

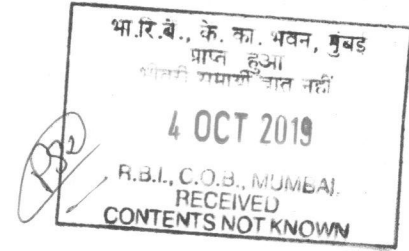
Trust Registration No. E-26571; PAN: AACTM4377J;
80(G) Registration No. DIT(E)/MC/80G/685/2010-11

MoneyLife Foundation

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Date: 4 October 2019

Chief General Manager
Dept of Payment & Settlement System,
Reserve Bank of India,
14th floor, Central Office Building,
Shahid Bhagat Singh Road, Fort,
Mumbai 400 001



Subject: Electronic Payments Products with Name Matching

Dear Sir,

MoneyLife Foundation is a non-profit organisation registered with the Charity Commissioner of Mumbai and has over 1.12 lakh members. The Foundation is engaged in spreading financial literacy, consumer awareness and advocacy and works towards safe and fair market practices through workshops, round table meetings, white papers, research, awareness campaigns, and grievance redressal and counselling.

We offer free guidance to aggrieved consumers in various sectors and banking is one of them.

Off late, we have started receiving complaints about credit to wrong account on initiating NEFT/ RTGS or such other transactions, whether online or through concerned bank.

In this context, we refer to your circular number RBI/2010-11/235 DPSS (CO) EPPD No. / 863 / 04.03.01 / 2010-11 dated October 14, 2010 giving detailed guidelines to banks. We appreciate that the circular has considered various aspects and difficulties that may be faced by destination branches while giving credit of such funds to the proper account in the Indian environment, particularly, the way of writing own name. Again a few communities are having very common names when it becomes very difficult to cross verify the same while giving credit to the account concerned.

We agree that it is the sole responsibility of the remitter to provide correct information to the remitting bank while instructing for NEFT / RTGS / NACH, etc. At the same time, we are of the opinion that the recipient of the funds should have proper rights to receive this information, that is to say,

he should be the person / entity to whom the remitter intends to transfer the money and that is why cross verifying / matching the name of the beneficiary is of utmost importance.

Under point no. 5 (viii) of the said circular, you have rightly directed the banks saying *“if it is found that credit has been afforded to a wrong account, banks need to establish a robust, transparent and quick grievance redressal mechanism to reverse such credits and set right the mistake and / or return the transaction to the originating bank.”*

However, there are practical difficulties like timely reporting such incident to originating bank. Also, it is quite possible (and has happened in real life) that the ‘beneficiary’ withdraws the amount immediately, thereby making it impossible for the receiving bank to recover the money.

We, therefore, suggest that installation of a sturdy ‘Name Matching Software’ which is mentioned under point no. 4 of the circular should be made mandatory. The remitter should be asked to furnish the exact name of the beneficiary as it appears in the records of the receiving bank. In case of any mismatch, the funds received should be returned to the originating bank, thereby almost eliminating the risk of wrong credit.

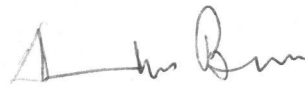
We trust you will consider our submission in the interest of bank customers.

Yours faithfully,

1. Sucheta Dalal
Founder-Trustee
Moneylife Foundation



2. Debashis Basu
Founder-Trustee
Moneylife Foundation



3. Abhay Datar
Counsellor,
Moneylife Foundation



4. AV Shenoy
Consumer Activist

