Discussion on RTGS/NEFT

RTGS - Real Time Gross Settlement.

NEFT - National Electronics Funds Transfer System.

REAL TIME GROSS SETTLEMENT

1. RTGS system is a funds transfer mechanism where transfer of money takes place from one bank to another on a 'real time' and on 'gross basis'.
2. This is the fastest possible money transfer system through the banking channel.
3. Settlement in 'real time' means payment transaction is not subjected to any waiting period. The transactions are settled as soon as they are processed.
4. 'Gross settlement' means the transaction is settled on one to one basis without bunching with any other transaction.
5. Considering that money transfer takes place in the books of the Reserve Bank of India, the payment is taken as final and irrevocable .

NATIONAL ELECTRONICS FUND TRANSFER SYSTEM

1. Funds are transferred to the credit account with the other participating Bank using RBI's NEFT service.
2. RBI acts as the service provider and transfers the credit to the other bank's account.
3. NEFT operate on a deferred net settlement (DNS) basis which settles transactions in batches.
4. In DNS, the settlement takes place at a particular point of time. All transactions are held up till that time.

Why RTGS/NEFT

1. Lower cost of transaction of RTGS/NEFT as compared to cost of transaction and remmitance through draft
2. Draft Issue to Payment – long process, cancellation, duplicate draft issue, revalidation, IOR issues, frauds, Staff accountability
3. Customer Benefit – Immediate credit

4. Low transaction time, no printing, shorten the queues
5. Drafts will be phased out in the coming years.

RTGS/NEFT Service Availability

RTGS Transactions will be sent to RBI Based on the following Schedule:

Day	***Start Time***	***End Time***
Monday to Friday	9.00 hrs	16.30 hrs
Saturday	9.00 hrs	13.30 hrs

NEFT Transactions will be sent to RBI Based on the following Schedule

Day	***Start Time***	***End Time***
Monday to Friday	8.00 hrs	16.00 hrs
Saturday	8.00 hrs	11.30 hrs

1. For a funds transfer to go through RTGS/NEFT, both the sending bank branch and the receiving bank branch would have to be RTGS/NEFT enabled
2. In rare cases of system failure at RBI/Banks respective softwares, manual intervention is required to clear the Blocked funds
3. NEFT transactions are settled in batches based on the following timings:
   -11 settlements on weekdays - at 09:00, 11:00, 12:00, 13:00, 15:00 and 17:00 hrs.
   -5 settlements on Saturdays - at 09:00, 11:00 and 12:00 hrs.

Minimum/Maximum Amount For RTGS/NEFT Transactions:

Transactions	***Minimum***	***Maximum***
RTGS	Rs. 2 Lakh	No Limit
NEFT	No Limit	No Limit

Processing Fee/ Service Charge For RTGS/NEFT Transactions:

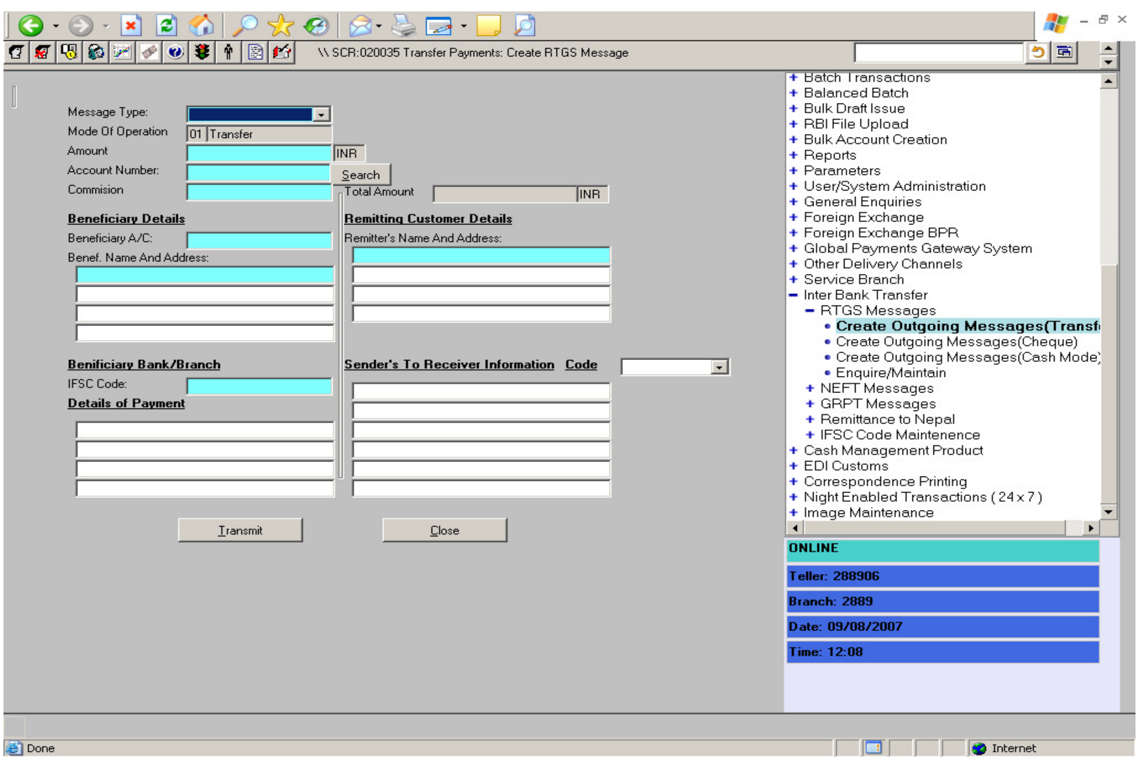
Transactions	***Minimum***	***Maximum***
RTGS	From 2 Lakh upto 5 Lakh	Not Exceeding Rs. 30/-
	5 Lakh & Above	Not Exceeding Rs. 55/-
NEFT	upto Rs. 1 Lakh	Rs. 5/-
	Rs. 1 Lakh to 2 Lakh	Rs. 15/- Maximum
	Above 2 Lakh	Rs. 25/- Maximum

