

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION No. 3336

Answered on Monday, December 9, 2019/ Agrahayana 18, 1941 (Saka)

Digitisation in Banking Sector

3336. MS. MALA ROY:

Will the Minister of FINANCE be pleased to state:

- (a) the status of digitisation in the Banking sector;
- (b) whether the Government has taken steps to ensure cent per cent digital transaction in banking sector, if so, the details thereof;
- (c) whether consumers are not so enthusiastic to avail these facilities on account of charges levied by banks on such transaction; and
- (d) if so, the steps taken by the Government to promote consumer friendly banking services in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) Scheduled Commercial Banks (SCBs) have adopted Core Banking Solution (CBS) platform and this facility is being used by SCBs and their customers. All new bank branches are required to be opened in CBS platform only. This has enabled customers to go to any bank branch and get the desired services. ATMs, micro-ATMs and Point of Sale (PoS) terminals are also enabled with inter-operability across banks.

(b) to (d) Reserve Bank of India (RBI) is operating and managing centralized payment systems such as Real Time Gross Settlement (RTGS), National Electronic fund Transfer System (NEFT) and National Electronic Clearing Service (NECS). RBI has also authorized National Payment Corporation of India (NPCI) to operate Immediate Payment System (IMPS), National Automated Clearing House (NACH), Aadhaar Enabled Payment System (AEPS), Aadhaar Payments Bridge System (APBS), Unified Payment Interface (UPI) and RuPay Debit Card.

As apprised by RBI, total number of online transactions including RTGS, Electronic Clearing Service (ECS), NEFT, IMPS, NACH, UPI (including Bharat Interface for Money (BHIM) and Unstructured Supplementary Service Data (USSD)), Prepaid Payment Instruments (PPIs), Credit Cards at PoS and online, Debit Cards at PoS and online, since 2016-17 is as follows:

Volume (Number of transactions in million)			Value (in billion Rupees)		
2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
9,780	14,714	23,384	11,21,649	13,70,845	16,38,494

As observed from the table, both in terms of volume and value, online transactions have increased significantly during the last three years, which indicates wider adoption of digital mode by the consumers.

Ministry of Electronics & Information Technology (MeitY) vide its Notification dated 27.12.2017 has inter-alia, envisaged that Merchant Discount Rate (MDR) applicable on Debit Card/BHIM UPI/Aadhaar-Pay transactions of less than or equal to Rs.2000/- in value will be borne by Government for a period of two years with effect from 1.1.2018.

Vide RBI circular on 'NEFT and RTGS systems – Waiver of charges' dated 11.06.2019, processing charges and time varying charges levied on banks by RBI for outward transactions undertaken using the RTGS system, as also the processing charges levied by RBI for transactions processed in NEFT system is waived by RBI with effect from 1.7.2019.

The banks are also advised by RBI to pass on the benefits to their customers for undertaking transactions using RTGS and NEFT systems. This waiver of processing and time varying charges by RBI on banks will reduce the cost of RTGS and NEFT transactions and will give fillip to digital fund movement.

RBI has launched a scheme 'Ombudsman Scheme for Digital Transactions, 2019' on January 31, 2019 to provide for a mechanism of Ombudsman for redressal of complaints against deficiency in services related to digital transactions. The Scheme came into force on January 31, 2019.
