



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2016-17/17

DPSS.CO.PD.Mobile Banking.No./2/02.23.001/2016-2017

July 1, 2016

(Updated as on November 12, 2021)

(Updated as on January 10, 2020)

The Chairman and Managing Director/ Chief Executive Officers
All Scheduled Commercial Banks including RRBs /
Urban Co-operative Banks/ State Co-operative Banks/
District Central Co-operative Banks

Madam /Dear Sir,

Master Circular - Mobile Banking transactions in India - Operative Guidelines for Banks

As you are aware, the Reserve Bank of India has, from time to time, issued a number of circulars containing guidelines on Mobile Banking. This Master Circular has been prepared to facilitate the banks and other stakeholders to have all the extant instructions on the subject at one place.

2. The Master Circular has been updated by incorporating all the instructions/guidelines issued on Mobile Banking up to December 17, 2015 and has been placed on the RBI web-site (<http://www.rbi.org.in>). A list of circulars finding reference in this master circular is enclosed as Appendix.

Yours faithfully,

(Nanda Dave)
Chief General Manager

Contents

Para No.	Subject	Page No.
1.	Purpose	3
2.	Classification	3
3.	Previous Guidelines Consolidated	3
4.	Scope	3
5.	Introduction	3
6.	Regulatory & Supervisory Issues	4
7.	Registration of customers for mobile service	4-5
8.	Technology and Security Standards	5
9.	Inter-operability	5-6
10.	Clearing and Settlement for inter-bank funds transfer transactions	6
11.	Customer Complaints and Grievance Redressal Mechanism	6
12.	Transaction Limit	6
13.	Remittance of funds for disbursement in cash	6-7
14.	Board Approval	7
15.	Approval of Reserve Bank of India	7
Annex I	Suggestions / best practices for increasing the penetration (customer registration / on-boarding) of Mobile Banking	8-9
Annex II	Technology and Security Standards	10-11
Annex III	Customer Protection Issues	12-13
	Appendix	14

Annex-III

Customer Protection Issues

1. Any security procedure adopted by banks for authenticating users needs to be recognized by law as a substitute for signature. In India, the Information Technology Act, 2000, provides for a particular technology as a means of authenticating electronic record. Any other method used by banks for authentication is a source of legal risk. Customers must be made aware of the said legal risk prior to sign up.

2. Banks are required to maintain secrecy and confidentiality of customers' accounts. In the mobile banking scenario, the risk of banks not meeting the above obligation is high. Banks may be exposed to enhanced risk of liability to customers on account of breach of secrecy, denial of service etc., on account of hacking/ other technological failures. The banks should, therefore, institute adequate risk control measures to manage such risks.

3. As in an Internet banking scenario, in the mobile banking scenario too, there is very limited or no stop payment privileges for mobile banking transactions since it becomes impossible for the banks to stop payment in spite of receipt of stop payment instruction as the transactions are completely instantaneous and are incapable of being reversed. Hence, banks offering mobile banking should notify the customers the timeframe and the circumstances in which any stop-payment instructions could be accepted.

4. The Consumer Protection Act, 1986 defines the rights of consumers in India and is applicable to banking services as well. Currently, the rights and liabilities of customers availing of mobile banking services are being determined by bilateral agreements between the banks and customers. Taking into account the risks arising out of unauthorized transfer through hacking, denial of service on account of technological failure etc. banks providing mobile banking would need to assess the liabilities arising out of such events and take appropriate counter measures like insuring themselves against such risks, as in the case with internet banking.

5. Bilateral contracts drawn up between the payee and payee's bank, the participating banks and service provider should clearly define the rights and obligations of each party.

6. Banks are required to make mandatory disclosures of risks, responsibilities and liabilities of the customers on their websites and/or through printed material.

7. The existing mechanism for handling customer complaints / grievances may be used for mobile banking transactions as well. However, in view of the fact that the technology is relatively new, banks should set up a help desk and disclose the

details of the help desk and escalation procedure for lodging the complaints, on their websites. Such details should also be made available to the customer at the time of sign up.

8. In cases where the customer files a complaint with the bank disputing a transaction, it would be the responsibility of the service providing bank, to expeditiously redress the complaint. Banks may put in place procedures for addressing such customer grievances. The grievance handling procedure including the compensation policy should be disclosed.

9. Customers complaints/ grievances arising out of mobile banking facility would be covered under the [Reserve Bank - Integrated Ombudsman Scheme, 2021](#) (as amended from time to time).

10. The jurisdiction of legal settlement would be within India.