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Regulatory Impact Assessment
Banking

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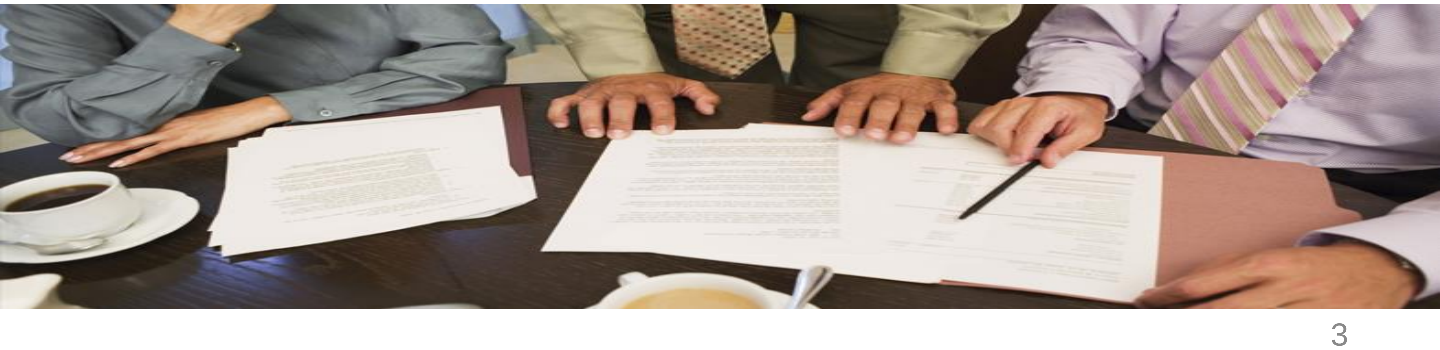
Preface

The rate hike policy of the US till date has been focused on domestic fundamentals. However, this is one of those few times that the Federal rate hike decision has been based on global outlook. US Federal Reserve did not hike the rates, given the sluggishness prevailing the global economy. With crude oil continuing to trade at multi-year low and China's growth engine slowing down, Dollar was strengthening against the basket of the global currencies. A rate hike would have strengthened the dollar further, with money being redirected from the emerging economies weakening its export competitiveness especially when there are no investment opportunities available in the US.

On the domestic side, the inflation numbers that came out in August, pointed that RBI has been successful in keeping in-check the headline inflation with its policy actions.. However in absence of any material economic reform from the government, the euphoria surrounding the functioning of the government and the expectations have started to wane. With Government pushing the central bank to cut the interest rates, with ministers from the Government openly advocating such move, RBI Governor delivered a rate cut in its latest policy action. However as pointed out in our previous editions, any rate cut without meaningful translation downwards by the Banks, would not help the economy much. Any process of monetary transmission is effected with a lag of two quarters, and it is expected for credit offtake to improve.

In the month of August, we did not see any major change in the existing guidelines issued by the RBI. With India signing the Foreign Account Tax Compliance Act (FATCA) with USA on July 9, 2015, RBI came up with guidelines stating the reporting guidelines for the same by the banks. RBI also relaxed the conditions to be followed by the bank, who want to close or move branches from one location to another. Also as part of its push for the financial inclusion, in order to streamline the flow of credit to Micro and Small Enterprises (MSEs), RBI came up with a guideline, directing banks to formulate a policy which should ensure timely and adequate flow of credit to MSEs during their life cycle, thus providing financial assistance to them.

With festival season kicking in, it's important that banks are able to pass on the benefit of the rate cut to the economy, as any increase in the consumer spending and consumption would drive the demand and investment cycle will be able to push the GDP rate in Q3. Further Government needs to ensure some key reforms are passed during the upcoming Winter session of the Parliament. With the financial sector grappling with high NPAs, and economy struggling with risk of deflation and subdued domestic demand and a weak global outlook, there was a demand for an accommodative monetary policy. Now that the rate cut of 50 bps has become effective, the role of the RBI will be limited in future and the growth rate would now be dependent on positive actions from the government.



