IIN can release it to RuPay by submitting the 'IIN Release Form'.
- 2) The issuer must stop issuing any cards on that particular IIN once the IIN Release Form has been submitted to RuPay.
- 3) Before releasing an IIN, the issuer must ensure that, expiration date on the last card issued is at least 3 months prior to submitting the IIN Release Form.
- 4) Issuer must ensure that the unallocated BINS are revoked back and notified

to NPCI on time and any remapping of BINs must be updated at the bank's end as well as notified to NPCI in a timely manner.

5) Member banks that do not comply with the above-mentioned BIN management will attract penalties as deemed appropriate by NPCI.

Process for Unified Payment Interface (UPI)

Eligibility Entry Criteria

The Payment Service Provider/member should be a regulated entity by RBI under the Banking Regulations Act 1949, and be authorised by RBI for providing mobile banking service.

The bank should be live on IMPS. (PPI is not required to be part of IMPS)

Additionally, any bank which intends to participate in UPI as a PSP, should ensure that while the bank's technology platform can be outsourced, its functions 'as a PSP' cannot be outsourced. This implies that the PSP Bank has an equal ownership of other bank's customers' data as its own customer base.

On-boarding

Onboarding shall happen through C-FLOW portal as is the case for any NPCI products with the documents along with onboarding checklist shall be provided by the RM team. The member should comply with the Procedural Guidelines, certification requirements operating and risk guidelines and circulars issued by NPCI from time to time. Additionally, the PSP has to provide an audit report for the data centre and PSP App by a CISA equivalent auditor. Qualified Security Assessors (QSAs) empanelled by the PCI Council will conduct audits at least once annually. The QSA will verify the app and the following:

- a. System level Security
- b. Network / Data Centre Security
- c. Risk tools to be adequate
- d. Policy and Procedures
- e. Annual Certification process

In addition, the member has to provide a declaration in writing to abide by:

- i. All the terms & conditions of the Unified Payments Interface Procedural Guidelines and Circulars, notifications, and directions issued by NPCI from time to time.
- ii. All the guidelines issued by relevant authorities from time to time with respect to payment system operations.

User on-boarding in UPI

Customers can be on-boarded onto UPI through the platforms mentioned below:

- 1) BHIM Mobile Application.
- 2) UPI Bank PSP Apps.
- 3) UPI Compliant Apps (3rd party Apps).
- 4) *99# (USSD).
- 5) Each bank's mobile banking apps that support UPI.
- 6) 123Pay – UPI for feature phone and voice-based payments

The above tools cover the complete gamut of mobile devices in India and also cover both the database of customers connected to mobile data and customers not connected to mobile data.

Off-boarding

For off-boarding from UPI, the TPAP and the bank need to share all relevant documents as detailed below.

TPAP will share the set of confirmations and clearances for off-boarding as given below:

- ▶ Letter to sponsor bank/ NPCI regarding intent to off-board as an UPI TPAP, stating reasons/ issues with certain timelines.
- ▶ Letter to sponsor bank/ NPCI stating intent to continue or discontinue as a merchant app in the ecosystem.
- ▶ Confirmation on dispute handling for 180 days even after off-boarding the TPAP ▶ on UPI payment for customer convenience. After completion of 180 days, data shall be purged, and confirmation shall be provided to NPCI regarding no storage of payment data with the application system.

- ▶ TPAP to confirm the data elements that will be available with it to handle customer disputes during the time period.
- ▶ TPAP must notify its UPI users about the suspension of UPI services via push notifications/ email or SMS.
- ▶ TPAP to confirm that only a new version of its app (which will not act as a TPAP) will be available on Play store/App store and the same will not have the UPI CL in it.

From sponsor banks:

- a. Letter from the sponsor bank stating the TPAP intent to off-board.
- b. Letter from the sponsor bank stating the TPAP's intent to continue or discontinue as a merchant app in the ecosystem.

The On-boarding Process

As part of the on-boarding process, the members will need to follow on-boarding steps for each NPCI product as defined by its Procedural Guide and defined earlier in this document. The first step is to request and receive the credentials that permit access to the certification system.

