

NPCI/2015-16/CTS/052

September 08, 2015

To
All CTS Member Banks

CPPS: Centralised Positive Pay System

Dear Sir/Madam,

Positive Pay is an automated system where the customers and banks can upload the details of the cheques/instruments issued by them. This database will be used to verify the credentials of instruments at the time of processing the instruments through CTS clearing. In its simplest form, it is a service that provides database to match the fields like payee name, amount, and date of the instrument. This will be the centralized system, which will be available for the banks. Banks should collate the data from their retail and corporate customers and upload the same into CPPS.

A separate working group comprising of 6 banks was formed to deliberate and finalize these specifications. The work group concluded on the approach to be followed for implementing CPPS. A high level process flow document (Annexure I) is attached.

The system will be made available to the members on cost sharing basis. The cost sharing details are as follows

Sl. No	Category	Inward (Average monthly volume)	One time cost (Including 5 years maintenance)
1	Large Banks	5 Lakhs and above	Rs.10 Lakhs
2	Other Banks	Below 5 lakhs	Rs.5 Lakhs

As this is a system for the banks, we seek your feedback on your willingness to make use of this system as per the process and criteria detailed above. You are advised to submit, in writing, your willingness/unwillingness to join the system before September 30, 2015. Based on the feedback received from the member banks NPCI will decide on further course of action.

Your response on letter head may please be sent to our address given below.

Address for despatching the original letters

National Payments Corporation of India, VBC Solitaire, 8th Floor, No. 47 & 49, Bazullah Road, T. Nagar, Chennai - 600 017.

Scanned copy of the letter be sent to the email ids given below

KSakthi.Krishnan@npci.org.in
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Yours faithfully,



Giridhar G M

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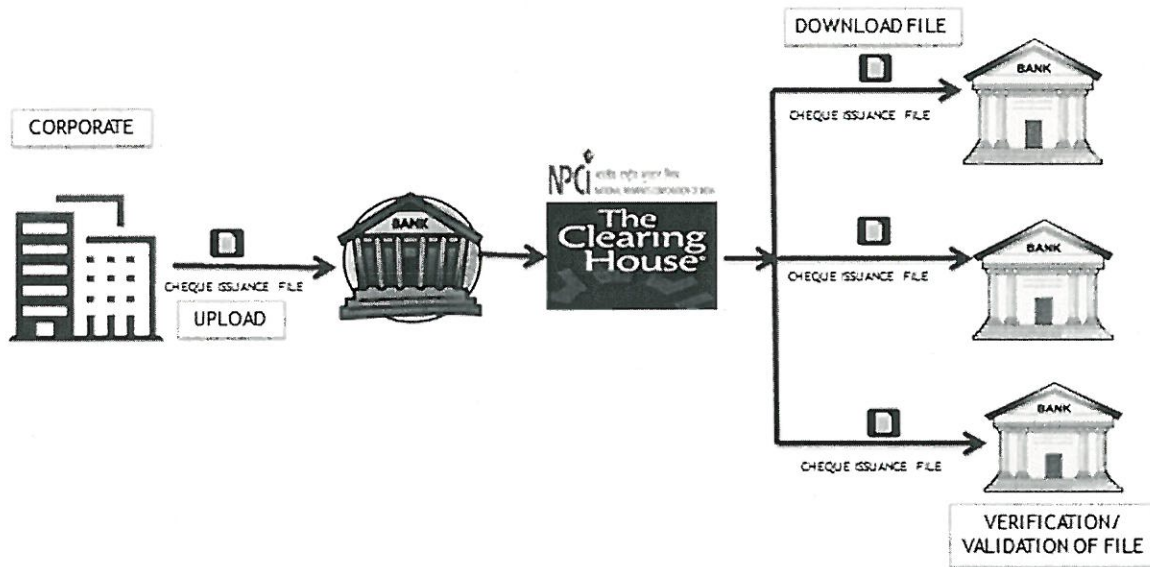
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Centralized Positive Pay System (CPPS) concept note

CPPS is a platform for the member banks and their customer (Corporate & Retail) for notifying or uploading the details of the cheques issued. A separate application will be created which can be accessed via internet for member banks, corporates and retailers. This system will be common for all GRIDs.

Process

1. Customers after issuance of cheques will provide the detail of the instruments so issued to their banks. The banks may offer this facility to the customer through various modes like internet banking, direct file upload. Necessary authentication process will be followed by the banks. The data so received will be uploaded in to CPPS system by the banks through an API or any other mechanism as may be decided.
2. The file uploaded will be validated for syntax and whether all mandatory fields are present. If mandatory field/s is/are not available then the file will be rejected.
3. Addition/ modification/ deletion of records in CPPS can be done by the customer through their bank if the instruments are not cleared already.
4. After validation, the data will be updated in the CPPS database.
5. The cheques presented by the banks will be validated against the CPPS data base in either of the following methods
 - a. During the session when the files are presented by the banks, the system apart from other validations will perform CPPS validations.
 - b. Post completion of the session, system will do the CPPS validations.
6. System will provide the CPPS updated data in either of the following two ways
 - a. If online validation is performed during the session then a new flag will be enabled in the file format to indicate CPPS status.
 - b. If the processing is done in batch mode, post session completion and inward generation then a separate instrument wise report will be generated with CPPS status.
7. The following can be the flags
 - a. Exact match found
 - b. Partial match found
 - c. Relevant data not available in CPPS
(Separate technical specification document will be shared with member banks)
8. Based on the flag, banks can check the inward received and on need basis get confirmations from the customer on the issuance of the instruments.
9. The return and the re-presentation of the CPPS enabled instruments will also be flagged in CPPS. This will enable member banks to be more cautious during the time of presenting or paying the instrument.



Features

User creations

1. There will be provision for user creation. End customer from whom the data is being received will be authenticated by their bankers using their own internal mechanism.

Data upload

1. There will be interface for the banks for updating the instrument details. System shall accept CSV file and XML format for upload for inputs.
2. Options to facilitate upload/download/update/delete of data will be available
3. There will be a filed identifier for Addition/Modification/Deletion of records.

Data field

The input file will contain the following fields

1. Account Number
2. Cheque Number
3. cheque date
4. Amount
5. Drawee Bank Name
6. Drawee Bank Code (all 9 digits to be accepted)
7. Payee Name.
8. Transaction code

Validations

1. The Drawee bank code will be validated against the masters (both 3 digit as well as 6 digit regional MICR codes).
2. File validation will be available for syntax and mandatory fields.
3. Following item validations shall be carried out :
 - a. Duplicate instruments.
 - b. Drawee bank code shall be validated against the masters (both 3 and 6 digits)
 - c. Already paid items

- d. Present of data in Mandatory Fields
- e. Stale cheque

Reports

Reports will be made available to the banks.

Advantages of CPPS

1. As CPPS proposed to be a central system provided by NPCI, banks need not bother about system maintenance, DR etc.
2. This will provide an opportunity to the presenting bank to get the details of the instruments they are presenting (if available in CPPS) thereby mitigate the risk of fraud before the payment is released
3. If the customers can provide the details, the banks will have advantage of having additional information in place for cross verification before paying the instruments.
4. Beneficial to the smaller banks who cannot afford to invest and lack in technical skills to build such systems.