



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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DPSS.CO.PD. No. 2256 /02.14.006/ 2011-12

June 14, 2012

To

All System Providers, System Participants
and all other prospective prepaid payment instrument issuers

Dear Sir,

Policy Guidelines for issuance and operation of Prepaid Payment Instruments in India- Amendments

A reference is invited to our circulars [RBI / 2008-09 / 458 DPSS. CO. PD. No. 1873/02.14.06/2008-09 dated April 27, 2009](#), [RBI / 2010-11 / 261 DPSS. CO. No. 1041 / 02.14.006 / 2010-2011 dated November 04, 2010](#) and [RBI / 2011-12 / 144 DPSS. CO. PD. No. 225/02.14.006/2011-12 dated August 04, 2011](#) on the subject.

2. On a review of the development of the issuance and acceptance market for prepaid payment instruments, the Reserve Bank has considered it necessary to carry out the following amendments:

- The limit of Rs 1000/- for semi-closed prepaid payment Instrument that can be issued under Para 6.4 (i) of guidelines dated April 27, 2009 has been raised to Rs 2000/- Hence Para 6.4 (i) may be read as follows:

“Semi-Closed System Payment Instruments up to Rs 2000/- may be issued against any identity document furnished by the customer subject to reporting of annual turnover/suspicious transactions. It shall be ensured that under no circumstances, more than one active instrument is issued to the same holder by the same issuer”.

- The issue of semi-closed prepaid payment instrument upto Rs 10,000 without separate KYC being conducted by the issuer, for payment of utility bills/ essential services/ air and train travel under Para 6.4 (iii) was permitted on the premise that full KYC of the customer is already being done by the provider of such services. The control exercised by the issuer has been on the acceptance side, ie. utility of the card for the specific purpose at the specific merchant. Based on this rationale, it has been decided to redefine the merchant categories under Para 6.4 (iii). Accordingly Para 6.4(iii) of the guidelines dated April 27, 2009 (as amended by circular dated November 4, 2010) may now be read as:

"Semi-closed system payment instruments which permit only payment of utility bills/ essential services / air and train travel tickets; and recurring payment of college fees, school fees, government taxes up to a limit of Rs 10,000/- can be issued without separate KYC being undertaken by the issuer. The persons issuing such instruments may ensure that these instruments are made acceptable only at institutions which maintain the full identity of the customers. The utility bills/ essential services shall include only electricity bills, water bills, telephone/mobile phone bills, insurance premium, cooking gas payments, rental for Internet/Broadband Connections, Cable/DTH subscriptions and Citizen Services by Government or Government bodies. .

3. This directive is issued under section 18, of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

4. Please acknowledge receipt.

Yours faithfully

(Vijay Chugh)
Chief General Manager