Special Article - Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

With a view to solve off-shore tax evasion and improve cross border tax compliance, India has signed the Inter-Governmental Agreement (IGA) with the US for implementing the Foreign Account Tax Compliance Act (FATCA) on July 9, 2015. Further a multi-lateral agreement to automatically exchange information based under the Common Reporting Standard (CRS) or the Standard for Automatic Exchange of Financial Account Information (AEoI) on June 3, 2015.

To leverage existing plans around FATCA processes, the OECD has modelled the CRS based on FATCA Model 1 Intergovernmental Agreement (IGA) with certain amendments to remove US specific aspects. While the key change between the two would be that FATCA looks at citizenship of the individual/entity whereas CRS is based on residency of the individual/entity for carrying out the due diligence procedures.

With regards to the implementation of the above two reporting's that are required to be made by financial institutions, the Central Board of Direct Taxes (CBDT) has amended the Income Tax rules and added Rule 114F (definitions), 114G (Information to be maintained and reported) and 114H (due diligence requirement) for operationalization of IGA and CRS.

For the purpose of reporting of US reportable persons, RBI has directed financial institutions to register themselves on the e-filling portal of Income Tax Department as Reporting Financial Institution by submitting the requisite details following which they are required to furnish the details by submitting an online report in Form 61B or providing a NIL report. Initially a timeline of August 31, 2015 had been provided which had been amended to September 10, 2015 for reporting of details pertaining to calendar year 2014.

As an early adopter of CRS, the following timelines have been prescribed for detection of reportable accounts by the OECD:

Account Type	US reportable account	Other reportable account
Pre-existing account Individual	Financial account maintained by a reporting financial institution as on 30th June, 2014	Financial account maintained by a reporting financial institution as on 31st December, 2015
High Value Pre-existing account Individual	Amount exceeds $ 1 mio as on the 30th June, 2014 or 31st December of any subsequent year	Amount exceeds $ 1 mio as on the 31st December, 2015 or 31st December of any subsequent year
Low Value Pre-existing account Individual	Amount exceeds $ 50,000 but does not exceed $1 mio as on the 30th June, 2014	Amount does not exceed $1mio as on 31st December, 2015
New Account	Account opened after 1st July, 2014	Account opened after 1st January, 2016
Entity accounts pre-existing accounts and new entity accounts opened between July 1, 2014 and December 31, 2014	Reportable accounts is greater than USD 250,000	Reportable accounts is greater than USD 250,000

Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) Cont..

For all accounts opened from July 1, 2014 to August 31, 2015 alternate procedures as prescribed in Rule 114H will be applicable. Further, as per the alternate procedure for accounts opened from July 1, 2014 to December 31, 2014, a value search should be carried out as on December 31, 2014 and for accounts opened between January 1, 2015 to August 31, 2015, a value search should be carried out as on December 31, 2015 .Due diligence exercise should be carried out in required cases before August 31, 2016, post which accounts where the required self-certification or documentation are not received should to be closed. For carrying out value search on various dates the FEDAI spot reference rates can be used for currency conversion

With a view of the difficulties in obtaining self-certifications from customers, for all new accounts opened between September 1, 2015 to October 31, 2015, FIs should undertake a value search as on December 31, 2015 and carry out and complete due diligence in required cases for such accounts within a period of 90 days i.e., by March 31, 2016.

With the adoption of IGA and CRS, financial institutions need to make a change to their current customer onboarding and due diligence procedures in order to meet the reporting requirements. In this regard, RBI has advised banks to undertake a new IT platform (as per Rules and Form 61B) for on boarding of new accounts by November 1, 2015.

For the reporting of accounts, the CBDT department in line with the guidelines released for IGA and CRS has prescribed the following timelines:

Reporting for Calendar Year	US accounts	Other accounts
2014	September 10, 2015	NA
2015	May 31, 2016	NA
2016	Will be submitted together in 2017. Date to be announced.	

RBI has advised that since non compliance with the international agreements can lead to huge penalties and loss of reputation, Chairperson/CEO of the reporting entity should form a “High Level Monitoring Committee” under the Designated Director or any other equivalent functionary to ensure that the reporting entities are in a position to meet all the deadlines for completing due diligence procedure and for reporting and other requirements.

