



# GRC BULLETIN

JANUARY - 2025, VOLUME: II

## **RBI**

Master Directions on Prepaid Payment Instruments (PPIs)

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## CORPORATE LAWS

## **Authority**

Reserve Bank of India

#### **Circular Date**

Dec 27, 2024

### **Circular Number**

RBI/DPSS/2021-22/82 CO.DPSS.POLC.No.S-479/02.14.006/2021-22

### **Effective Date**

Dec 27, 2024

## RBI - MASTER DIRECTIONS ON PREPAID PAYMENT INSTRUMENTS (PPIS)

#### **Applicability:**

Applicable to all banks and non-bank financial companies authorized by the RBI to issue PPIs.

#### **RBI Guidelines on Prepaid Payment Instruments (PPIs):**

Issued to ensure safety, security, and customer protection while fostering innovation and competition in the PPI ecosystem.

#### **Authorization & Eligibility:**

- Both banks and non-banks must obtain RBI approval.
- Non-bank entities must meet net worth requirements: Rs. 5 crore initially, growing to Rs. 15 crore by the third year.

#### **Types of PPIs:**

- Small PPIs: Limited to goods and services with minimal KYC.
- Full-KYC PPIs: Can be used for purchases, fund transfers, and cash withdrawals.

#### **Cross-Border Transaction Restrictions:**

- INR-denominated PPIs are restricted for most cross-border transactions.
- Full-KYC PPIs can be used for permissible purchases and inward remittances (up to Rs. 50,000).

#### Capital & Compliance:

- Non-bank entities must maintain required capital and submit annual audits.
- Compliance with Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations is mandatory.

#### **Interoperability & Technical Standards:**

- PPIs must be interoperable through UPI or card networks.
- Specific PPIs like Mass Transit and Gift PPIs are exempt from interoperability.

#### **Fraud Prevention & Risk Management:**

- Issuers must implement robust security measures, including two-factor authentication (2FA) and fraud detection systems.
- Cooling periods and transaction limits are required for added security.

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#### **Customer Protection & Grievance Redressal:**

- Clear disclosure of charges, fees, and expiry terms.
- Grievance redressal framework must be in place, with timely resolution (within 48 hours).

### Information System Audits & Cybersecurity:

- PPI issuers must comply with RBI's audit requirements, including submitting a System Audit Report (SAR) and cybersecurity audit.
- Regular audits and reporting to ensure compliance with security standards.

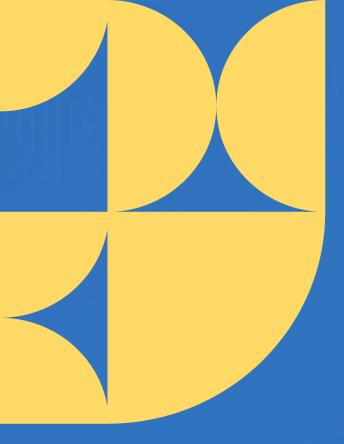
#### **PPIs for Special Categories:**

Gift PPIs, Mass Transit PPIs, and PPIs for foreign nationals have specific limits and restrictions.

Compliance with FEMA and RBI guidelines is essential for cross-border transactions.

**SOURCE:** Click here for more details







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