

Eft and seft in india essay



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Electronic Fund Transfer and Special Electronic Fund Transfer Facility of Reserve Bank of India I.

Electronic Fund Transfer Reserve Bank of India (RBI) facilitates Electronic Fund Transfer (EFT) across the 15 cities, where RBI manages the clearing centers. A list of these 15 cities are given in the annexure. The EFT clearing operates three times in a day at 12. 00, 14. 00 and 16. 00 hrs.

The EFT process flow has been schematically presented below: In case of EFT, while RBI assurance is that the funds have to be credited by the third working day, in practice it takes around five days for the credit to be effected in the beneficiary's account. This is on account of the fact that in EFT the branches need not be networked, as a result the information flows in a physical manner to the concerned branch. The value of each EFT transaction can be in whole rupees only and cannot exceed Rs. 2 crores.

A service charge of Rs. 2/- per transaction is payable to RBI. II. Special Electronic Fund Transfer Reserve Bank of India (RBI) has launched SEFT system to facilitate an efficient and economical system of funds transfer and clearing in the banking sector.

Initially, the system would cover branches of banks as indicated by RBI, as it is essential that only networked branches of banks are part of the system. At present only Ahmedabad, Bangalore, Chennai, Delhi, Kolkata, Mumbai, Hyderabad and Nagpur centers are covered through SEFT. A brief on the SEFT guidelines and the process flow is as follows : SEFT Guideline of RBI SEFT facilitates electronic transfer of funds and at present covers 2312

branches of 29 banks. The settlement in SEFT system are conducted at 12.00 noon, 2.

0 p. m. and 4. 00 p. m.

on week days and at 12. 00 noon and 2. 00 p. m.

on Saturdays. RBI has recently issued a circular on SEFT and the key features of this circular are : a)The relationship between the customer and the bank will be governed by an agreement. The agreement can be executed only after, the RBI SEFT Regulation, 1996 which is under the consideration of Government of India, Ministry of Finance is made effective. Meanwhile, the banks can incorporate the terms and conditions in a suitable SEFT application form.)The value of each SEFT transaction can be in whole rupees only.

The upper limit for each individual transaction is Rs. 2 crores. c)A service charge of Rs. 2/- per transaction is payable to RBI. d)The advice given in beneficiary's account shall indicate briefly the source of funds as well. e)The sender/originator shall be entitled to claim interest at the Bank Rate from the sending bank for the period of delay in the completion of funds transfer, and/or any other penalty, which may be levied/decided by RBI.

SEFT Transaction Process)A customer submits a request to the Bank for SEFT. b)The sending bank will consolidate all the requests received till the cut-off time and forward the data to the SEFT service branch of the bank. There can be only one service branch for a bank. c)The SEFT service branch

will prepare the data file using the package given by the National Clearing Cell (NCC) of RBI.

NCC is the data processing “ SEFT Centre”. d)The SEFT service branch shall transmit the data file to the SEFT Centre of RBI, using the communication network designated by RBI. The SEFT Centre will consolidate the data files received from all the participating banks and generate the settlement for each beneficiary bank. e)The processed data files generated for the banks will be in secure website of RBI and each bank needs to download the file immediately after the conclusion of each settlement zone.

f)The SEFT service branch will download the processed data files and validate the file using the validation routine provided in the SEFT package. Apart from the validation with respect to the encryption key exchange and checksum total for the entire file, the package would validate the individual records as well.)The SEFT service branch should immediately transmit the branch wise data to the respective beneficiary branches of the bank. h)No acknowledgements are envisaged under SEFT Scheme.

A message, which is not returned unaffected before the next settlement zone is treated to have been completed and credited afforded to the beneficiary's account by the beneficiary branch. It is therefore vital that unaffected credits are re-transmitted back as fresh SEFT transactions at the immediate next settlement itself.