Credentials Certification process

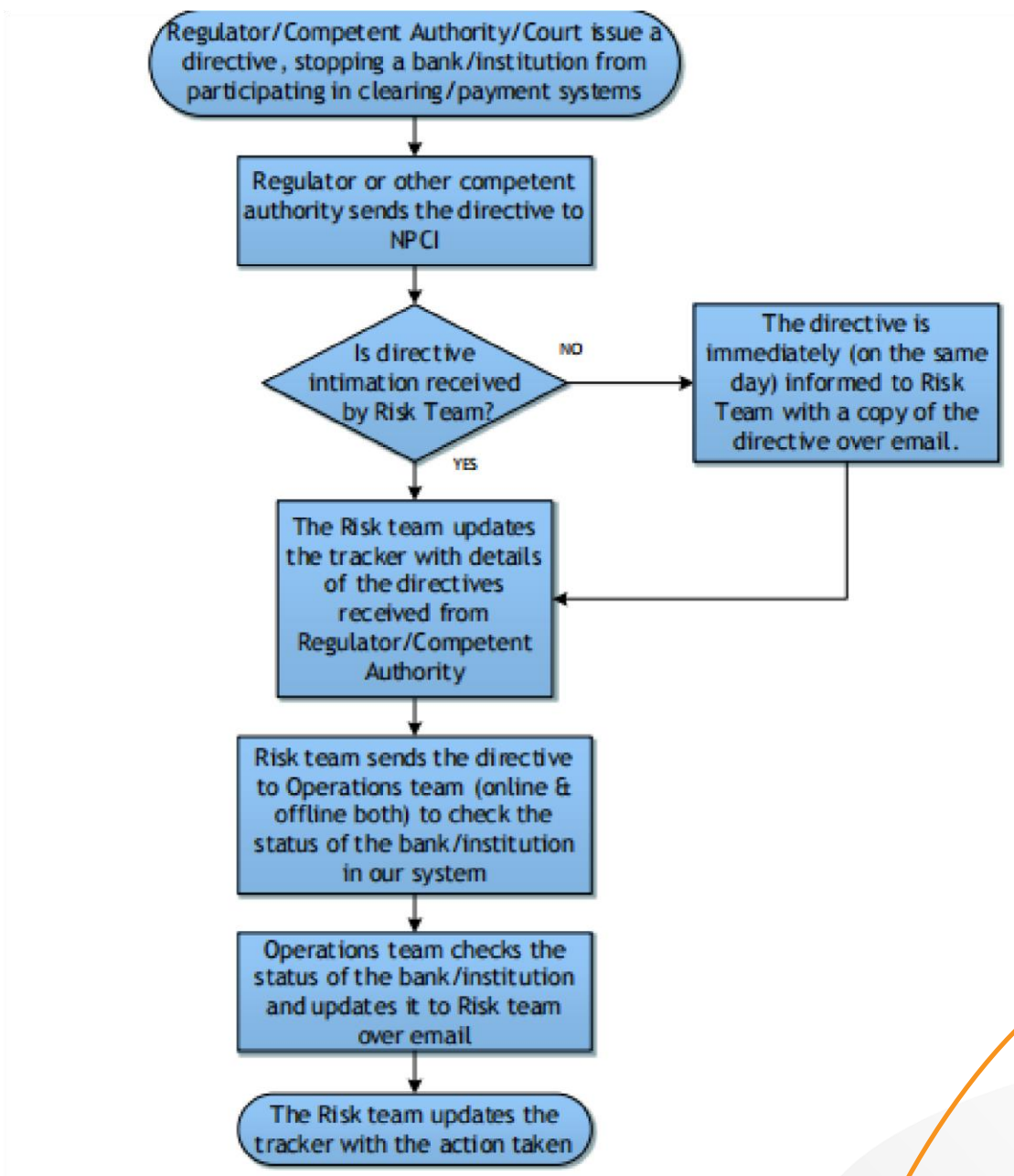
- 1) To begin the on-boarding process, the authorised bank/institution member must co-ordinate with the NPCI business team who will initiate the process
- 2) The on-boarding user will be provided with the appropriate credentials to log into the system.
- 3) Post request initiation request will be sent to certification and other internal stakeholders for completing their activity.