No Charges to be Levied for Inward Transactions.

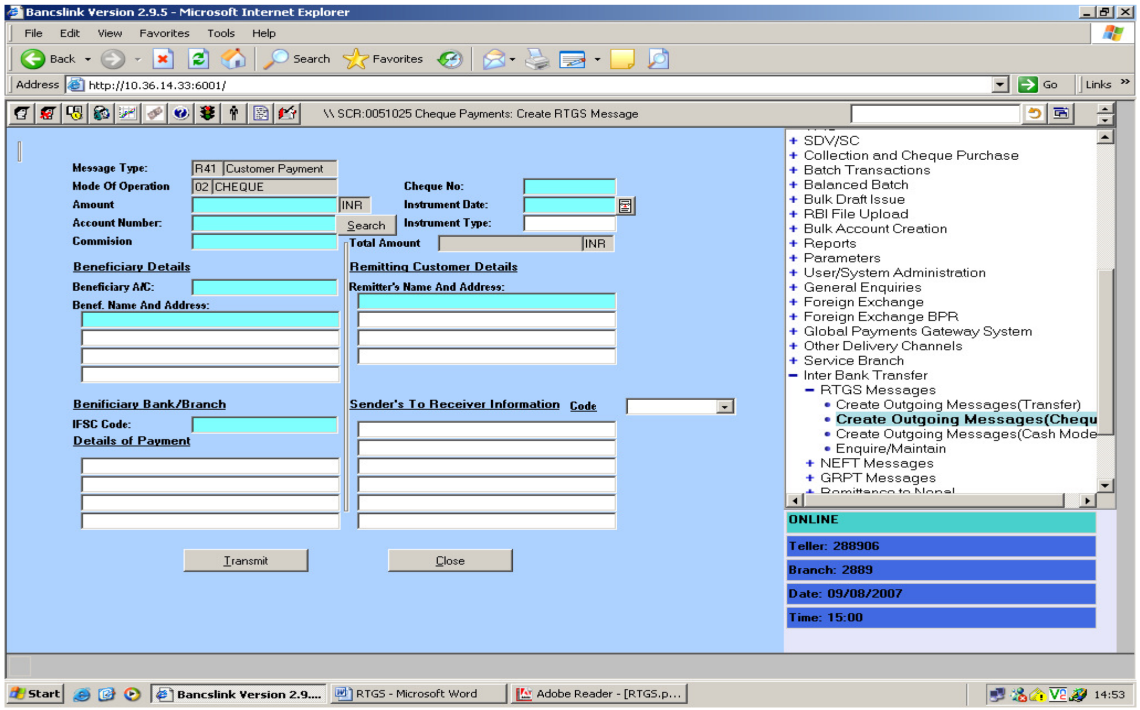
This Remitting Customer Must have Following Information for the Remittance to be effected.

a) **Amount to be Remitted.**
b) **Account no. which is to be debited.**
c) **Name of the Beneficiary Bank.**
d) **Name of the Beneficiary Customer.**
e) **Account No. of the Beneficiary Customer.**
f) **The IFSC no. of the Receiving Branch. (available on the cheque leaf.)**

