

# IT'S ALL ABOUT QUICK MONEY, HONEY: THE NEW ERA OF FUND TRANSFERS

Gone are the days when payment and transfer of funds entailed serpentine queues in banks and interaction with forever busy non-attending employees requiring several days altogether. With advent of internet and mobile banking, instant and hassle free electronic funds transfer has now become a reality. Funds can now be transferred instantly from one account to another, within the same bank or to a different bank from your comfort zone – anytime, anywhere. Besides being convenient, electronic transfer modes are considered to be safe, secure and reliable making transferring money much more simpler.

## Types of electronic funds transfer:

1. RTGS (Real Time Gross Settlement)
2. NEFT (National Electronics Funds Transfer)
3. IMPS (Immediate Payment Service)
4. UPI (Unified Payment Interface)

Let's see what the fund transfer methods and which method best for your needs.

## RTGS (Real Time Gross Settlement)

Real Time Gross Settlement (RTGS) as the name suggests is a real time funds transfer system which facilitates you to transfer funds from one bank to another in real time or on a gross basis. RTGS fund transfer is the fastest process that takes place in real time. The amount is credited within 30 minutes of the transaction. If for some reason, money you have sent is not received by the concerned person, then the full amount is returned to your account in just two hours.

**Amount Limit:** Minimum amount for RTGS transfer is Rs 2 Lakhs and maximum limit is Rs 10 lakhs

**Timings:** 8:00 am to 4:30 pm (8:00 am to 1:30 pm on Saturdays)

### Information required while making an RTGS payment:

- Amount to be remitted
- Remitting customer's account number which is to be debited.
- Name of the beneficiary bank.
- Name of the beneficiary.
- Account number of the beneficiary.
- IFSC code of the destination bank branch.

## NEFT (National Electronic Fund Transfer)

The National Electronic Funds Transfer is a nation-wide money transfer system which allows customers with the facility to electronically transfer funds from their respective bank accounts to any other account of the same bank or of any other bank network. Not just individuals but also firms and corporate organizations may use the NEFT system to transfer funds. The transfer of funds is simple, however it is slower as compared to RTGS. NEFT transactions can be made during banking hours and hourly batches of transactions are made. The credit process takes almost 1 hour.

**Amount Limit:** No minimum limit and maximum limit is Rs 10 Lakhs

**Timings:** 8:00 am to 6:30 pm (8:00 am to 12:30 pm on Saturdays)

### Information required while making an NEFT payment:

- Amount to be remitted
- Remitting customer's account number which is to be debited.
- Name of the beneficiary bank.
- Name of the beneficiary.
- Account number of the beneficiary.
- IFSC code of the destination bank branch.

### IMPS (Immediate Payment Service)

The IMPS (Immediate Payment Service) helps you access your bank account and transfer funds instantly and securely to any bank. You can send money using net banking on an internet-powered laptop, PC or mobile. The beneficiary account is credited immediately when a fund transfer request is made from your side. However, to make use of IMPS, users must register and get MMID from the bank branch. Both parties must have MMID's for successful transaction.

**Amount Limit:** No minimum limit and maximum amount that can be sent using IMPS is Rs 2 Lakhs.

The beneficiary details required by the sender are:

- **Beneficiary's mobile number.** The beneficiary's mobile number should be registered with his bank.
- **MMID of the beneficiary customer.** Mobile Money Identifier (MMID) is a seven digit random number issued by the bank upon registration. Remitter (customer who wants to send money) and Beneficiary (customer who wants to receive the money) should have this MMID for doing interbank funds transfer.

There are 2 ways to transfer money through IMPS:

IMPS using Account number:	IMPS using MMID:
Customer can transfer maximum amount as per the TPT (Third Party Transfer) limits. However, per transaction limit for IMPS using Account number is Rs 2 Lakhs.	NetBanking and MobileBanking: *Rs 5,000 per day per Custid (on either of the channel)

Please note: For USSD channel limit is Rs 1,000 each for IMPS Fund transfer using Account number and IMPS fund transfer using MMID.