- 4) Respective stakeholders have their pre requisite which will be checked upon to proceed along for completing go live activity.

Off-boarding

A bank/institution is required to be off-boarded (deactivated) from being a participant in the system due to following reasons:

- 1) Direction by regulator/competent authority/court
- 2) Voluntary decision by bank/institution
- 3) For any other reason where the bank/institution is required to be off-boarded

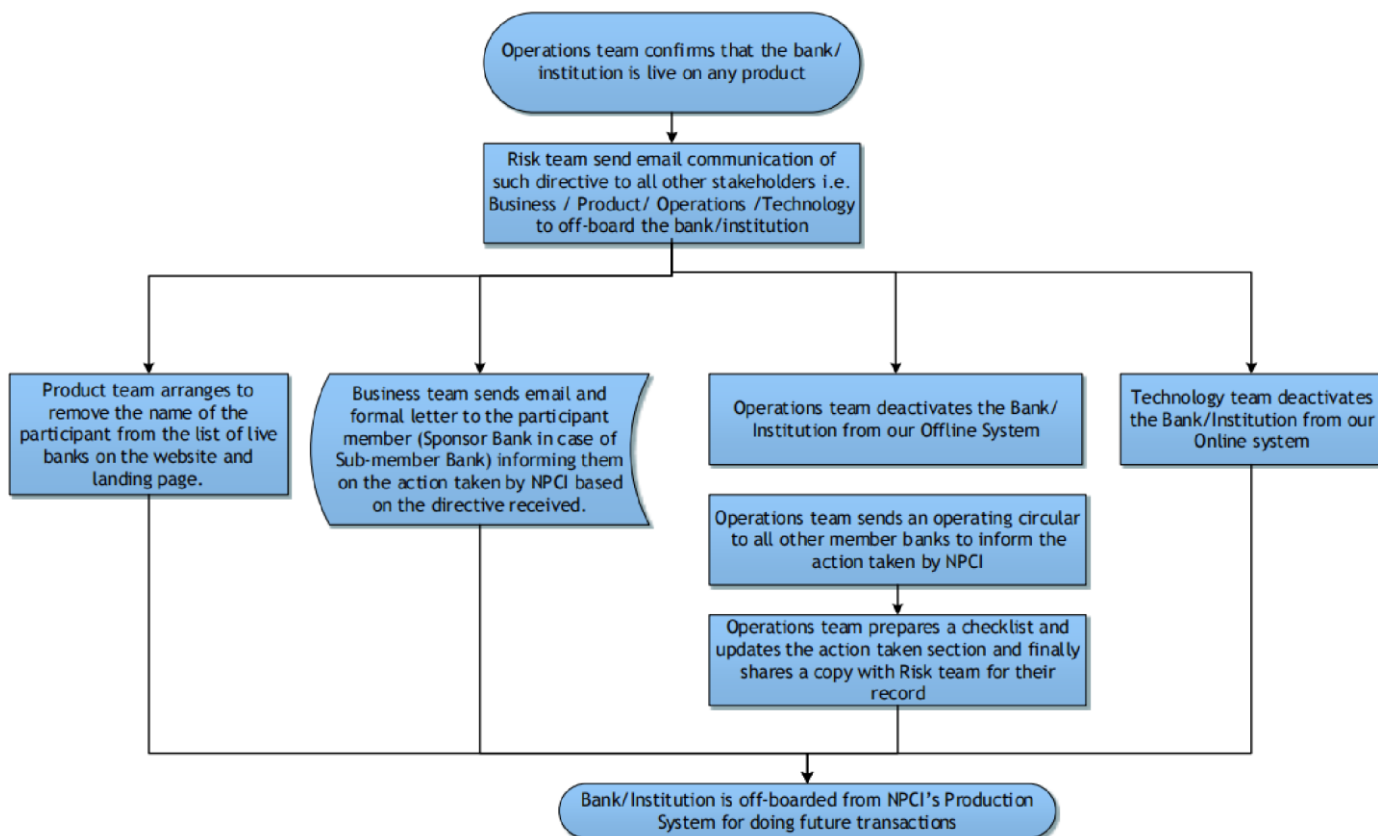


Off-boarding Process

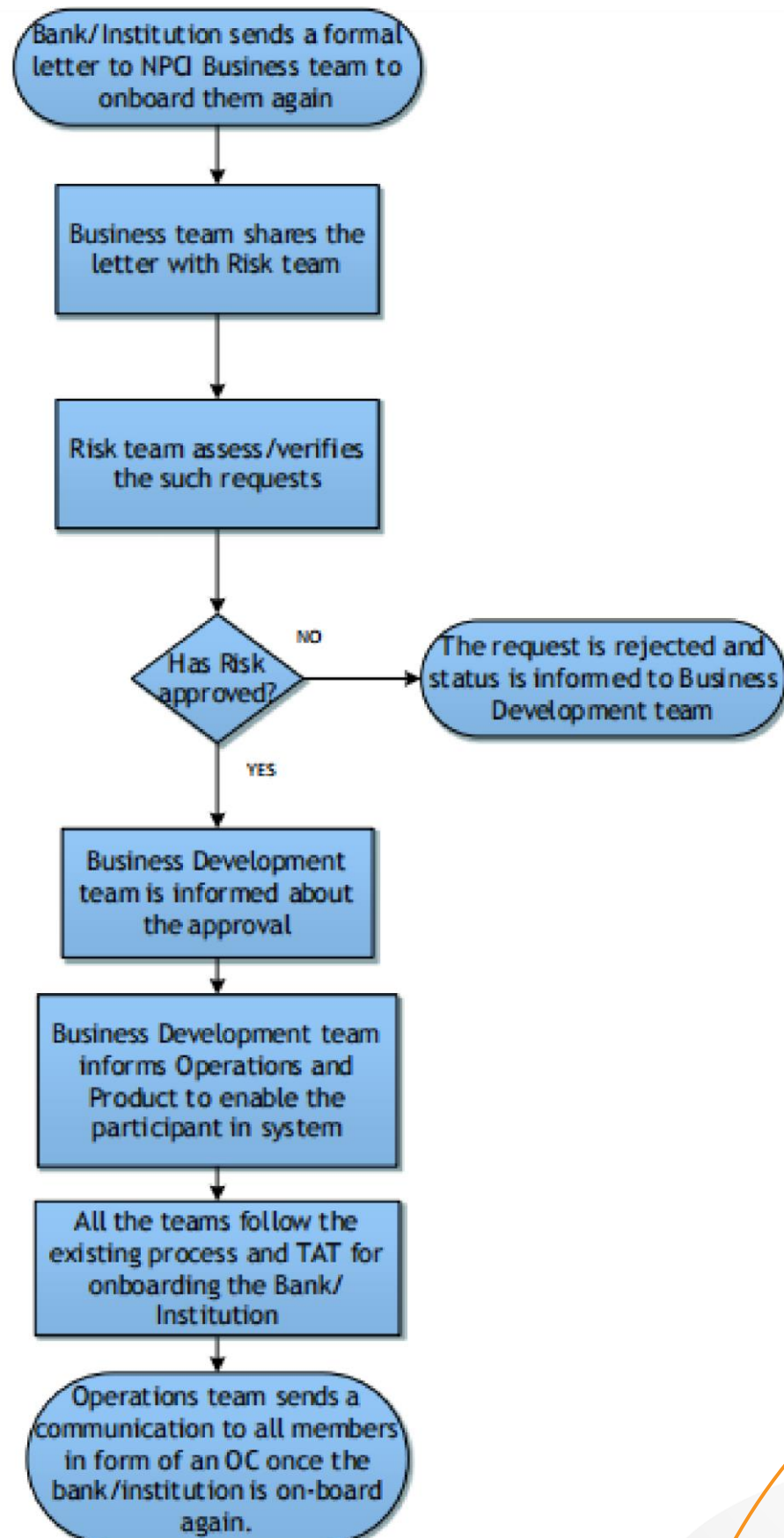
1. Off-boarding of member on direction by regulator/Competent authority/Court

1.A Off-boarding of member Bank/Institution not live for any one or more product/s, then no action is required.

