

Applications to operate prepaid payment instruments halted

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Mumbai, September 2:

The Reserve Bank of India has decided to temporarily suspend accepting fresh applications from banks and non-banks for authorisation to operate a payment system for prepaid payment instruments (PPIs) till February 28, 2017.

This decision follows significant developments in the last couple of years in the payments space with the emergence of newer technologies, products and players.

These developments, according to the central bank, as well as the emerging digital environment necessitate a review of the guidelines for PPI issuance as well.

The Reserve Bank will be undertaking a comprehensive review of the guidelines and framework for PPI issuance in the country.

The central bank, in a statement, said the decision to temporarily suspend accepting fresh applications will also “enable the newer entities to be in compliance with revised policy framework since inception.”

Applications already received by the RBI till close of business on September 2 will be processed in accordance with extant guidelines.

Storing value

Pre-paid payment instruments facilitate purchase of goods and services, including fund transfers, against the value stored on such instruments. The value stored represents the value paid for by the holders by cash, by debit to a bank account, or by credit card.

The pre-paid instruments can be issued as smart cards, magnetic stripe cards, internet accounts, internet wallets, mobile accounts, mobile wallets, paper vouchers and any such instrument which can be used to access the pre-paid amount.

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