**Timings:** This service is available 24x7, throughout the year including Sundays and any bank holiday.

### How does IMPS work?

- Sender sends instruction from his/her mobile through his/her bank provided mobile application.
- The sender enters the mobile number, MMID of the receiver and the amount to be send.
- The beneficiary receives the money immediately.
- Both sender and the receiver get SMS confirmation.

### UPI (Unified Payment Interface)

Unified Payment Interface is an initiative by National Payments Corporation of India's (NPCI), set up with the support of the Reserve Bank of India and Indian Banks Association (IBA). The UPI is an improved version of IMPS. Apart from a bank account, all that you need is a smartphone. Once you register for UPI with your bank, a unique 'virtual address' will be created. This is mapped with your mobile phone.

To initiate the payment, UPI invokes this virtual identity of the beneficiary and transfers money real-time. It works on single-click 2-factor authentication.

UPI will allow a customer to have multiple virtual addresses for multiple accounts in various banks. In order to ensure privacy of customer's data, there is no account number mapped anywhere other than the customer's own bank. This allows the customer to freely share the financial address with others.

A customer can also decide to use the mobile number or Aadhaar number as the name instead of the short name for the virtual address.

### How does UPI works?

**Fund Transfer:** Say your friend needs Rs 15,000 urgently in his bank account. You can now send him the money easily - all you need is his virtual address.

#### Option 1: Sender initiates transaction

**Step 01** Login to your UPI-enabled bank app and select the friend's virtual address.

**Step 02** Enter the amount, Rs 15,000. Confirm the amount and the virtual address and enter your MPIN to authorise the payment.

**Step 03** The money gets debited from your bank account and gets credited to your friend's bank account.

#### Option 2: Receiver initiated transaction

**Step 01** Your friend will login to his UPI-enabled bank app and enter your virtual address, then initiate a 'collect' request.

**Step 02** He will key in the amount and confirm this and your virtual address. UPI will route the request to your virtual address. You will get a notification on your mobile phone that your friend has requested to collect Rs 15,000.

**Step 03** You have to authenticate the transfer with your MPIN. The money will get debited from your account and credited into your friend's account.

A comparative analysis of various modes of transfer:

Transaction Timings	NEFT	RTGS	IMPS		UPI
Monday to Friday	8:00 AM to 6:30 PM	8:00 AM to 4:30 PM	24x7		24x7
Saturday	8:00 AM to 12:30 PM	8:00 AM to 1:30 PM			
Transaction Limits	NEFT	RTGS	IMPS		UPI
			Account Number + IFSC	Mobile Number + MMID	
			Minimum	Re 1	
Maximum	Rs 10 Lakhs	Rs 10 Lakhs	Rs 2 Lakhs	Rs 10,000	Rs 1 Lakh
Transaction Charges	NEFT	RTGS	IMPS		UPI
	Bank charges + service tax (depending on amount transferred)	Above Rs 2 lakhs: Bank charges + service tax (depending on amount transferred)	Upto Rs 2 lakhs: Bank charges + service tax (depending on amount transferred)		N.A.

## Conclusion

Most electronic payments in India are facilitated through NEFT and RTGS. Unlike NEFT, in Real Time Gross Settlement (RTGS), fund transfers handled on one-to-one basis. Large value transactions, typically over Rs 2 lakhs, are carried out using this method. This is also done during working hours.

Immediate Payment Service (IMPS) is a more recent form of fund transfer that is gaining popularity. Most banks offer this service free-of-cost now.

UPI is being launched by National Payments Corporation of India (NPCI) to further RBI's vision of migrating towards a "less-cash" and more digital society. UPI will usher in low cost, high-volume payments and create a new ecosystem where customers and merchants will come together for faster and simpler electronic payments.