1.B If the member is live on one or multiple products, then the steps given below need to be followed.

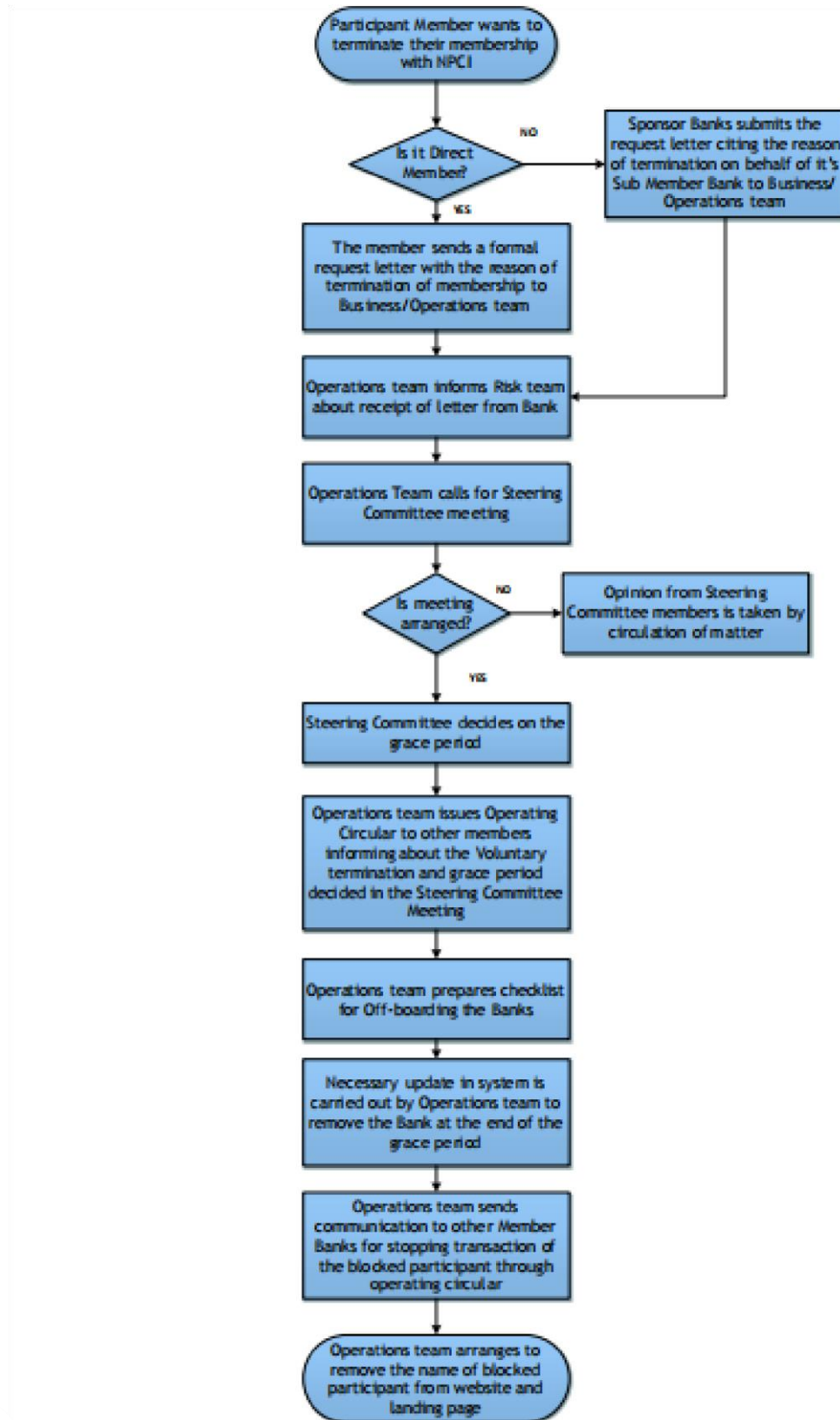


1.C On-boarding of bank/institution again once the issued directive ceases to be applicable

