

## Appendix 1

(DPSS.CO.OD.No.1328/06.08.005/2019-20 dated January 10, 2020)

### Framework for imposing monetary penalty on authorised payment system operators / banks under the Payment and Settlement Systems Act, 2007

#### Determining the amount of penalty (when contravention is quantifiable)

Factors	0	1	2	3	4	Weights	Score
<b>I. Undue Gain or Loss</b>							
(i) Amount of gain or unfair advantage accruing to the contravener in relation to its business / income / profit	NIL	Low (0-2%)	Medium (3-6%)	High (7-10%)	Very High (Above 10%)	1	
(ii) Amount of loss caused to any other authority / agency / exchequer as well as to any other market participant	NIL	Low (0-2%)	Medium (3-6%)	High (7-10%)	Very High (Above 10%)	1	
(iii) The monetary benefits accruing to the contravener from delayed compliance or non-compliance	NIL	Low (0-2%)	Medium (3-6%)	High (7-10%)	Very High (Above 10%)	1	
(iv) Extent of gain of competitive advantage over other similar payment systems	NIL	Low (0-2%)	Medium (3-6%)	High (7-10%)	Very High (Above 10%)	1	
<b>II. Impact</b>							
(i) Extent of systemic impact in terms of number of customers / entities / banks affected and the extent of disruption/potential disruption caused / could have caused to the particular payment system, its participants and associated customers	None	Low	Medium	High	Very High	4	
<b>III. Intent</b>							
(i) Intent of committing contravention in terms of whether it was inadvertent or negligent or due to recklessness or deliberate	None	Unknowingly (Inadvertent)	Knowingly (Negligent)	Should have known (Reckless)	Clear intent (Deliberate)	4	
<b>Mitigating Factors</b>							
(a) Immediate corrective action taken	No				Yes	4	

**Notes:**Amount of penalty:

Score	Amount of penalty
1-12	up to 5% of the amount involved per contravention
13-24	up to 10% of the amount involved per contravention
25-36	up to 15% of the amount involved per contravention
37-48	up to 25% of the amount involved per contravention

*In cases where the penalty amount may affect the viability of the contravener, the same may be reduced appropriately by the Committee of senior officers.*

**Determining the amount of penalty (when contravention is not quantifiable)**

Factors	0	1	2	3	4	Weights	Score
(i) Extent of systemic impact in terms of the number of customers / entities / banks affected and the extent of disruption/potential disruption caused / could have caused to the particular payment system, its participants and associated customers	None	Low	Medium	High	Very High	4	
(ii) Intent of committing contravention in terms of whether it was inadvertent or negligent or due to recklessness or deliberate	None	Unknowingly (Inadvertent)	Knowingly (Negligent)	Should have known (Reckless)	Clear intent (Deliberate)	8	
<b>Mitigating Factors</b>							
(a) Immediate corrective action taken	No				Yes	4	

**Notes:**Amount of penalty:

Score	Amount of penalty
1-12	up to ₹ 1 lakh per contravention
13-24	up to ₹ 2 lakh per contravention
25-36	up to ₹ 4 lakh per contravention
37-48	up to ₹ 5 lakh per contravention

*In case neither the extent of systemic impact nor the intent of committing the contravention is clearly established, then the Committee of CGMs may take a view to either not to impose any penalty or to impose an appropriate amount of penalty, subject to the outer limit of ₹ 5 lakh, based on the facts of contravention.*