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Regulating Payment Aggregators and Gateways

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Why in News

The **Reserve Bank of India (RBI)** has released **guidelines** for regulating activities of **Payment Aggregators (PAs)** and **Payment Gateways (PGs)** in the country.

PAs and PGs are intermediaries playing an important function in **facilitating payments in the online space**.

Payment Aggregators and Payment Gateways

- **Payment Aggregators facilitate e-commerce sites and merchants in accepting payment instruments from the customers** for completion of their payment obligations without the need for merchants to create a separate payment integration system of their own. **Example:** Billdesk.
- **Payment Gateways** are entities that **provide technology infrastructure** to route and facilitate processing of an online payment transaction without any involvement in handling of funds. PGs in India mainly include **banks**.
- A Payment Gateway allows the merchants to deal in a specific payment option put on the portal, whereas a Payment Aggregator allows one to have multitudes of options for payment. Thus, **a Payment Aggregator covers a payment gateway in its ambit**.

Guidelines

- **Authorisation**

- **Non-bank PAs** will require authorisation from the RBI under the Payment and Settlement Systems Act, 2007 (PSSA). A PA should be a company incorporated in India under the Companies Act, 1956 / 2013.
- **Banks provide PA services** as part of their normal banking relationship and **do not therefore require a separate authorisation from RBI.**
- **E-commerce marketplaces** (e.g. flipkart, Paytm) providing PA services **should separate PA services from the marketplace business** and they should apply for authorisation on or before 30th June, 2021.
- PGs will be considered as 'technology providers' or 'outsourcing partners' of banks or non-banks, as the case may be.

- **Capital Requirement**

- **Existing PAs** have to achieve a net worth of ₹15 crore by 31st March, 2021 and a net worth of ₹25 crore on or before 31st March, 2023. The net worth of ₹25 crore has to be maintained at all times thereafter.
- **New PAs** should have a minimum net worth of ₹15 crore at the time of application for authorisation and have to attain a net worth of ₹25 crore by the end of the third financial year of the grant of authorisation. The net worth of ₹25 crore has to be maintained at all times thereafter.

- **Disclosure Requirements**

- PAs need to disclose **comprehensive information** regarding merchant policies, customer grievances, privacy policy and other terms and conditions on the website and / or their mobile application.
- They need to undertake **background and antecedent checks of the merchants** to ensure that such merchants do not have any malafide intention of duping customers, and do not sell fake / counterfeit / prohibited products.

Source: TH