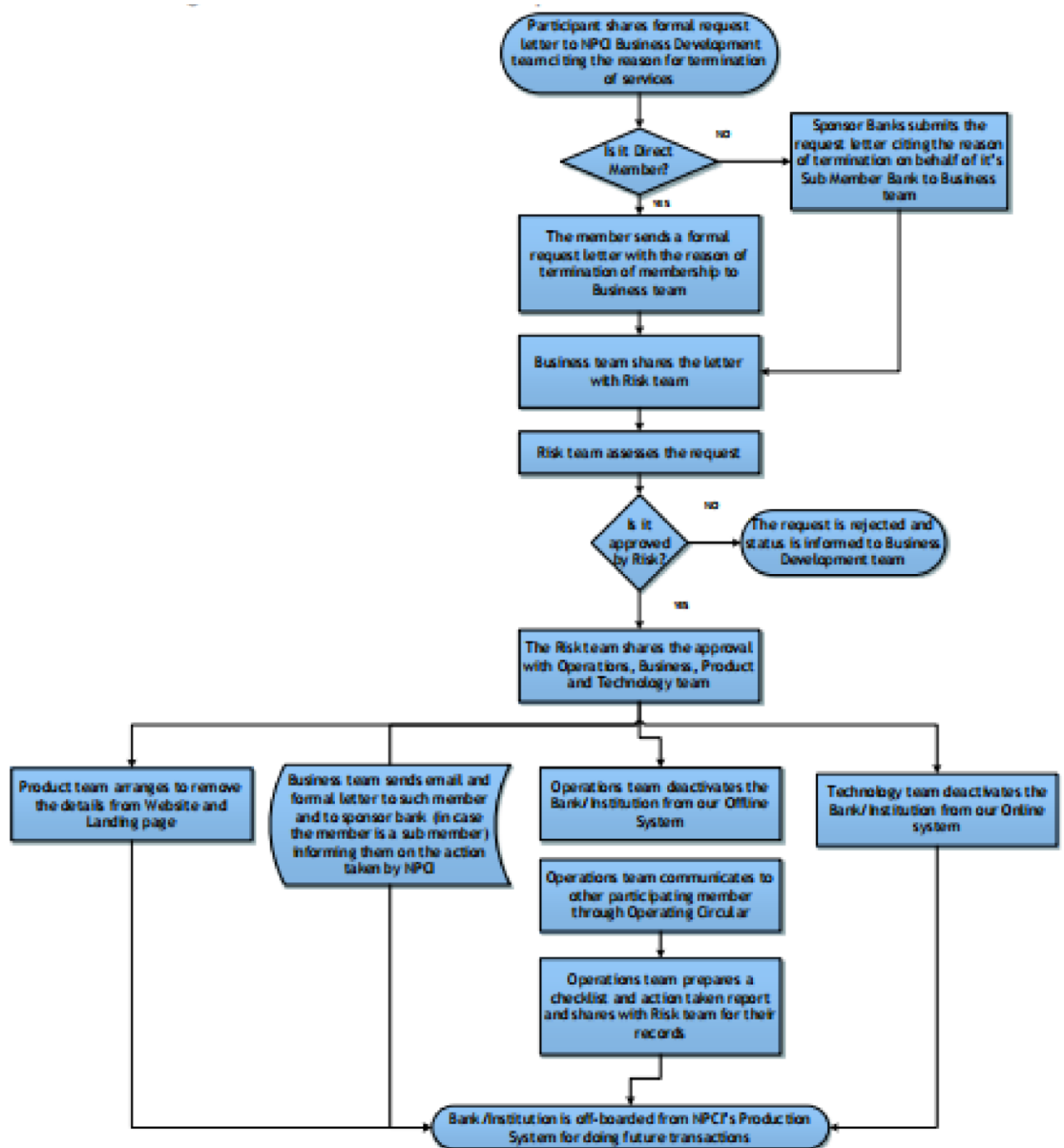


2) Off-boarding of Member on a voluntary decision of bank/institution

