

Standard Operating Procedure for NEFT Nodal Office

Introduction

NEFT- National Electronic Fund Transfer is RBI operated interbank payment system. Under this scheme individuals can electronically transfer funds from any bank branch or channels to any other individual having an account with any other bank branch in the country participating in the scheme.

NEFT transactions are automated through Straight Through Processing (STP) modes by banks. NEFT transactions are 24*7*365 payment system. Transactions are settled between banks in every half an hour batch by RBI. DoP participating in this scheme through sponsor bank IPPB. DoP CBS is integrated with IPPB MQ server for NEFT message transmission.

RTGS – Real Time Gross Settlement is defined as the continuous and real time settlement of fund transfers, individually on a transaction without netting or grouping. Real Time means the processing of instructions at the time they are received. Gross Settlement means the settlement of fund transfer instructions occurs individually. RTGS transactions are available 24*7*365.

Transaction Timings and Batch Settlement

NEFT: RBI settles NEFT transaction batches between member banks every half an hour. First batch starts at 12.30AM and last batch i.e., EOD batch is settled around midnight.

DoP has maintained Settlement Account with IPPB for NEFT transactions settlement. Each outward NEFT fund transfer message sent to IPPB is validated for availability of funds in settlement account. Later these messages are grouped and sent to RBI for further settlement and posting in beneficiary account.

Similarly, in respect of inward transactions, IPPB does settlement for every half an hour with DoP by sending grouped inward messages. Such messages are ungrouped and processed in DoP CBS.

RTGS: RBI settles RTGS transactions individually between member banks in real time.

DoP has maintained Settlement Account with IPPB for RTGS transactions settlement. Each outward RTGS fund transfer message sent to IPPB is validated for availability of funds in settlement account. Later these messages are sent to RBI for further settlement and posting in beneficiary account.

Similarly, in respect of inward transactions, IPPB does settlement for each transaction on the basis of individual instruction. Such messages are processed in DoP CBS.

Stakeholders and other details

Sender/Remitter: Any individual or entity who initiates transaction with other bank customer for transfer of funds.

Beneficiary: Any individual or entity who receives the funds or to whose account payment is directed to be made in payment instruction.

Remitter Bank: The bank whose customer has initiated the transaction to remit the funds to beneficiary account.

Beneficiary Bank: The bank whose customer is receiving the funds.

SFMS Message: Structure Financial Messaging Solution message containing instructions for fund transfer.

IPPB: India Post Payments Bank who is Sponsor Bank for DoP

Nodal Accounting Office:PAO Delhi (11005499) acts as nodal accounting and settlement office for DoP

Nodal Operations Office: PCD, Bengaluru acts as nodal office and resolution of customer grievances for NEFT operations.

Types of NEFT messages:

Outward NEFT fund transfers are initiated from concerned PO SOL (transaction initiating SOL in CBS)

All inward messages are processed at Nodal Office (SOL ID- 11005499)

All inward transaction processing is STP (Straight Through Process) and automated.

Outward NEFT Fund Transfer Initiation (N06): Any fund transfer initiated by DoP POSB customers to other beneficiary bank account.

Acknowledgement and Negative Acknowledgement messages from IPPB(F27): All outward and inward return messages sent to IPPB will receive positive acknowledgement (ack) or negative acknowledgement (nack) messages from IPPB.

Inward NEFT Fund Transfer (N02): Inward messages (N02) will be received at DoP CBS from other remitting bank through IPPB in grouped manner which will be automatically ungrouped and processed in DoP CBS on receipt of end of the batch indicator message (N04).

N04 message for inward end of the batch indicator: Inward batch messages(N02) after ungrouping will get processed in CBS on receipt of end of the batch indicator message i.e. N04. N04 message contains total count of transactions and amount of fresh inward and outward return transactions. CBS system will match the count and total amount of transactions of N04 with corresponding N02 batches and will post in the CBS system.

Outward Return (N07 Inward): Any outward messages sent to beneficiary bank and returned by that bank will be received as inward batches. N07 inward messages will be received along with fresh inwards (N02). After ungrouping Inward N02 messages and matching with N04 message, outward return messages will be posted in CBS.

Inward Return (N07 Outward):If any inward message (N02) could not get posted to POSB account due to any business reasons during processing of inward transactions, such transactions will be returned to remitting bank as N07 outward.

In case Inward Return (N07 outward)is rejected by IPPB due to delay in transmitting for more than batch + 2 hours during processing, automated outward message (**AutomatedN06**) will get generated from Nodal SOL for further transmission.

Outward Credit confirmation (N10 Inward):Whenever outward messages (N06) sent to beneficiary bank is processed and posted to beneficiary account, credit confirmation (N10 inward) is sent to remitter bank (DoP) indicating successful credit to the beneficiary account.

Inward Credit confirmation (N10 Outward):Whenever fresh inward (N02) messages are processed and are successfully credited to beneficiary POSB account, CBS will generate successful credit confirmation message (N10 Outward) and send it to beneficiary bank.

RBI Rescheduling or rejection message (N03):If any NEFT Outward (N06) messages gets rejected or rescheduled by RBI for any reason, RBI rejection message (N03) will be sent to remitting bank (DoP).

If N03 is received from RBI for not to process specific N02 (inward) before receipt of N04, such transactions will be marked as deleted and will not be posted to beneficiary account in DoP CBS.

