

# **PSS developments in Bhutan**

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

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# 1. 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

## **2. 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 company.



# 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.

# 3. 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.

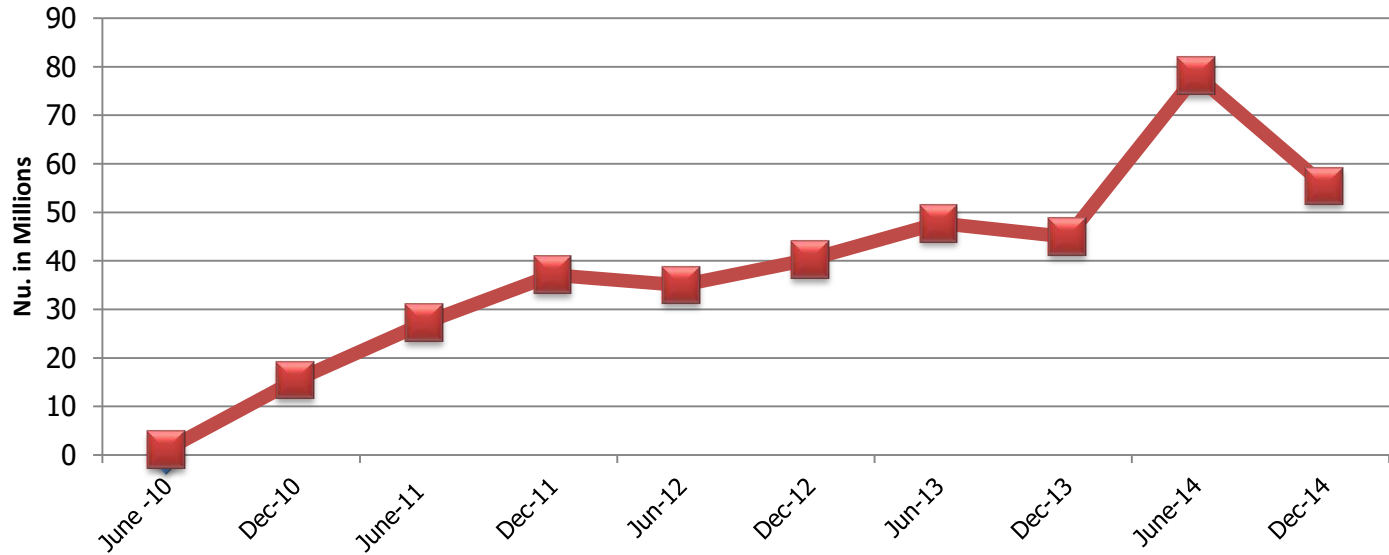
In the absence of a common Financial Switch in the past, ATMs of banks were operated on a stand-alone basis and customers could withdraw cash from ATMs belonging to the card issuing bank only. However, BFS now facilitates interoperability of ATMs of all commercial banks.