Our point of view on key RBI guidelines issued in August 2015

Section 23 of the Banking Regulation Act, 1949 - Relaxations in Branch Authorisation Policy

RBI Circular Reference: RBI/2015-2016/148
Date of Notification: August 6, 2015
Applicable Entities: All Domestic Scheduled Commercial Banks (excluding RRBs)

Background & Objective

In line with this rationalisation and in order to allow banks greater operational freedom, RBI has issued instructions regarding merger, closure, shifting, part shifting, opening of extension counters and reporting requirements. Giving greater operational freedom to banks, the Reserve Bank has allowed lenders to shift, merge or close branches, except in rural areas, at their "discretion".

Key Directives Issued by RBI

Merger/Closure/ Shifting of branches:

i) Banks may shift, merge or close all branches except rural branches and sole semi-urban branches at their discretion.

ii) Shifting, merger, or closure of any rural branch as well as a sole semi urban branch would require approval of the DCC/DLRC. Further, while shifting/merging/closing sole rural or semi urban branches, banks may ensure that the banking needs of the centre continue to be met through either satellite offices/mobile vans or through Business Correspondents. Thus the centre should not be left unbanked.

iii) Banks should, however, ensure that customers of the branch, which is being shifted/merged/closed, are informed well in time before actual shifting/merger/closure of the branch, so as to avoid inconvenience to them. Further, while considering shifting/merger/closure of branches, banks should ensure that they continue to fulfil the role entrusted to these branches under the Government sponsored programmes and DBT Schemes.

iv) It may further be ensured that branches are shifted/ within the same or to a lesser population category, i.e., semi urban branches to semi urban or rural centers and rural branches to other rural centers.

v) In all such cases, the license, if any was issued, of the merged/closed/shifted branch may be surrendered to the Regional Office concerned of DBS except in respect of branches in Maharashtra and Goa, which should be surrendered to DBR, CO, Mumbai.

Thus banks may shift their metropolitan, urban and semi urban branches outside the State, and their rural branches outside the block without prior approval of RBI.

Part-shifting of Branches

Banks may require shifting some activities/part shift activities of a branch in any centre due to space/rent constraints, and may do so without seeking prior approval of Reserve Bank of India. However, it may be noted that banking activity, i.e., deposit or loan business cannot be maintained at both places, and the new location for part shifting would have to be within 1 km of the existing location. They may also spin off certain activities such as Government business into separate branches at their discretion.

Opening of Extension Counters

Presently banks can open Extension Counters in the premises of institutions where they are the principal bankers, or obtain a NOC from the principal banker. With a view to enabling customer choice and operational freedom, the requirement of being the principal banker for opening of EC is not required.

Rationalisation of Reporting Requirements

a) Presently, in terms of circular DBOD.No.BAPD.BC.60/22.01.001/2013-14 dated October 21, 2013, banks are required to report details of opening of a new place of business including Mobile branch/Mobile ATMs, closure, merger, shifting or conversion of any existing place of business immediately and in any case not later than two weeks after opening /closure /merger /shifting /conversion to the Regional Office concerned of DBS except in respect of branches in Maharashtra and Goa, which should be reported to DBR, CO, Mumbai.

Section 23 of the Banking Regulation Act, 1949 - Relaxations in Branch Authorisation Policy

The banks should also report the details of opening, closure and shifting of call centres to Regional Office concerned of DBS, or DBR, CO (in respect of call centres in Maharashtra & Goa).

b) In addition, banks should submit within fourteen days of every quarter, information relating to opening, closure, merger, shifting and conversion of branches in Proformae I & II to Department of Statistics and Information Management, Banking Statistics Division, (DSIM), RBI.

In view of the reporting requirement at 6 b) above, banks, including LABs are no longer required to report details of opening of a new place of business including Mobile branch/Mobile ATMs/ call centres, closure, merger, shifting or conversion of any existing place of business including call centres to the Regional Office concerned of DBS/ DBR CO. They may however, ensure that the reporting to DSIM continues.

c) Further, the annual report of branches actually opened during the year, in terms of circular DBOD.No.BAPD.BC.60/22.01.001/2013-14 dated October 21, 2013, may now be submitted in the revised format as given in the Annex.

