

# **PSS developments in Bhutan**

**Royal Monetary Authority of  
Bhutan(RMA)**

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Kovalam, Kerala, India  
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# Payment Systems Development in Bhutan

- RMA created a full fledged Department from April 9, 2009.
- RMA Act revised to provide legal basis to operate EFTCS.
- NECS Credit implemented from June 11, 2010.
- NECS Debit implemented from December 14, 2010.
- NEFT implemented from December 2, 2011.
- ATMs interoperable from December 2, 2011.
- Processing and settlement of payment systems during Saturdays from January 1, 2012.
- PoS interoperable from July 12, 2012.

# Electronic Funds Transfer and Clearing System (EFTCS)

- RMA implemented the EFTCS project for strengthening the Payment Systems in Bhutan with the Technical Assistance from the Reserve Bank of India(RBI).
- Under the Electronic Funds Transfer and Clearing System, the transfer of money/funds shall take place electronically.
- The EFTCS facilitates the customers to transfer the funds amongst the commercial banks (interoperable).

# Types of Payment Systems under EFTCS

- EFTCS Project consists of following three types of Payment Systems:
  1. National Electronic Clearing System (NECS Credit)
  2. National Electronic Clearing System (NECS Debit)
  3. National Electronic Funds Transfer System (NEFT)

## **National Electronic Clearing System (NECS) Credit**

NECS (Credit) is used for affording credit to a large number of beneficiaries by raising a single debit to an account. In other words, funds under NECS Credit shall be paid to many customers by one institution such as dividend and salary payments.

# Transactions to be included under NECS Credit

- Salary
- PF contributions
- GIS contributions
- Tax Deducted at Source (TDS)
- Loan repayments
- Dividend
- Leave Travel Concession (LTC)
- Pension payments
- Bonus
- Income tax refund by government
- Refund of Initial Public Offer(IPO) for subscription of shares

# **National Electronic Clearing System (NECS) Debit**

NECS (Debit) is used for raising multiple debits from a number of accounts of consumers/ account holders for crediting a particular institution.

NECS Debit shall be used for collecting receivables by an institution from many of its customers. In other words, funds under NECS Debit shall be collected from many customers to one user institution such as the payment of utility bills to the utility companies.



# Transactions to be included under NECS Debit

- Payment of Utility bills (power, water, telephone)
- Subscription to shares
- Loan repayments
- Payment of insurance premium
- Monthly rental charges for cable television
- Fees for school/college/training institutions etc.

# National Electronic Funds Transfer (NEFT)

The National Electronic Funds Transfer (NEFT) system is a nationwide funds transfer system that facilitates transfer of funds from one branch of a bank to any branch of other participating commercial bank in Bhutan.

NEFT facilitates transfer of funds from one individual to other individual, one institution to other institution, one institution to one individual. In other words, under NEFT funds can normally be transferred between two parties.

# Bhutan Financial Switch

RMA has operationalised the Bhutan Financial Switch (BFS) from December 2, 2011. The following facilities are available under the BFS:

Interoperability of ATMs of banks.