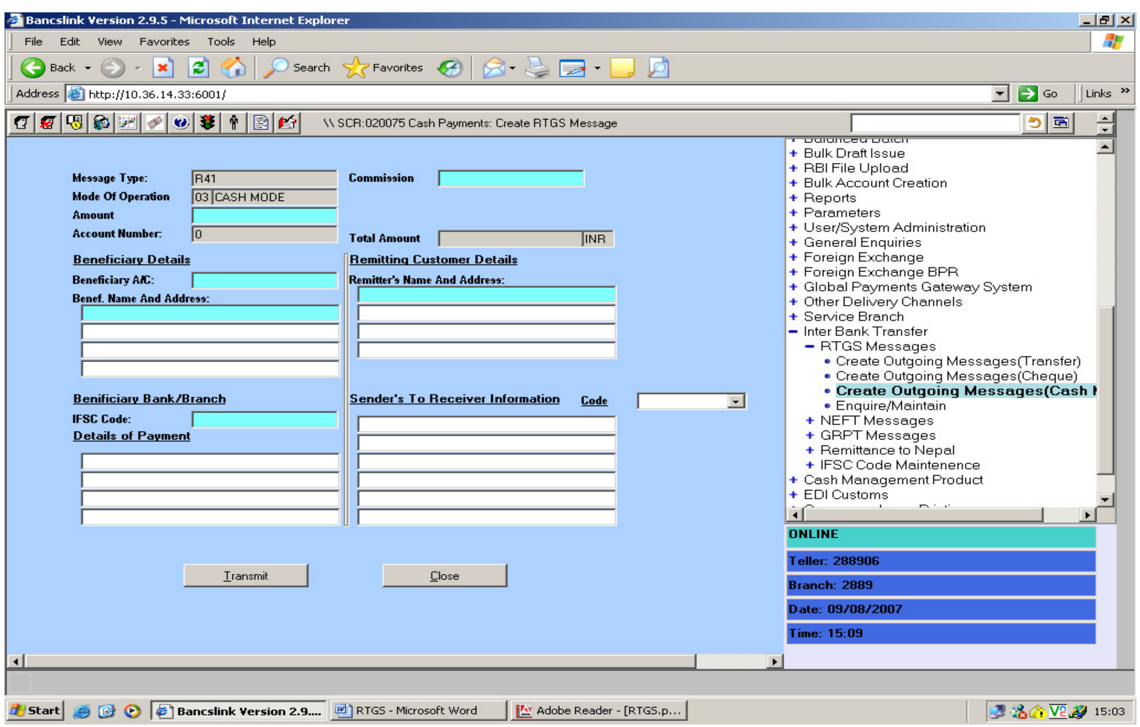
Transaction Flow: RTGS



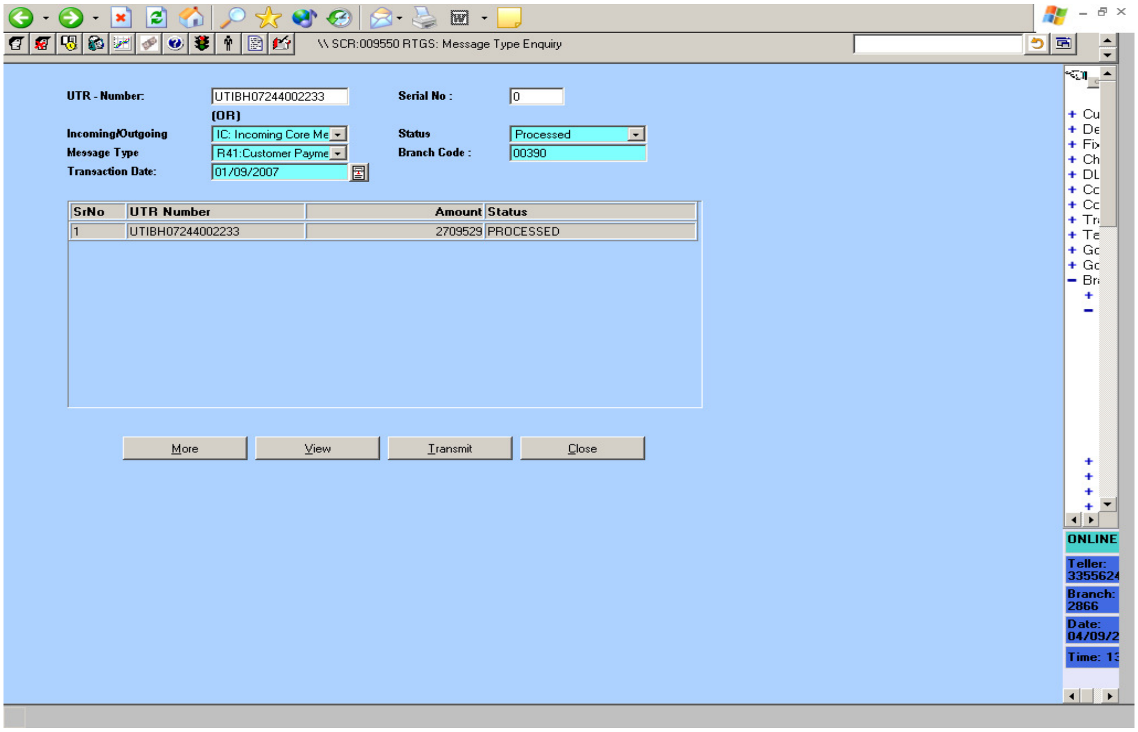
Transaction Flow: RTGS (Cheque)



Transaction Flow : RTGS (Cash)



Status enquiry of RTGS Messages Inward or Outward



- Once the funds are credited to the account of the beneficiary bank, the remitting customer gets a confirmation from his bank either by an e-mail or by a short message on the mobile

<u>Conclusion:</u>

- On a typical day, RTGS handles about 60,000 transactions a day for an approximate value of Rs.2,700 billion
- RTGS/NEFT facility is available in more than 53000 different bank branches throughout country

Queries as well as Suggestions are always welcomed.

Keep Smiling.........Be updated and Informed.....