Impact Assessment

- Banks have been allowed to shift, merge or close all branches except rural branches and sole semi-urban branches at their discretion. However, shifting, merger, or closure of any rural branch as well as a sole semi urban branch would require approval of the District Consultative Committee (DCC)/ District Level Review Committee (DLRC). Further, in case of rural or semi urban branches, banks should ensure that the banking needs of the centre continue to be met through either satellite offices/mobile vans or through Business Correspondents. Thus the centre should not be left unbanked if it is moved or shifted.
- Banks would need to inform customers of the branch well in time before actual shifting, merger or closure of the office.
- Further, banks should ensure that they continue to fulfil the role entrusted to these branches under the government sponsored programmes and DBT Schemes.
- RBI has allowed banks to shift some activities of a branch in any centre due to space or rent constraints, and may do so without seeking prior approval of RBI. However banks would need to ensure that banking activity, i.e., deposit or loan business is not maintained at both places, and the new location for part shifting would have to be within 1 km of the existing location.
- RBI has allowed banks to in off certain activities such as Government business into separate branches at their discretion.

Hence bank may review its branch expansion policy in light of the above changes and communicate the same to its regional offices or Local Head Office as the case may be.

Union Budget - 2015-16 Interest Subvention Scheme

RBI Circular Reference: RBI/2015-2016/152
Date of Notification: August 13, 2015
Applicable Entities: The Chairman / Managing Director All Public & Private Sector Scheduled Commercial Banks

Background & Objective

The Government of India with a purpose to provide relief to the farmers, introduced the provision of short terms credit, for the 1st time 2006-07, known as the interest subvention scheme (ISS). The main intention of the scheme is to protect the interest of the farmers in India by providing them with short term crop loans at reduced interest rates and subject to certain limits (updated on a regular basis by the RBI through its guidelines). This guidelines pertains to limits and interest rates for such loans for the year 2015-16.

Key Directives issued by RBI

- Interest Subvention at 2% will be made available to will be made available to the Public Sector Banks (PSBs) and the Private Sector Scheduled Commercial Banks (in respect of loans given by their rural and semi-urban branches) subject to an upper limit of INR 3,00,000.
- Additional interest subvention of 3% will be available to farmers for repaying the loan promptly from the date of disbursement of the crop loan (subject to a maximum period of a year from the date of disbursement) . This implies that farmers paying promptly would get short term crop loans at 4 percent during the year 2015-16.
- Interest subvention will also be available to small and marginal farmers having Kisan Credit Card for a further period of up to six months post-harvest on the same rate as available to crop loan against negotiable warehouse receipt for keeping their produce in warehouses. This was done with an intention to discourage distress sale by farmers.
- To provide relief to the farmers affected by natural calamities, the Interest Subvention of 2% will continue to be available to banks for the 1st year of the restructured amount, beyond which normal interest loans will apply.

Impact Assessment

- Claims in respect of 2% interest subvention and 3% additional interest subvention have to be submitted as per prescribed formats detailed in the circular.
- The claims for reimbursement of the interest (2% interest subvention) have to be made on a half yearly basis (30th Sept 2015 and 31st March 2016). The time lag in between the date on which the amount is due to the bank and the date on which the bank receives it, reduces the profitability of the bank and adversely impacts the financial resources for further loan disbursements.
- The claims (including the claims not included in claims for March 2016) made by the bank for the year ended March 2016, needs to be accompanied by a Statutory Auditors certificate, certifying the accuracy of the same.
- A one-time consolidated claims, in respect of the 3% additional subvention, for the entire year 2015-16 needs to be submitted by the bank latest by April 30 2017. This would be submitted along with a Statutory Auditors certificate, certifying the accuracy of the same.

Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle'

RBI Circular Reference: RBI/2015-2016/160
Date of Notification: August 27, 2015
Applicable Entities: All Scheduled Commercial Banks (Excluding Regional Rural Banks)

Background & Objective

As has been observed, Micro and Small Enterprises (MSEs) are faced with financial difficulties during their life cycle, typically resulting in the unit turning sick leading to an irreversible impact. In terms of financial backing, large enterprises and corporates can source funds with ease during contingency events as compared to MSEs, which find it difficult to source funds during contingency events. Banks play a major role in providing funding to MSEs; the financial support provided by banks should typically be perennial during such phases of transient financial difficulties.

