



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



www.rbi.org.in

RBI/2023-24/80

CO.DPSS.POLC.No.S-786/02-14-008/2023-24

October 31, 2023

All Payment System Providers and Payment System Participants

Madam / Dear Sir,

Regulation of Payment Aggregator – Cross Border (PA - Cross Border)

A reference is invited to the Reserve Bank of India (RBI) circulars on –

- a) 'Guidelines on Regulation of Payment Aggregators and Payment Gateways' – (a) [DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020](#) and (b) [CO.DPSS.POLC. No.S33/02-14-008/2020-2021 dated March 31, 2021](#),
- b) 'Processing and Settlement of Export related receipts facilitated by Online Payment Gateways' - [A.P. \(DIR Series\) Circular No. 17 dated November 16, 2010](#),
- c) 'Processing and Settlement of Export related receipts facilitated by Online Payment Gateways – Enhancement of the value of transaction' - [A.P. \(DIR Series\) Circular No. 109 dated June 11, 2013](#),
- d) 'Processing and settlement of import and export related payments facilitated by Online Payment Gateway Service Providers' – [A.P. \(DIR Series\) Circular No.16 dated September 24, 2015](#), and
- e) 'Processing and settlement of small value Export and Import related payments facilitated by Online Export-Import Facilitators (OEIF) (erstwhile OPGSP)' – [draft circular issued on April 7, 2022](#) for seeking feedback from banks and other stakeholders.

2. All Payment Aggregators (PAs) which facilitate processing of domestic transactions in online mode are covered within the scope of the circulars referred to above at paragraph 1(a). Further, instructions for cross-border payment transactions are provided for in the circulars mentioned above at paragraphs 1(c) to 1(e) as well as through specific approval given by the RBI to banks for their collection agent arrangements.

भुगतान और निपटान प्रणाली विभाग, केंद्रीय कार्यालय, 14वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुम्बई - 400001

फोनTel: (91-22) 2264 4995; फैक्सFax: (91-22) 22691557; ई-मेलe-mail : cgmdpssco@rbi.org.in

Department of Payment and Settlement Systems, Central Office, 14th Floor, Central Office Building, Shahid Bhagat Singh Road, Fort, Mumbai -

400001

हिंदी आसान है, इसका प्रयोग बड़ाइए

3. Keeping in view the developments that have taken place in the area of cross-border payments, it has been decided to bring all entities facilitating cross-border payment transactions for import and export of goods and services under direct regulation of the RBI. Such entities shall be treated as Payment Aggregator-Cross Border (PA-CB); details thereof are provided in [Annex](#).
4. Entities, including Authorised Dealer (AD) banks, PAs and PAs-CB, involved in processing / settlement of cross-border payment transactions for import and export of goods and services, shall comply with these instructions (as updated from time to time).
5. This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007), and, Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999), and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

Encl.: As above

(RBI circular CO.DPSS.POLC.No.S-786/02-14-008/2023-24 dated October 31, 2023)

Regulation of PA-CBs

1. Definition

- 1.1. PAs-CB are entities that facilitate cross-border payment transactions for import and export of permissible goods and services in online mode.
- 1.2. In the context of PAs, 'escrow account' shall refer to an account wherein PAs pool / aggregate the amount collected on behalf of the merchants on-boarded by them.

2. Requirement of authorisation

- 2.1. AD Category-I banks do not require separate approval from the RBI for undertaking PA-CB activity.
- 2.2. Non-banks which provide PA-CB services as on the date of this circular, shall apply to the RBI for authorisation by April 30, 2024 in the format provided in the [circular dated March 17, 2020](#); they shall be allowed to continue such services till they receive communication from the RBI regarding the decision on their application. Authorisation for PA-CB activity may be sought for any one of the following categories:
 - i. Export only PA-CB (PA-CB-E)
 - ii. Import only PA-CB (PA-CB-I)
 - iii. Export and Import PA-CB (PA-CB- E&I)
- 2.3. The entities, currently carrying out this activity should ensure adherence to the guidelines on governance, merchant on-boarding, customer grievance redressal and dispute management framework, baseline technology recommendations, security, fraud prevention and risk management framework (provided in the [March 17, 2020 circular](#)) within a period of three months from the date of this circular and should be complied with on an ongoing basis thereafter. Non-adherence to these instructions may lead to the application for authorisation being refused.
- 2.4. Non-bank PAs – *authorised as well as those whose applications for authorisation are pending with the RBI* – shall advise the Department of Payment and Settlement Systems (DPSS), RBI, Central Office (CO) within 60 calendar days from the date of this circular, about their existing PA-CB activity and whether, or not, they would want to continue it. If they wish to continue, they shall seek an approval from RBI for the same.
- 2.5. In future, any authorised PA which wants to commence PA-CB activity shall seek approval from DPSS, RBI, CO prior to commencement of such business. This shall also be

applicable for any authorised non-bank PA-CB which wants to commence PA activity. In other words, a single authorisation will be required by a non-bank to undertake PA and PA-CB activity.

2.6. If an authorised PA-CB desires to change its activity category as mentioned in paragraph 2.2 above, it shall inform DPSS, RBI, CO atleast 60 calendar days prior to commencement of business in such new activity category. It shall commence the new business only after approval from RBI for the same.

2.7. As a pre-requisite for seeking authorisation from the RBI, all non-bank PA-CBs (existing as on the date of this circular) shall register themselves with the Financial Intelligence Unit-India (FIU-IND).

