

7. RBI Guidelines to Regulate Payment Aggregators and Gateways

Prelims Syllabus: Economics – Banking.

Mains Syllabus: GS-III Effects of liberalization on the Economy, Changes in Industrial Policy and their effects on Industrial Growth.

Why in News?

- The Reserve Bank of India has recently released guidelines for regulating activities of Payment Aggregators and Payment Gateways functioning in India.

What is meant by Payment Aggregators and Payment Gateways?

- **Payment Aggregators (PA)** facilitates e-commerce sites and merchants in accepting payment instruments from the customers for completion of their payment obligations without the need for merchants to create a separate payment integration system of their own.
- **Payment Gateways (PG)** are entities that provide technology infrastructure to route and facilitate processing of an online payment transaction without any involvement in handling of funds. PGs in India mainly include banks.

Difference between PA and PG:

- A Payment Gateway allows the merchants to deal in a specific payment option put on the portal, whereas a Payment Aggregator allows one to have multitudes of options for payment. Thus, a Payment Aggregator covers a payment gateway in its ambit.

Key Guidelines given by RBI:

1. Mandatory Authorisation:

- ✓ A PA should be a company incorporated in India under the Companies Act, 1956 / 2013.
- ✓ Non-bank PAs will require authorisation from the RBI under the **Payment and Settlement Systems Act, 2007 (PSSA)**.
- ✓ Banks provide PA services as part of their normal banking relationship and do not therefore require a separate authorisation from RBI.
- ✓ E-commerce marketplaces (e.g. flipkart, Paytm) providing PA services should separate PA services from the marketplace business and they should apply for authorisation on or before 30th June, 2021.
- ✓ PGs will be considered as ‘technology providers’ or ‘outsourcing partners’ of banks or non-banks, as the case may be.

2. Disclosure Requirements:

- ✓ As need to disclose comprehensive information regarding merchant policies, customer grievances, privacy policy and other terms and conditions on the website and / or their mobile application.
- ✓ They need to undertake background and antecedent checks of the merchants to ensure that such merchants do not have any malafide intention of duping customers, and do not sell fake / counterfeit / prohibited products.

3. Capital Requirement:

- ✓ Existing PAs have to achieve a net worth of ₹15 crore by 31st March, 2021 and a net worth of ₹25 crore on or before 31st March, 2023. The net worth of ₹25 crore has to be maintained at all times thereafter.
- ✓ New PAs should have a minimum net worth of ₹15 crore at the time of application for authorisation and have to attain a net worth of ₹25 crore by the end of the third financial year of the grant of authorisation. The net worth of ₹25 crore has to be maintained at all times thereafter.