In order to address the fact that MSEs are provided with the required financial support during contingency events, banks have been advised to put in place a Board approved policy on lending to MSEs. This policy would adopt an appropriate system of timely and adequate credit delivery to borrowers in the MSE segment within the broad prudential regulations of Reserve Bank of India. As per trend, select banks have put in place a framework and policy for lending to viable / stressed MSEs by way of ad-hoc and standby limits, in order to cater to the financial and credit requirements of MSEs during contingency events. However, some banks are yet to put in place a similar framework.

Banks are, therefore, advised to ensure that their lending policies for MSEs are streamlined and made flexible in order to empower the officials concerned to take quick decisions on credit delivery to MSEs. In this regard, Reserve Bank of India has issued the Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle' guideline for lending to the MSE sector.

Key Directives issued by RBI

- **Standby Credit Facility –** banks may, as part of their lending policy to MSEs, consider providing a 'standby credit facility' to fund unforeseen increases in capital expenditure. Further, at the discretion of banks, such 'standby credit facility' may also be sanctioned to fund periodic capital expenditure. The objective of such 'standby credit facility' would be to extend credit at the earliest so that capital asset creation is not delayed and commercial production can commence at the earliest.
- **Working Capital Limits -** banks are allowed to determine working capital requirements according to their assessment of the borrowers and their credit needs. Banks are therefore urged to include in their lending policy to MSE, a separate additional limit for sanction / renewal of working capital limits specifically taking into account the temporary rise in working capital requirement arising due to the unforeseen / seasonal increase in demand. Banks may also sanction ad-hoc limits subject to the extant prudential norms, to be regularized not later than three months from the date of sanction.
- **Review of regular working capital limits -** At present, banks review working capital limits at least once in a year based on audited financial statements. However, audited financial statements of MSE units would ordinarily be available with a time lag, post-closing of the financial year. In such cases and where banks are convinced that changes in the demand pattern of MSE borrowers require a mid-term review, they may do so. Such mid-term reviews may be based on an assessment of sales performance of the MSEs since last review without waiting for audited financial statements. However, such mid-term reviews shall be revalidated during the subsequent regular review based on audited financial statements.

Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle'

- **Timelines for Credit Decisions –** Banks are urged to clearly delineate the procedure for disposal of loan proposals, with appropriate timelines, and institute a suitable monitoring mechanism for reviewing applications pending beyond the specified period, without any compromise on due diligence requirements. Banks are also required to make suitable disclosures on the timelines for conveying credit decisions through their websites, notice-boards, product literature, etc.

Impact Assessment

- Banks may put in place Board approved policy on lending to MSEs, adopting an appropriate system of timely and adequate credit delivery to borrowers in the MSE segment within the broad prudential regulations of Reserve Bank of India. Banks may amend their existing polices for lending to MSE sector to include the following broad parameters as mentioned in the section above viz:
  - Standby Credit Facility
  - Working Capital Limits
  - Review of Regular Working Capital Limits
  - Timelines for Credit Decisions
- Further banks may ensure that their lending policies for MSEs are streamlined and are flexible in order to empower the officials concerned to take quick decisions on credit delivery to MSEs.
- The banks would need to invest in resources in order to determine the limits to be imposed on working capital lending to MSEs in order to cater to the surge in the demand for credit during a contingency event or seasonal fluctuation period.
- Further banks are required to furnish Action Taken Report by October 31, 2015 to the RBI.

Detection of Counterfeit Notes

RBI Circular Reference: RBI/2015-2016/162
Date of Notification: August 27, 2015
Applicable Entities: The Chairman / Managing Director / Chief Executive Officer All Banks

Background & Objective

As per the Monetary Policy Statement for 2012-13 announced on April 17, 2012 ,all scheduled commercial banks were required to streamline their systems in a manner which would make them bear the risk of counterfeit banknotes rather than the common man who unknowingly comes in possession of such notes. Accordingly, RBI issued a circular on “Detection and reporting of counterfeit notes” dated June 27, 2013 providing guidelines on the detection and reporting of counterfeit notes and the scheme of penalties for non-detection and non-reporting of counterfeit notes by banks.

In view to improve the procedure for detection and reporting by banks, RBI in consultation with the Government of India has laid down amendments in this circular.

