

RBI directs lenders to formulate e-payments policy

Live Mint | 19 Feb 2021

RBI has also directed lenders to conduct risk assessments around safety and security of digital payment products

The **Reserve Bank of India** (RBI) on Thursday said regulated entities will have to formulate a board-approved policy for digital payment products and services, in an attempt to improve governance standards for them.

The norms, which have been issued as a master direction on digital payment security controls, will be applicable to scheduled commercial banks, small finance banks, payment banks and credit card issuing non-banking financial companies. They will however not be applicable to regional rural banks (RRBs), the central bank said. These directions will come into effect six months from Thursday.

The regulator said the board-approved policy must explicitly discuss necessary controls to protect the confidentiality of customer data and integrity of data associated with the digital products and services offered. It should also discuss the availability of requisite infrastructure with necessary back-up and be accompanied by an assurance that the payment product is built in a secure manner, RBI said.

“The board and senior management shall be responsible for implementation of this policy. The policy shall be reviewed periodically, at least on a yearly basis. Regulated entities may formulate this policy separately for its different digital products or include the same as part of their overall product policy,” the central bank said.

It added that these regulated entities will have to conduct risk assessments with regard to the safety and security of digital payment products and associated processes and services. The risk assessment should take into account known vulnerabilities at each of the touchpoints and the remedial action taken by an entity, dependence on third-party service providers and risks arising out of integration of digital payment platforms with other systems—both internal and external.

Besides, lenders will also have to implement multi-factor authentication for payments through electronic modes and fund transfers, including cash withdrawals from ATMs. These measures have been suggested in the view of the proliferation of cyber-attacks, RBI said, adding that at least one of the authentication methodologies should be generally dynamic or non-replicable.

Disclaimer: The content above is taken from the source mentioned

Resource: Live Mint, 18 Feb 2021

Copyright © 2019 Aparajitha Corporate Services Pvt., Ltd. All Rights Reserved.

Making Corporate India Comply

Importantly, these entities have been asked to implement a real-time or near-real-time reconciliation framework for all digital payment transactions. They also need to incorporate secure, safe and responsible usage guidelines and training materials for customers within the digital payment applications.

Apart from these broad guidelines, RBI has also issued specific norms with regard to internet banking security controls, mobile payment security controls and for card payments.