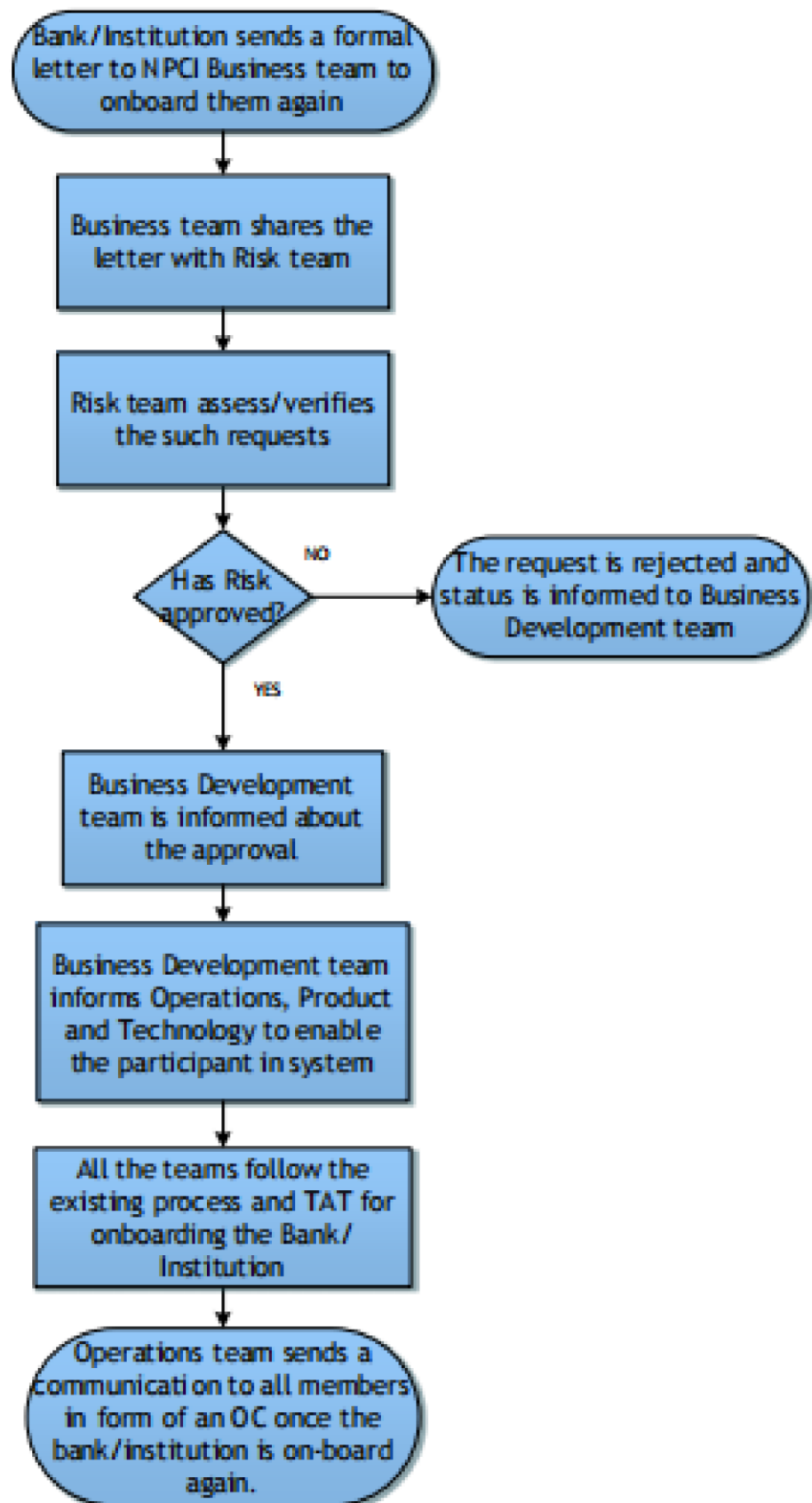
2.A. Off-boarding a bank on offline products