Key Directives Issued by RBI

With reference to the circular dated June 27, 2013 on “Detection and Reporting of Counterfeit Notes”, the procedure for detection of counterfeit notes has been reviewed in consultation with the Government and it has been observed that certain modifications are required for bringing improvement in reporting of counterfeit notes and facilitating maintenance of records by banks. Accordingly, the changes in the instructions are advised in the circular.

Implications

All scheduled commercial banks should revise their systems and procedures of detection and reporting of counterfeit notes with respect to the amendments in this circular.

Detection of counterfeit notes

- Banks are required to examine the notes tendered over the counter for authenticity over machines and notes which are determined as “counterfeit notes” have to be stamped as “counterfeit note” and impounded as given in Annex I of the circular. This procedure is also to be followed where notes are received directly at the back office / currency chest through bulk tenders. Banks should maintain a separate register of notes “impounded” which will be required to be updated on impounding each note.
- Banks are required to issue an acknowledgement receipt (as per the annex to the circular) to the tenderer of counterfeit notes after stamping the note as detailed above.. The acknowledgement receipt should be in running serial numbers and authenticated by the cashier and tenderer. This acknowledgement receipt is to be issued even if the tenderer is unwilling to countersign it. Banks are required to display a notice at the offices/ branches to provide this information to the public.
- Banks should note that no credit to the tenderer’s account should be given for counterfeit notes, if any, in the tender received over the counter or at the back-office/ currency chest.

Compensation

- Banks should note that the compensation of 25% of the notional value of counterfeit notes detected and reported and the system of lodging claims for compensation by Forged Note Vigilance Cell of banks stand withdrawn.

Penalty:

- In case counterfeit notes are detected in the soiled note remittance of the bank or in the currency chest balance of a bank during Inspection / Audit by RBI, a penalty of 100% of the notional value of counterfeit notes, in addition to the recovery of loss to the extent of the notional value of such notes will be imposed on the bank.

Other Key Guidelines issued by RBI in August 2015

S. No	Guidelines Reference	Date of Issue	Particulars	Impact
1	RBI/2015-2016/147	August 6, 2015	Interest Rates on Deposits – Deposits of Army Group Insurance Directorate (AGID), Naval Group Insurance Fund (NGIF) and Air Force Group Insurance Society (AFGIS)	As per RBI circulars DBOD.No.Dir.BC.121/C.347 (26)-86 dated October 29, 1986, DBOD. No. Dir. BC.26/C.347(26)-87 dated September 1, 1987 and DBOD. No. Dir. BC. 28/C.347(26)-87 dated September 11, 1987, Public Sector Banks were permitted to pay additional interest of 1.28 per cent per annum over and above the normal rate of interest permissible in terms of directives on interest rates on deposits issued by Reserve Bank of India, from time to time, only on the term deposits for two years and above of Army Group Insurance Directorate (AGID), Naval Group Insurance Fund (NGIF) and Air-Force Group Insurance Society (AFGIS), provided such deposits are not in any way linked with payment of insurance premia by the bank. Since interest rates were deregulated by the RBI, hence in order to deregulate the interest rates on deposits of AGID, NGIF and AFGIS, RBI has withdrawn the prescription of offering additional interest of 1.28 per cent per annum on such deposits. Accordingly, interest rates on such deposits should be at par with other deposits of similar maturity and amount. However all existing term deposits of AGID, NGIF and AFGIS may be continued till maturity at the increased interest rates. This guideline will be applicable at the time of accepting fresh deposits or renewal of the existing deposits.