Types of RTGS messages

Outward/Inward RTGS Customer Fund Transfer (pacs.008): All outward RTGS customer fund transfer initiated across counters and channels are transmitted to IPPB for further settlement with RBI and further credited to beneficiary accounts. Similarly for all inward RTGS customer transactions, IPPB will send the payment instruction messages individually for further crediting to DoP Customer accounts.

Outward/Inward RTGS interbank Fund Transfer (pacs.009): All outward RTGS interbank fund transfer initiated by Nodal Office are transmitted to IPPB for further settlement with RBI and further credited to beneficiary accounts. Similarly for all inward RTGS customer transactions, IPPB will send the payment instruction messages individually for further crediting to DoP Customer accounts.

RBI Rescheduling or rejection message (pacs.002): If any RTGS Outward (pacs.008/pacs.009) messages gets rejected or rescheduled by RBI for any reason, RBI rejection message (pacs.002) will be sent to remitting bank (DoP).

Inward/Outward credit confirmation (camt.059): Whenever outward messages (pacs.008/ pacs.009) sent to beneficiary bank is processed and posted to beneficiary account, credit confirmation (camt.059) is sent to remitter bank (DoP) indicating successful credit to the beneficiary account.

Whenever fresh inward (pacs.008/pacs.009) messages are processed and are successfully credited to beneficiary POSB account, CBS will generate successful credit confirmation message (camt.059) and send it to beneficiary bank.

Outward/Inward RTGS Return (pacs.004): If any inward message (pacs.008/pacs.009) could not get posted to POSB account due to any business reasons during processing of inward transactions, such transactions will be returned to remitting bank as pacs.004 outward.

If any outward messages sent to beneficiary bank and returned by that bank will be received as inward transaction in the form of pacs.004. Such outward return messages will be posted in CBS.

Completion of Nodal Office EOD : Completion of EOD of NEFT/RTGS Nodal Office SOL (11005499) after 2330 hours on all days before initiating DC closure should be done by CEPT EOD team, Chennai.

Role of Nodal Accounting Team

PAO Delhi (11005499) office is designated as Nodal office for accounting of NEFT/RTGS settlement transactions. Following duties to be performed by Nodal Accounting Team.

1. Posting of NEFT/RTGS Inward and Outward Settlement transaction entries in DoP CBS as per the prescribed Standard Accounting Procedure
2. Monitoring and replenishment of funds in IPPB Settlement Account as per the prescribed procedure.
3. Reconciliation of settlement entries in pool accounts.
4. Submission of GST Returns, GST Invoice and claiming Input Tax Credit for NEFT/RTGS related transactions.
5. Coordinating with Nodal Operations Team for any NEFT/RTGS operation related and technical issues.
6. Any other responsibilities as prescribed in standard accounting procedure.

Role of Nodal Operations Team

PCD, Bengaluru is designated as Nodal Office for operations related to NEFT/RTGS transactions. Following are to be monitored/performed by the Nodal Operations Team.

1. Processing of manual outward fund transfer (N06) using HPORDM menu in case of failure of automated N06 for inward return rejection, based on excess fund availability in designated parking account with approval from the Competent authority.
2. Processing of return of automated N06 for inward return rejection using HPORDM menu should be done in co-ordination with IPPB and beneficiary bank, based on excess fund availability in designated parking account with approval from the Competent authority.
3. Processing of manual interbank fund transfer (pacs.009) for any failure in RTGS inward return based on excess fund availability and reconciliation and recommendation by IPPB CPC, with approval from the Competent authority.
4. Daily Monitoring of reconciliation of NEFT/RTGS transactions by coordinating with IPPB Team and further upload of TTUMs based on reconciliation output provided by IPPB.
5. Marking of lien(HALM)for the required amount based on the request from IPPB CPC or remitter bank through IPPBCPC for wrongful credit to POSB. SOLs may be informed accordingly not to remove the lien.
6. Nodal Office to inform the concerned Circle SPOCs to get the account frozenby the concerned HO, in case of any suspicious fraudulent credit to the account.
7. Processing of NEFT/RTGS Inward and Outward transaction messages in DoP CBS to be monitored in coordination with concerned technical teams of FSI/IPPB/CEPT for any technical issues.
8. Separate work class with both maker and checker are required in CBS for accessing menus like HPORDM, HSMI, HACLINQ, HALM, HCRT, HBRM and HCCS. CEPT will revisit and provide menu on need basis. User role assignment and creation are to be handled as per existing procedure followed for user creation and SOL role change through circle CBS CPC of Karnataka Circle. For this purpose, PCD will be given separate Division login in mis.cept.gov.in for lodging such requests.
9. Transactions created from PCD, Bengaluru to be monitored using longbook and NEFT/RTGS detailed reports by SBCO of Delhi GPO on daily basis.
10. Management and resolution of complaints related to NEFT/RTGS transactions originated from different channels, received through modes like CSI CRM Portal, Customer Care, India Post customer web portal and Post Offices.
11. Coordinating with IPPB CPC/FSI/CEPT for addition, modification and deletion of IFSC.
12. Coordinating with beneficiary/remitter bank through IPPB CPC for any customer transaction related disputes.
13. Reversal of transaction amount based on reconciliation and recommendation by IPPB CPC.
14. Managing banking ombudsman and fraudulent cases by coordinating with IPPB CPC.
15. Any payments to comply with ombudsman advisories are to be made after obtaining approval/sanction from the competent authority.