

2. RBI Regulation for Payment Aggregators and Payment Gateways

Prelims Syllabus: Banking

Mains Syllabus: GS-III Indian Economy and Issues Relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Why in News?

- The Reserve Bank of India recently released guidelines for regulating payment aggregators and Payment Gateways.

About Payment Aggregators and Payment Gateways:

- **Payment Aggregators** facilitate 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. Example: Billdesk.
- **Payment Gateways** 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.
- 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.

What are the various Guidelines?

Authorisation:

- Non-bank PAs will require authorisation from the RBI under the Payment and Settlement Systems Act, 2007 (PSSA). A PA should be a company incorporated in India under the Companies Act, 1956 / 2013.
- 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.

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.

Disclosure Requirements:

- PAs 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.