S. No	Guidelines Reference	Date of Issue	Particulars	Impact
2	RBI/2015-2016/156	August 21, 2015	Guidelines for Relief Measures by Banks in Areas affected by Natural Calamities	The Government has reduced the criteria of crop loss from 50 percent to 33 percent for providing input subsidy (compensation) to the farmers. In line with the Government's action, the RBI has permitted banks reschedule the loans to allow a maximum period of repayment of up to 2 years (including the moratorium period of 1 year) if the crop loss is between 33% and 50%. If the crop loss is 50% or more, the restructured period for repayment may be extended to a maximum of 5 years (including the moratorium period of one year). The reduction in the criteria for input subsidy for crop loss from 50% to 33% is expected to increase banks' loan portfolio as also the risk factor. Banks would also have to review their policies to provide for the rescheduling of the loans based on the above mentioned criteria.
3	RBI/2015-2016/157	August 21, 2015	Foreign Direct Investment – Reporting under FDI Scheme on the e-Biz platform	Banks are required to file the Foreign Currency Transfer of Shares return of a resident in India on the online e-biz platform of the Government of India. In this regard, banks are required to download the completed forms from the e-Biz portal and verify the details filled in by their customers on the basis of available documents. The completed forms will have to be uploaded for further processing by RBI and allocation of the Unique Identification Number (UIN). A user manual giving procedural aspects of filing of the FCTRS return on the e-Biz platform is annexed to the circular. Online filing of FCTRS return is an additional facility provided by RBI. Therefore, filing of the FCTRS return will have to be done manually as laid in RBI Circular on "Foreign Direct Investment – Reporting under FDI Scheme" dated July 18, 2014. Banks will be required to access the portal using a Virtual Private Network (VPN) Account obtained from National Informatics Centre (NIC).

<table>
<tr><th>S. No</th><th>Guidelines Reference</th><th>Date of Issue</th><th>Particulars</th><th>Impact</th></tr>
<tr><td>4</td><td>RBI/2015-2016/163</td><td>August 27, 2015</td><td>Security and Risk Mitigation Measures for Card Present and Electronic Payment `Transactions – Issuance of EMV Chip and PIN Cards</td><td>With regards to issuance of EMV Chip and Pin cards, RBI has granted an extended timeline as below:
<table>
<tr><th>Type of Card/s</th><th>Extension</th></tr>
<tr><td>Cards issued under the Prime Minister Jan Dhan Yojana (PMJDY) / Basic Savings Bank Deposit Account (BSBDA) / other Government schemes</td><td>30-Sept-2015</td></tr>
<tr><td>All cards other than (i) above</td><td>31-Jan-2016</td></tr>
</table>
This extension in timeline, will now enable banks to overcome the technical glitches like field visits to all the ATM and POS locations, certification delays, re-carding /fall back related issues, non-preparedness of the acquirers leading to rejections, issuers concerns, etc. that were hampering the smooth & timely transition to the desired environment for CNP transactions and issuance of EMV chip and PIN based cards. Further, this would accord more time to banks for completion of certification process for issuance of EMV Chip and Pin cards.

Any request received from customers for issuance of EMV Chip and Pin cards during the extended period should be complied with.

However, as regards migration of existing magnetic stripe only cards to EMV Chip and Pin cards, banks would need to initiate necessary steps to progressively migrate on their own accord so as to ensure that all active cards issued by them are EMV Chip and Pin based by December 31, 2018. Also, the issuing banks need to ensure that the magnetic stripe cards issued should to be replaced by December 31, 2018 irrespective of the validity period of the card. Banks should take proactive steps to ensure that the deadlines prescribed are adhered to.</td></tr>
</table>

S. No	Guidelines Reference	Date of Issue	Particulars	Impact
5	RBI/2015-2016/164	August 27, 2015	Cash Withdrawal at Point-of-Sale (POS) - Enhanced limit at Tier III to VI Centres	RBI vide this circular has extended the POS limit in Tier III to VI centres from INR 1000/- per day to INR 2000/- per day. This increase in limit would add not only to customers' convenience but would also aid recycling of cash at smaller centres. The per day limit at Tier I and II centres and customer charges of 1% remains unchanged. Banks should designate merchant establishments post conducting due diligence where such a facility would be made available. Banks should advise them to indicate / display the availability of this facility along with the charges if any. In case such a facility is being availed by a customer along with a purchase, the receipt generated should indicate the amount of cash withdrawn. Banks offering this facility should have a customer redressal mechanism in place and customer complaints shall be in the ambit of the Banking Ombudsman Scheme. Banks should update their policy in this regard and make their customers aware of this scheme. Banks are required to submit data on cash withdrawals to the Chief General Manager, Department of Payment and Settlement Systems, Mumbai, 400001 on quarterly basis within 15 days of the end of quarter as per the prescribed format in the circular.
6	RBI/2015-2016/167	August 31, 2015	Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) – Guidance Note	RBI vide their circular has provided the link of the Guidance Note on Implementation of Reporting Requirements under Rules 114F to 114H issued by the Department of Revenue, Ministry of Finance on August 31, 2015

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