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

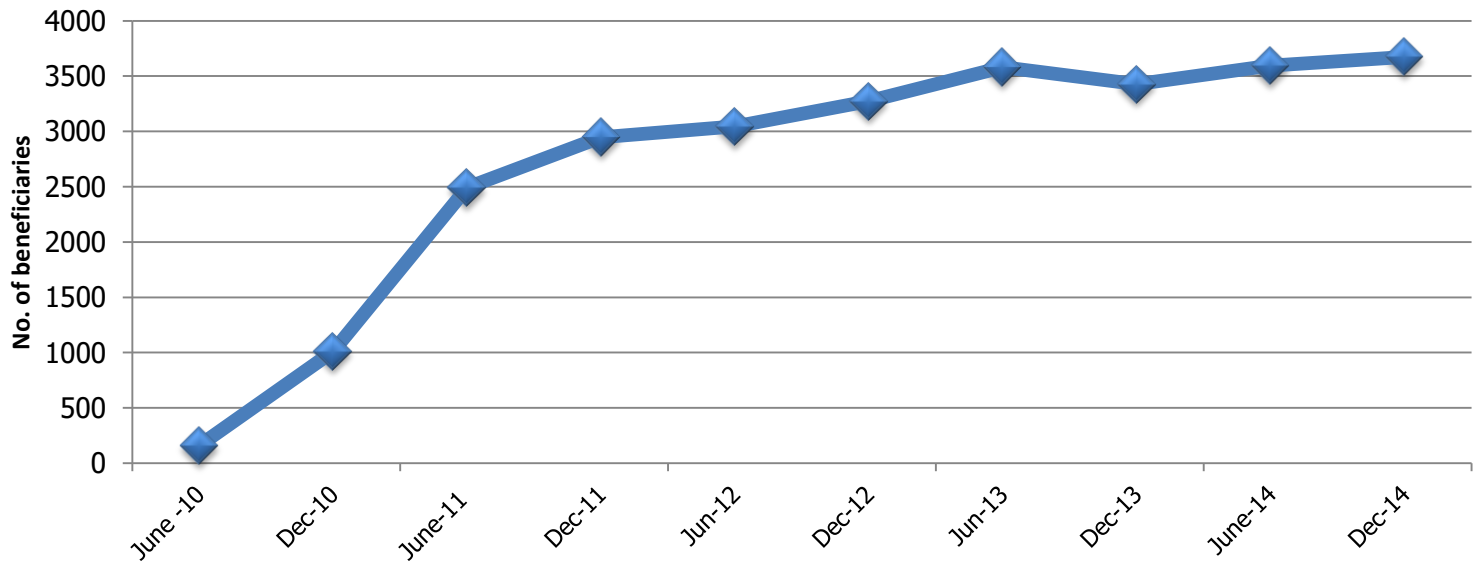
# 4. Statistics

# E F T C S

## Value of transactions

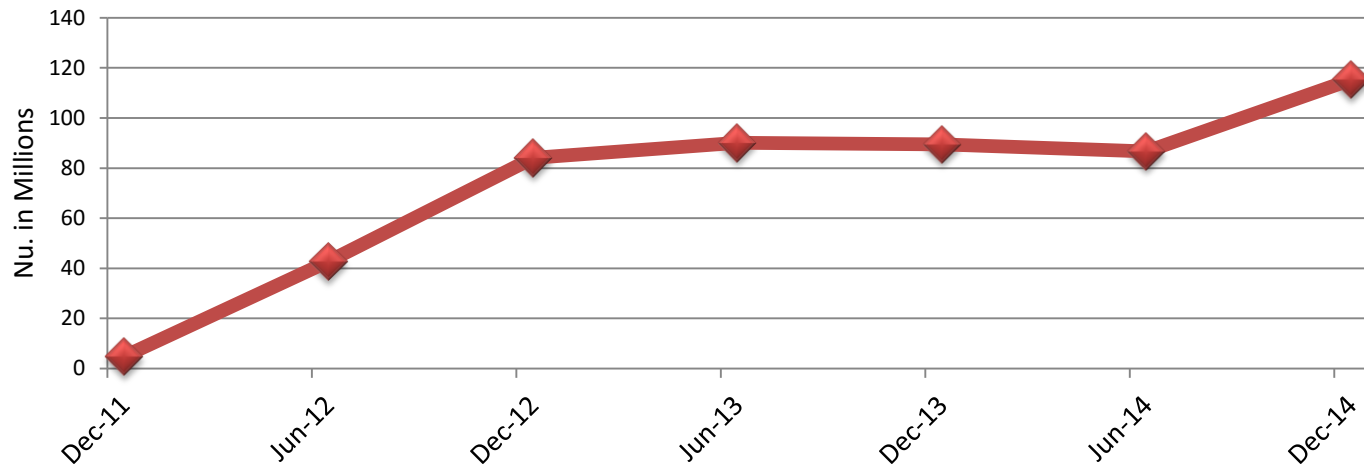


## Number of beneficiaries

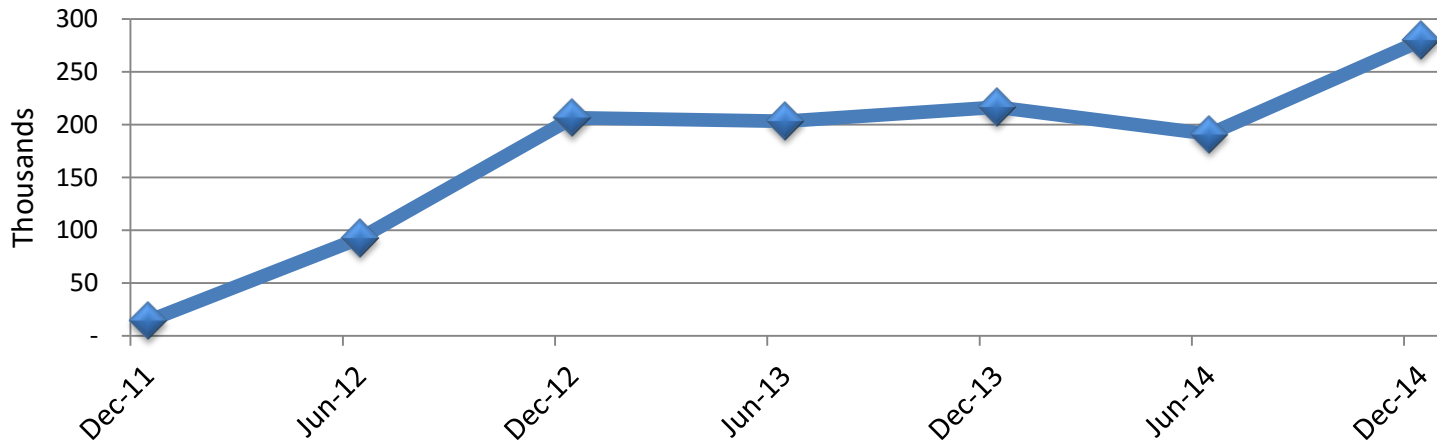


# ATM

## Value of Transactions

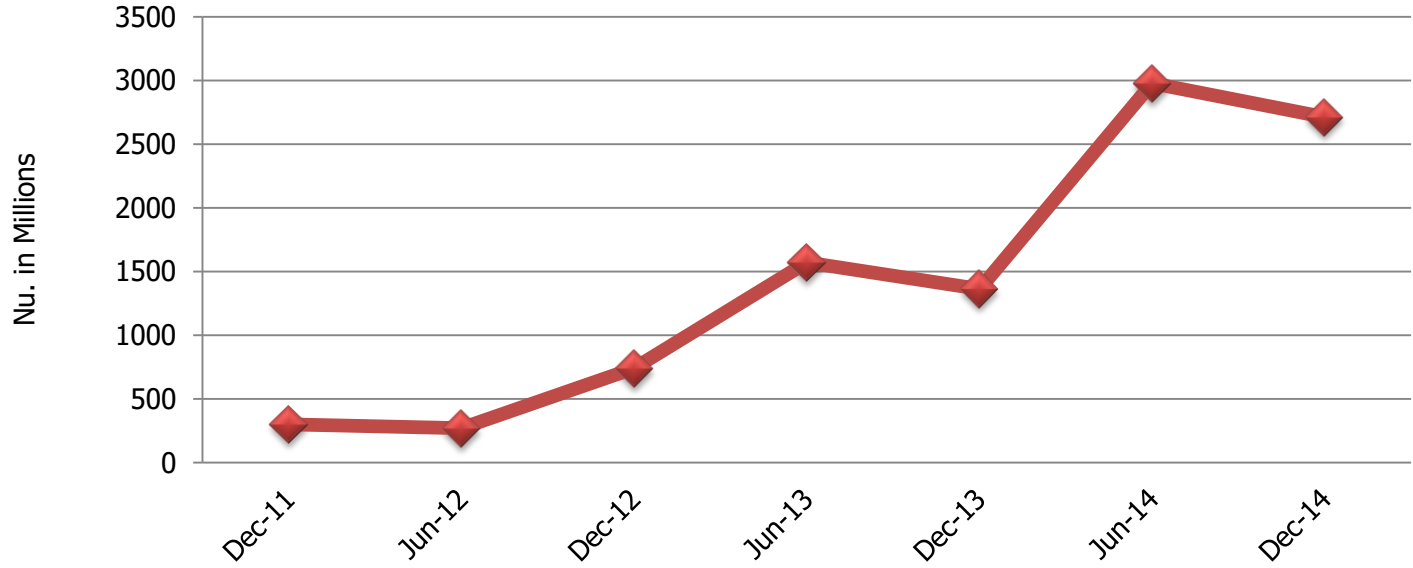


## Number of Transactions

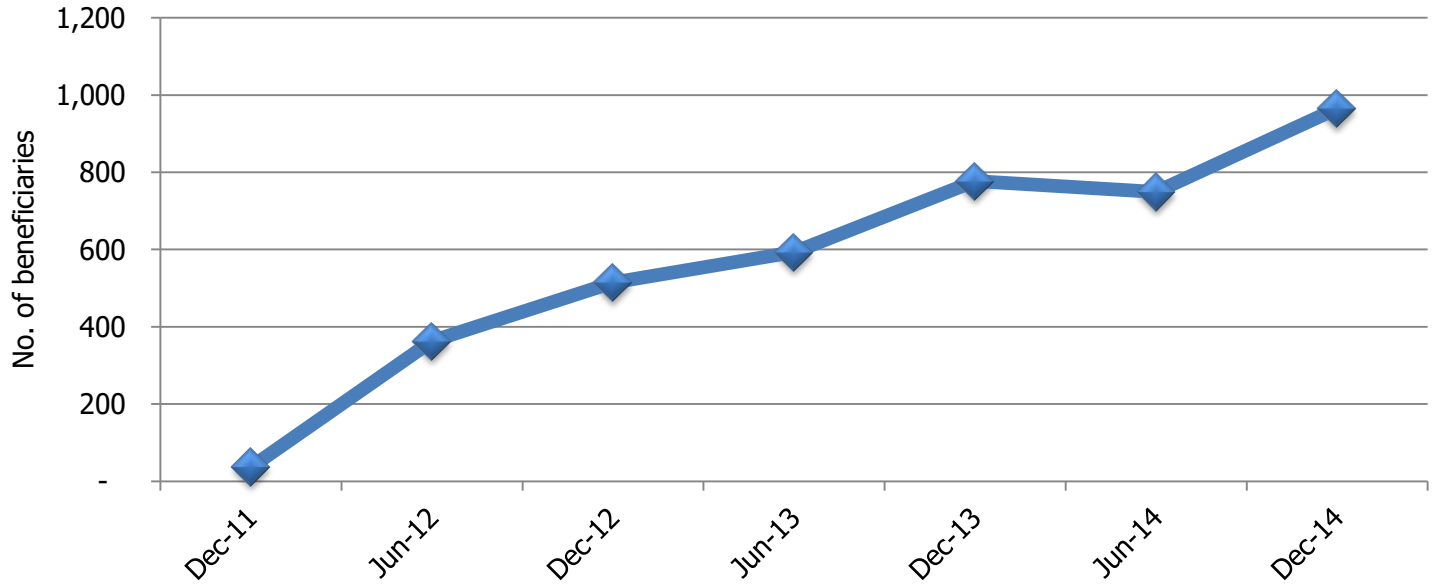


# NET

### Value of Transactions



### Number of Transactions



## 5. Introduction of service charges on electronic payment systems

- The Royal Monetary Authority of Bhutan (RMA), in collaboration with the commercial banks in Bhutan introduced modest transfer charges on inter-bank electronic payment