3. Network criterion

3.1. Non-banks providing PA-CB services as on the date of this circular, shall have a minimum network of ₹15 crore at the time of submitting application to the RBI for authorisation and a minimum network of ₹25 crore by March 31, 2026.

3.2. New non-bank PA-CBs (i.e. entities which have not commenced operations before the date of this circular) shall have a minimum network of ₹15 crore at the time of submitting application to the RBI for authorisation and shall attain a minimum network of ₹25 crore by end of the third financial year of grant of authorisation.

3.3. As part of application, non-bank PA-CBs (existing on the date of this circular) shall submit a certificate from their statutory auditor (format as prescribed in the [circular dated March 17, 2020](#)), along with audited statement(s) of financial accounts (latest), to evidence the network. Newly incorporated non-bank PA-CBs which may not have audited statement of financial accounts shall submit a certificate from their statutory auditor regarding the current network along with provisional balance sheet.

3.4. All existing non-bank PA-CBs which are not able to comply with the network requirement or do not apply for authorisation within the stipulated time frame, shall wind-up PA-CB activity by July 31, 2024.

3.5. Banks shall close accounts (used for PA-CB activity) of non-bank PA-CBs (existing as on the date of this circular) by July 31, 2024 unless the PA-CBs produce evidence regarding application for authorisation submitted to the RBI.

4. Import only PA-CBs

4.1. Import only PA-CB shall maintain an Import Collection Account (ICA) with an AD Category-I scheduled commercial bank.

- 4.2. Payment for imports shall be received in an escrow account of the PA. These payments shall then be transferred to the ICA of the PA-CB. Onward transfer to the foreign merchants shall be carried out only by debit to the ICA.
- 4.3. For facilitating import transactions, PA-CBs may directly on-board merchants located abroad, or may enter into agreement with e-commerce marketplaces or entities providing PA services abroad. In all such arrangements, it shall be the responsibility of PA-CBs to ensure that they undertake Customer Due Diligence (as defined in the [Master Direction – Know Your Customer Direction, 2016](#)) of merchants (i.e. directly onboarded merchants, e-commerce marketplaces or entities providing PA services abroad) and that they do not facilitate payment transactions for import of any restricted / prohibited goods and services (not permissible under prevailing Foreign Trade Policy).
- 4.4. In case per unit goods / services imported is more than ₹2,50,000, then the concerned PA-CB shall undertake due diligence of buyer also.
- 4.5. Payments for imports can be carried out using any payment instrument provided by authorised payment systems in India, except small PPIs.
5. Export only PA-CBs
- 5.1. Export only PA-CB shall maintain Export Collection Account (ECA) – *denominated in Indian Rupees (INR) and / or foreign currency (i.e. non-INR)* – with an AD Category-I scheduled commercial bank. An ECA for each non-INR currency shall be maintained separately.
- 5.2. All export proceeds shall be credited to the relevant currency ECA of the PA-CB.
- 5.3. In arrangements where PA-CBs facilitate transactions between merchants / e-commerce marketplaces in India and customers / e-commerce marketplaces abroad, it shall be the responsibility of the PA-CBs to ensure that the transactions for export of any restricted / prohibited goods and services (not permissible under prevailing Foreign Trade Policy) shall not be facilitated.
- 5.4. Customer Due Diligence (as defined in the [Master Direction – Know Your Customer Direction, 2016](#)) of the merchant (i.e. directly onboarded Indian merchants, e-commerce marketplaces or entities providing PA services) shall be undertaken, and proceeds from ECA shall be settled only in the account of such merchant.
- 5.5. Settlement in Non-INR currencies shall be permitted only for those merchants which have been directly onboarded by the PA-CB.

6. Import and Export PA-CBs

- 6.1. Requirements under paragraphs 4 and 5 above (both) shall be applicable to Import and Export PA-CBs. Separate collection accounts – *ICA and ECA* – shall be maintained for facilitating import and export transactions.

7. ICA and ECA

- 7.1. For the purpose of maintenance of the ICA / ECA, operations of the PA-CBs shall be deemed to be “*designated payment systems*” under Section 23A of the Payment and Settlement Systems Act, after authorisation is given by the RBI.
- 7.2. In case a PA-CB also engages in domestic PA activity, ICA and ECA shall be kept separate from the escrow account(s) opened for such PA activity.
- 7.3. In addition to provisions of paragraphs 4.2 and 5.2 above, instructions on debits and credits permissible from escrow account(s) of PAs (defined in paragraph 8.9.1.1 and 8.9.1.2 of [circular dated March 17, 2020](#)) shall apply *mutatis mutandis* to ICA and ECA of PA-CBs.

8. Miscellaneous

- 8.1. Except as otherwise specified in this circular,
- i. AD Category-I banks undertaking PA-CB activity shall ensure compliance with the requirements for PA-CBs by April 30, 2024.
 - ii. In case a non-bank PA-CB also engages in online PA activity for which it is already authorised or its application is pending with the RBI, the instructions on PA-CBs shall become applicable from the date of seeking approval for PA-CB activity.
 - iii. If a PA-CB changes the activity category as mentioned in paragraph 2.2 above, the requirements for the new activity category shall become applicable from the date of seeking approval from the RBI.
- 8.2. In respect of import and export transactions processed by PA-CBs, the maximum value per unit of goods / services sold / purchased shall be ₹25,00,000.
- 8.3. All other instructions issued by the RBI regarding PAs shall apply *mutatis mutandis* to PA-CBs.
- 8.4. For PA-CB transactions, AD banks maintaining ICA / ECA shall ensure that all requirements under FEMA, including for reporting and reconciliation of entries in EDPMS / IDPMS, are adhered to.