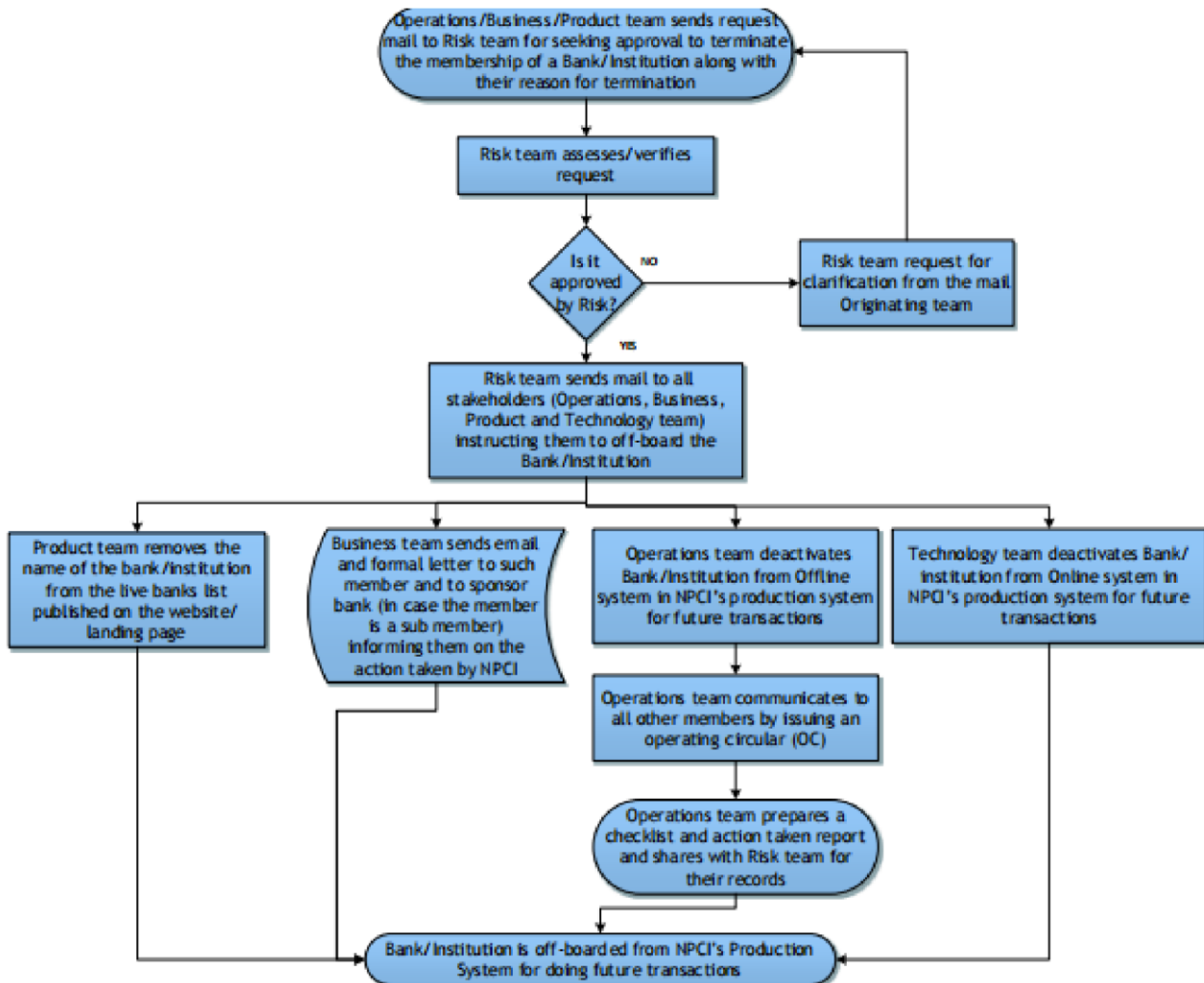
2.B Off-boarding a bank on online products



2.C On-boarding of bank/institution again on request from the bank/institution



3.A. Off-boarding of bank/institution on termination of membership by NPCI



Note:

1. For termination of membership, Bank/Institution and NPCI shall be guided by the procedural guidelines issued by NPCI for each of the products.
2. If RTGS membership of Bank/Institution OR its sponsor bank is not suspended/terminated or the Settlement account with RBI is not frozen, then Bank/Institution shall continue to be part of settlement process for transaction life cycle period as defined for each product for settlement of funds for disputes/adjustments raised and/or received by the Bank/institution.

3.B On-boarding of bank/institution again once the bank confirms compliance/RTGS membership is activated