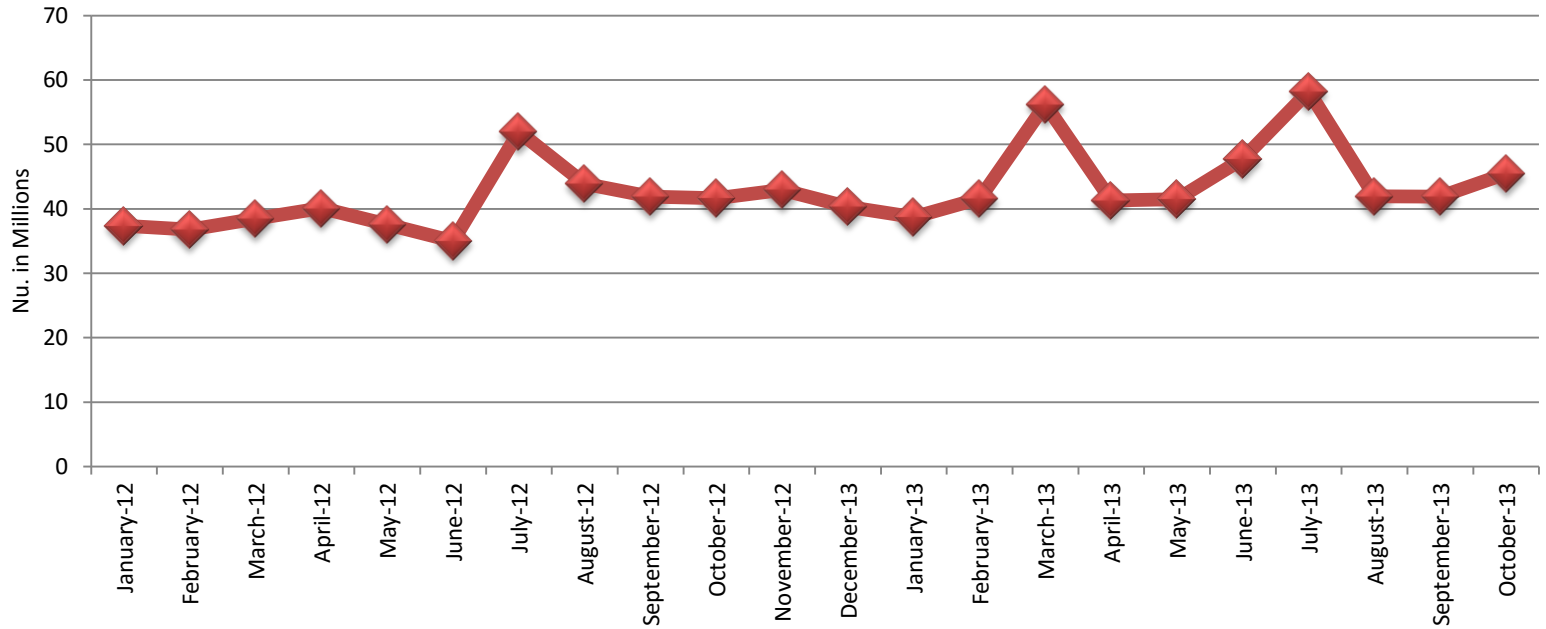
Interoperability of Point of Sale (PoS) terminals of banks.

In the absence of a common Financial Switch in the past, ATMs of banks were operated on a stand-alone basis and customers could withdraw cash only from ATMs belonging to the card issuing bank. However, BFS now facilitates interoperability of ATMs of all commercial banks.

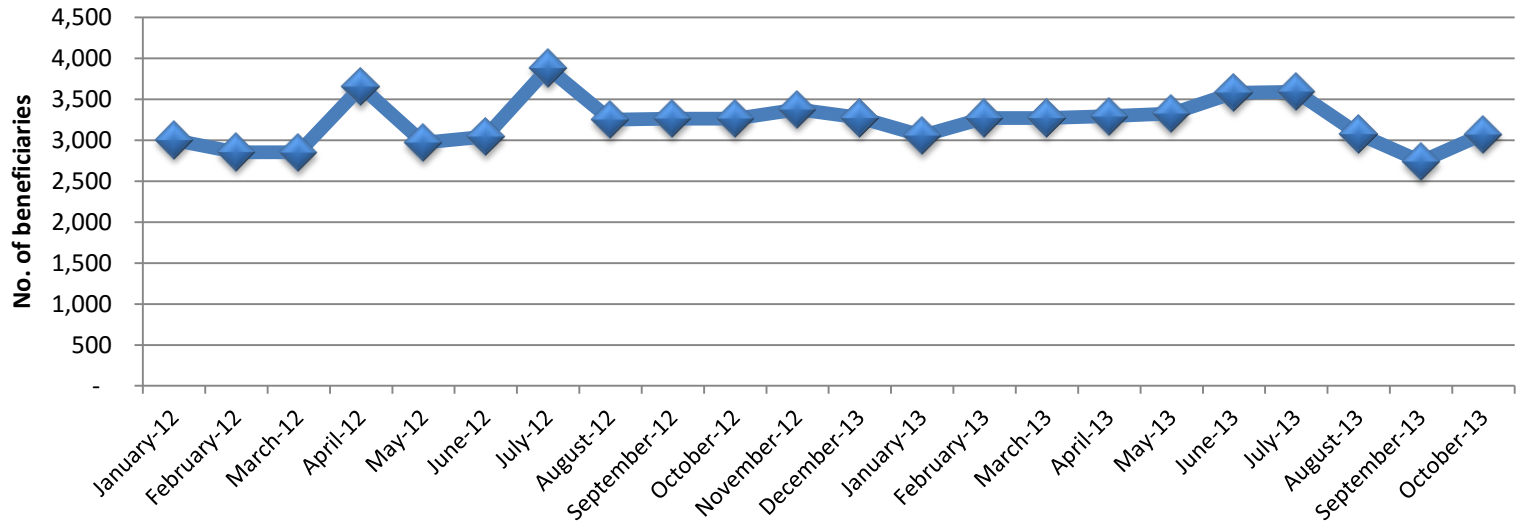
Further, BFS also facilitates interoperability of PoS terminals of banks.

