

NPCI/2020-21/CTS/Circular No. 007

December 28, 2020

To

All CTS Member banks

Positive Pay System in CTS

Reference may be taken from RBI circular RBI/2020-21/41 DPSS.CO.RPPD.No.309/04.07.005/2020-21 dated September 25, 2020 mandating all the banks to implement Positive Pay System with effect from 01/01/2020. All the participating member banks are advised to submit their compliance status as per the format attached, copy of the same may be sent to email ids provided in **Annexure I**.

Data capture for PPS:

Reference may be taken from point 4 of our circular no. NPCI/2020-21/CTS/Circular No. 004 dated October 17, 2020 on implementation of Positive pay system (PPS) as per the directions of Reserve Bank of India. Banks should validate the customer before accepting the data. In order to avoid data entry errors only minimal data like amount and payee name may be obtained from the customer and the remaining data should be auto populated from CBS. PPS system will validate the uniqueness of the record uploaded using the combination of MICR code + Cheque Number + Account number + SAN + TRAN code. Note that any duplicate record uploaded by the bank will be rejected by PPS therefore banks should build sufficient controls to ensure data sanity and uniqueness.

We wish to draw the attention of the member banks to the circular of RBI cited above wherein banks have been advised to capture the payee name as a part of PPS data. Note that payee name is an important factor for fraud prevention and hence banks must make it mandatory for the customer to provide the payee name while providing the PPS data and ensure that the same is uploaded into PPS. Positive Pay System will validate the data submitted by the banks and if payee name is not provided in the data such records will be rejected by the system.

Additionally the banks also may provide an option for the customer to provide the purpose for which a cheque is issued. The option can be free text field enabling the customer to provide the reason, this should be an optional field. The technical specification for passing on the information provided by the customer is provided in **Annexure II**.

Capturing SAN at the time of scanning the instruments for presentation:

At the time of validating the cheque data presented through Central Clearing House (CCH), PPS will validate the records on the basis of MICR code + Cheque Number + SAN + TRAN code + Amount against data submitted to PPS by the bank. In case SAN is not provided in the presentation data or PPS data as the case may be that field will be excluded from validation. Additionally for fully matched and partially matched records the name of the payee as per the data uploaded in PPS will be provided in the report. The banks should make use of payee name for validation while processing inward clearing.

As you are aware it is not mandatory for the banks to print SAN on the MICR line of the instruments issued by them. Currently, though some banks print the SAN on the instrument only a few of the presenting banks are capturing SAN as it is not a mandatory field as per CCH specifications as well. With some of the banks issuing cheques starting with no. 1 for each new account there is a possibility of PPS finding duplicate cheque numbers for the same

branch MICR code of the bank. PPS will include all these cheques in the partial matching report for the banks for further processing at their end.

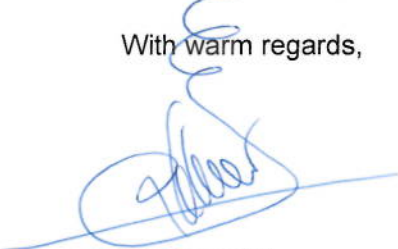
In order to reduce the number of duplicates in PPS report, the member banks are advised to capture the SAN (if present on the cheque) at the time of scanning the instruments. As all the banks do not print SAN on the cheque, the process will be as follows:

- a. If SAN is present on the cheque, capture SAN.
- b. If SAN is not present on the cheque, default value as (000000 or 999999)

Note: Printing SAN on the instrument continue to be optional and left to the discretion of the bank. Presenting bank to capture only if the SAN is printed on the instrument. Technical specification for capturing the SAN is provided in **Annexure III**.

All the member banks are advised to take note and act accordingly.

With warm regards,



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(Chief – Offline product operations & technology)