systems such as the **National Electronic Funds Transfer (NEFT) System** and the **Bhutan Financial Switch** with effect from July 1, 2014.
- The charges for the inter-bank electronic payment systems have been kept at reasonable rates, reflecting the continued efforts of the financial sector to provide affordable electronic payment services to the customers.



# Charges for National Electronic Funds Transfer (NEFT) System :

	Slab	Charges
A	<b>Inward NEFT (receipt through NEFT)</b>	Free of Charge
B	<b>Outward NEFT (remittance through NEFT)</b>	-
	Up to Nu. 50,000	Free of Charge
	Nu. 50,001 to Nu. 100,000	Maximum of Nu. 15
	Nu. 100,001 to Nu. 1,000,000	Maximum of Nu. 20
	Above Nu. 1,000,000	Maximum of Nu. 35

# Charges for Inter-bank ATM Services

- Customers shall be offered five (5) successful financial inter-bank ATM transactions per month free of any charge.  
The cost of providing these five (5) free transactions shall be borne by the issuing bank on behalf of its customers as the interchange fee at the rate of Nu.12 per successful financial transaction is payable to the acquirer bank.
- Over and above the five (5) free monthly financial transactions, customers shall be charged Nu. 12 per successful financial transaction for withdrawing cash from the ATMs of other banks.
- Non-Financial transactions such as balance enquiry, pin change, mini statement etc. are charged Nu. 8 per transaction.

**THANK YOU**