# FACTS

## Value of transactions

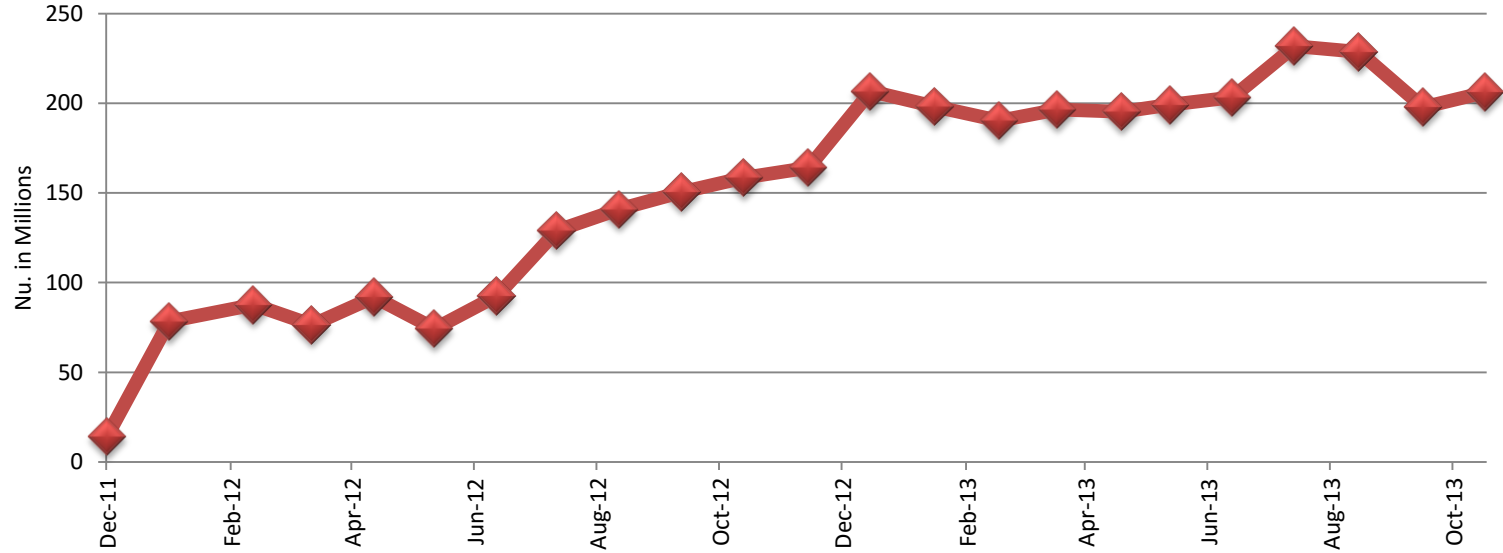


## Number of beneficiaries

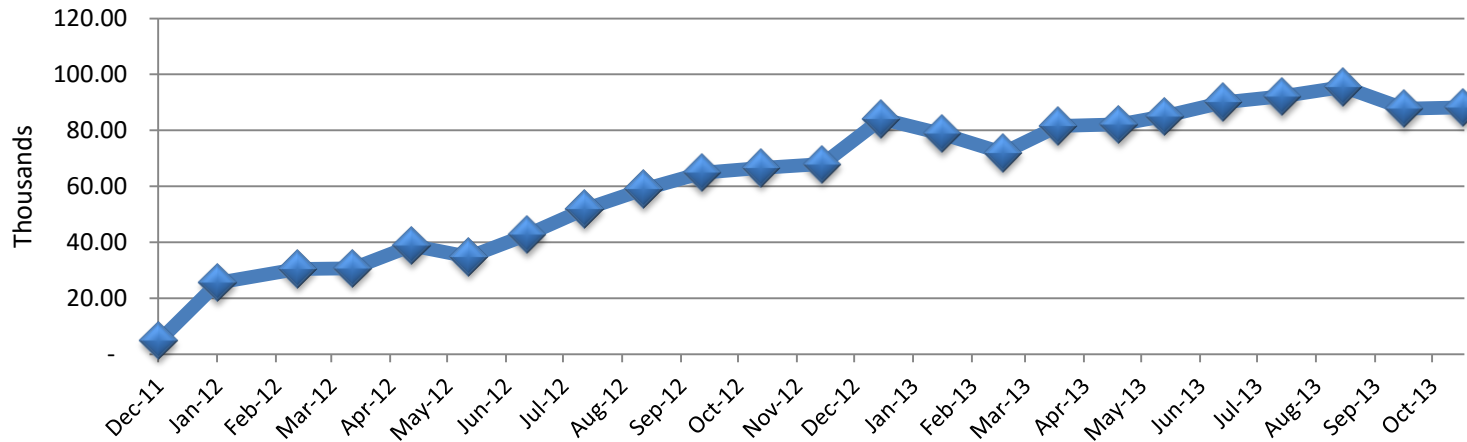


# ATM

## Value of Transactions

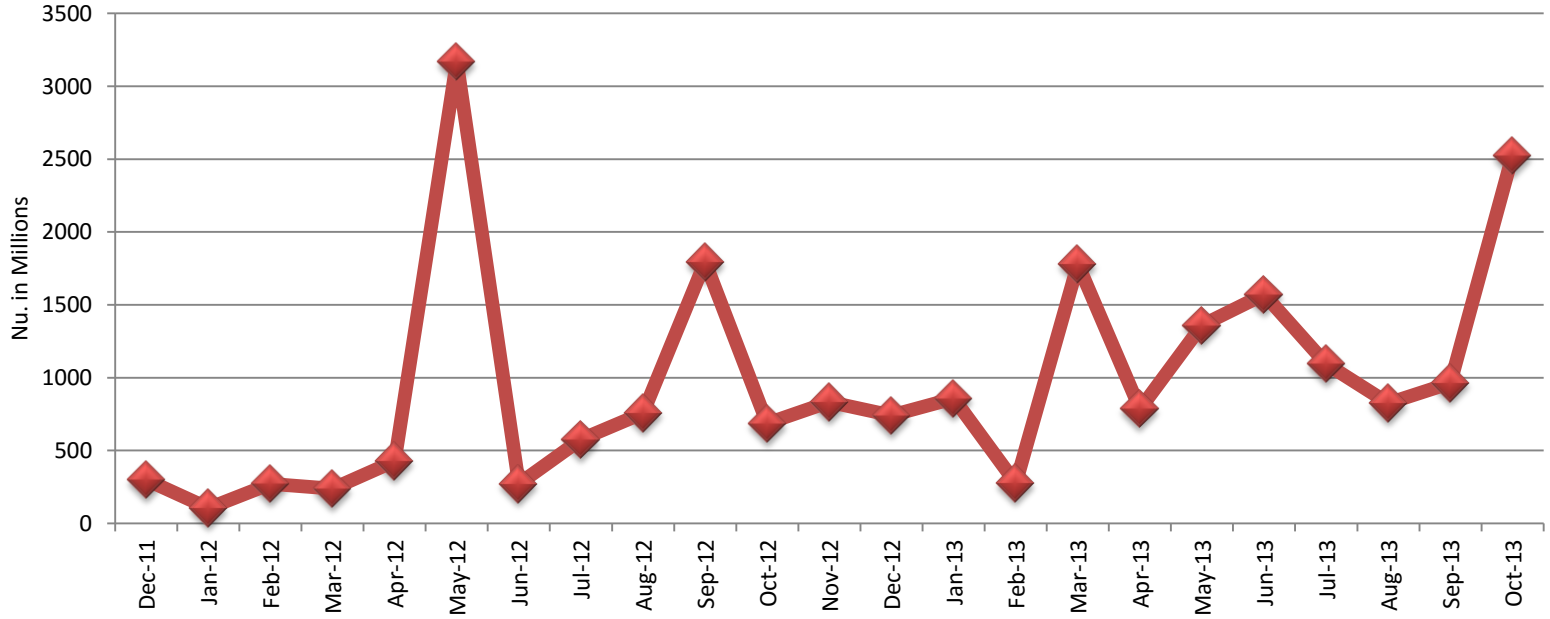


## Number of Transactions

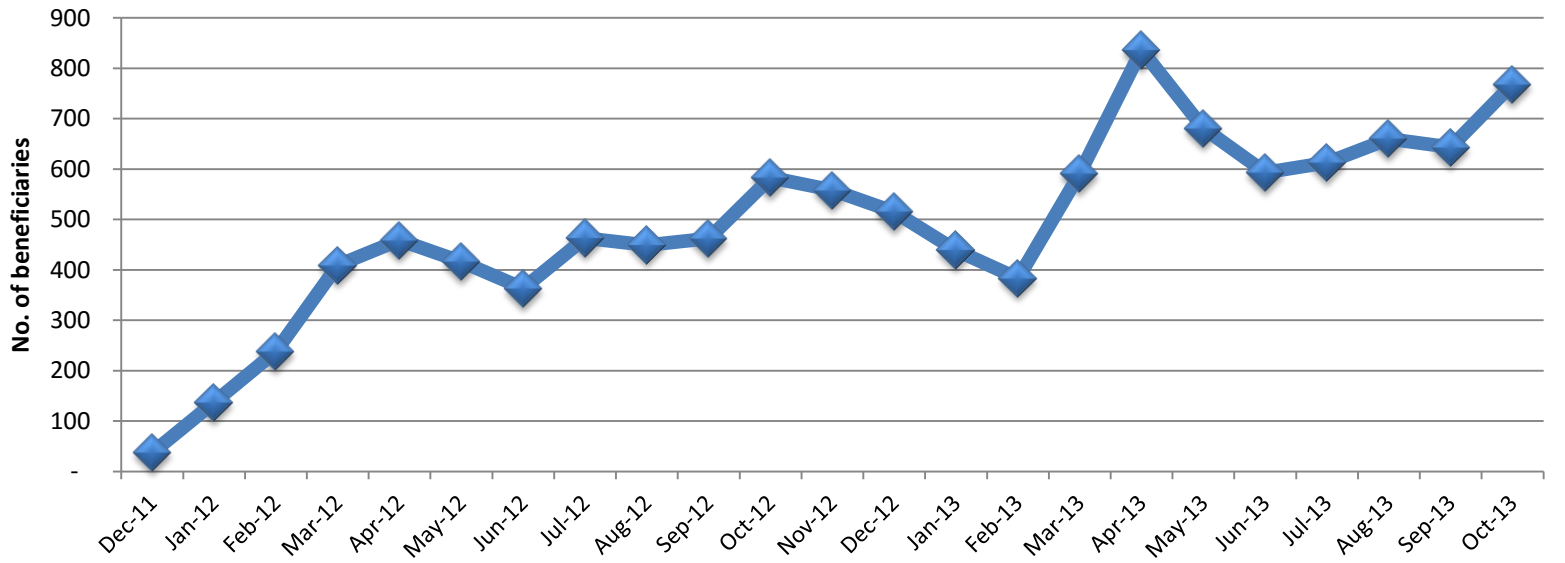


# NET

## Value of Transactions



## Number of Transactions



# Projects in pipeline

## **Institutional Development of the PSSD, RMA**

- RMA is now working on the institutional development of its PSSD concentrating on introduction of functions such as the Oversight of payment systems, Authorization, Risk mitigation measures etc.
- Human resources of the Department enhanced.
- Technical Assistance from RBI arranged for guiding officials to introduce these functions.

# **Interbank Mobile Payment Service (IMPS)**

IMPS is an instant interbank electronic funds transfer system through mobile phones. IMPS facilitates customers to use mobile phone as a channel for accessing their banks accounts to remit funds.



# Benefits of IMPS

- IMPS offers round the clock, 24X7 funds transfer facility.
- Funds are transferred on a real time basis.
- Facilitates interbank transfer of funds.
- Bank led model payment system.
- Customers need not visit banks or use computers for transferring funds.
- Payer and the payee receive SMS confirmations.
- Optimum utilization of existing Financial Switch.
- Promotes less-cash society.
- Promotes Financial Inclusion.

**THANK YOU**