



Ref. No. NB. DFIBT / 17718-18203 / DFIBT - 23/2016 – 17
Circular No. 18/ DFIBT- 09 / 2017

25 January 2017

The Chairman and Managing Director / Chairman / Chief Executive Officer
Scheduled Commercial Banks
Regional Rural Banks
State Co-operative Banks and
District Central Co-operative Banks

Dear Sir

**Support Under Financial Inclusion Fund(FIF)- Revisions and Clarifications-
mPoS (mobile Point of Sale) Terminals, PoS/mPoS Deployment by Banks
not having PoS Acquirer Status and Preservation of Village/Merchant details**

Please refer to our Circular no. 283/DFIBT-39/2016 dated 06 December 2016 and Circular no. 01/DFIBT-01/2017 dated 04 January 2017 extending support under FIF for deployment of PoS machines in Tier 5 and Tier 6 centres under CAPEX and OPEX models. Keeping in view the emergent devices and methodologies in the space of merchant transactions the following devices/methodologies will also be extended support under the scheme.

I. Different types of Point of Sale devices

- a) mPoS being one of the popular technologies creating digital touch points, the support is being extended to the mPoS devices both for CAPEX and OPEX models.
- b) The support will mainly be available for two types of mPoS hardware:
 - (i) a standalone device, which has inbuilt provision for SIM to provide connectivity to cellular network. The device is self-sufficient in carrying out the merchant transaction.
 - (ii) additional piece of hardware which gets attached to a mobile phone through USB port, audio jack of the cellular phone, bluetooth, Wi-Fi or any such wire-less technology. The additional hardware could be a Bar code reader, PIN-pad, card reader, QR code scanner, Bio-metric scanner, etc. which completes the identification part. App in the mobile completes the transaction.
- c) The mPoS either should be Aadhaar enabled or Aadhaar ready to carry out Biometric transactions.
- d) The devices should have the provision of providing written transaction receipt in addition to the SMS. Alternately a receipt may be issued by the merchants.
- e) The Banks have to indicate the request for mPoS devices while submitting the proposal as per the formats attached.

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National Bank for Agriculture and Rural Development

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II. **Third Party Model**

- a) The Banks which are not Merchant Acquirer and incur expenditure in deploying mPoS device will also be extended support under FIF for CAPEX/OPEX model.
- b) NPCI has come out with models for deployment of third party mPoS for RRBs and Cooperative Banks which are not merchant Acquirer, vide their Circular Nos. NPCI/2016-17/RRB/013 dated 13 December 2016 for RRBs and No. NPCI/2016-17 FI/256 dated 02 December 2016 for Cooperatives.

III. **Conditions applicable to PoS/mPoS and third party models:**

- a) The extent of support will be 60% of expenditure incurred for CAPEX model. For OPEX model the reimbursement will include 60% of onetime expense and monthly expense for one year. The cap will be Rs. 6,000/- per device.
- b) Merchant Acquiring banks deploying PoS or mPoS may submit the proposal as per the format given in Annexure I and submit the claim along with details of mPoS devices installed as per Annexure II.
- c) Banks which are not Merchant Acquirer may use Annexure III for proposal and Annexure IV for the claim.
- d) All other conditions indicated in Circular no. 283/DFIBT-39/2016 dated 06 December 2016 and Circular no. 01/DFIBT-01/2017 dated 04 January 2017 above remain the same including security standards for the devices. However, the proposal and claim formats have been revised (as indicated in point III (b) above).
- e) In view of the new additions/ relaxations, banks are requested to assess their requirement and forward their proposal to NABARD to expedite the implementation process of adopting card technology.
- f) The Banks proposing to implement the projects in multiple States may forward their proposal to DFIBT, HO directly at dfibt@nabard.org followed by hard copy. Single State proposals may be submitted to the respective Regional Office of NABARD.
- g) The Banks deploying PoS/ mPoS devices under the project will retain the names of villages including village census code along with merchant details where the devices have been deployed.
- h) Support available to the Banks under Pilot Project to incentivise Aadhaar based transactions extended vide our Circular No. 292/DFIBT- 43/2016 dated 19 December 2016 will also be available to the Banks for Aadhaar based Biometric transactions at mPoS terminals.

Hindi version of the Circular is being sent separately.

Yours faithfully



(Subrata Gupta)

Chief General Manager

Encl. As above

**Annexure I
(Format for Submission of Proposal by the Merchant Acquirer Bank - on Bank's
letterhead)**

The Chief General Manager
..... Regional Office/Head Office (in case of multi-state projects)
NABARD

Dear Sir

**Support from Financial Inclusion Fund(FIF)- for deployment of PoS/mPoS
terminals in Tier 5 and 6 Areas –Application for Sanction – CAPEX/OPEX Model**

Please refer to your circular nos. 283/DFIBT-39, 01/DFIBT-01 and 18/DFIBT-09 dated 6 December, 4 January and 25 January 2017 respectively, on the captioned subject. In this connection, we request you to sanction Rs. for installation of PoS/mPoS devices. The PoS/mPoS devices will be installed under CAPEX/OPEX model. The details are as following:

1. Number of PoS devices installed by the Bank as on 30 September 2016 was
2. We propose to install PoS/mPoS devices in the following locations:

Sr. No	State	No. of Villages	No. of PoS/mPoS devices (Max – 2 per village)

3. On preferential basis, PoS/mPoS with Aadhaar (Biometric validation) acceptance capability will be deployed. Alternatively, the devices will be “Aadhar ready”. All out efforts would also be made to place the devices with agricultural input dealers/milk societies/PACS etc., where chances of farm/farmer related transactions are more.
4. The village details including village census code where PoS/mPoS devices are deployed along with merchant details will be retained at our level.
5. Claim for reimbursement will be submitted to NABARD after successful installation of PoS devices and payment to vendor.

Yours faithfully,

Name of authorized Officer:
Designation:
Name of the Bank:
Date:

Note: Please strike out whichever is not applicable.

(Annexure II)
(Format for Claiming Reimbursement by the Merchant Acquirer bank - on Bank's letterhead)

The Chief General Manager
 Regional Office/Head Office (in case of Multi-State projects)
 NABARD

Dear Sir

Support from Financial Inclusion Fund (FIF) for deployment of PoS/mPoS terminals in Tier 5 and 6 Areas – Application for Reimbursement – CAPEX/OPEX Model

Please refer to sanction letter Ref. No. dated by which you have sanctioned us an amount of Rs. for installation of PoS/mPoS devices.

We have installed PoS/mPoS devices in the following locations: (Branch-wise list)

Sr. No	State	District	Block	Servicing Bank Branch	No. of villages where PoS/mPoS are installed	No. of PoS/mPoS device installed
1						
2						
.....						
Total Number of Villages covered and PoS/mPoS installed						

2. We have incurred an capital expenditure of Rs. For deploying the PoS/mPoS OR

We have incurred an expenditure of Rs. for maintaining devices @ Rs..... per device per month. (for OPEX model)

3. The original invoice, receipts, agreements, etc. related to installation/maintenance will be preserved at our end for any future requirement. We certify that not more than 2 functional PoS devices have been installed in any village, under the project.

4. The village details including village census code along with merchant details where PoS/mPoS devices have been deployed are being retained at our level.

5. We request you to kindly reimburse an amount of Rs....., being the Capital expenditure or operational & maintenance expenditure for PoS devices incurred by us (maximum Rs 6,000/- per PoS/mPoS) as per eligibility in terms of Circular Nos. 01/DFIBT-01/2017 and 18/DFIBT-09/2017 dated 04 and 25 January 2017 respectively.

Yours faithfully,

Name of authorized Officer:
 Designation:
 Name of the Bank:
 Date:

Note: Please strike out whichever is not applicable.

Annexure III
(Application format for Third party model - on Bank's letterhead)

The Chief General Manager
..... Regional Office/Head Office
NABARD

Dear Sir

Support from FIF for deployment of PoS/mPoS terminals in Tier 5 and 6 Areas - Application for Sanction – under cost sharing models/arrangements

Please refer to your circular number 18/DFIBT-09 dated 25 January 2017 on the captioned subject. In this connection, we request you to sanction Rs. for installation of PoS/mPoS devices. The details are as following:

1. We are deploying PoS/ mPoS devices (strike off whichever is not applicable)
2. We have finalizedas the PoS/mPoS vendor
3. We propose to install PoS/mPoS devices in the following locations:

Sr. No	State	District	No. of Villages	No. of PoS/mPoS devices (Max – 2 per village)

4. On preferential basis, PoS/mPoS with Aadhaar (biometric validation) acceptance capability will be deployed. Alternatively, the devices will be “Aadhaar ready”. All out efforts would also be made to place the devices with agricultural input dealers/milk societies/PACS, etc., where chances of farm/farmer related transactions are more.

5. We certify that we are not the merchant acquiring Bank but are deploying the PoS/mPoS machines from our own funds. The acquiring Bank is.....

6. Claim for reimbursement will be submitted to NABARD after successful installation of the devices and payment to vendor.

7. The mPoS device will be installed under CAPEX/OPEX model.

8. The village details including village census code where PoS/mPoS devices are deployed along with merchant details will be retained at our level.

Yours faithfully,

Name of authorized Officer:
Designation:
Name of the Bank:
Date:

(Annexure IV)
(Claim format for third party model - on Bank's letterhead)

The Chief General Manager
 Regional Office/Head Office (in case of multi-state projects)
 NABARD

Dear Sir

Support from FIF for deployment of PoS/mPoS terminals in Tier 5 & 6 Areas - Application for Reimbursement under cost sharing models/arrangements

Please refer to sanction letter Ref. No. dated sanctioning us an amount of Rs. for installation of PoS/mPoS devices under Capex/Opex model.

We have installed PoS/mPoS devices in the following locations: (Branch-wise list)

Sr. No	State	District	Block	Servicing Bank Branch	No. of villages where PoS/mPoS are installed	No. of PoS/mPoS device installed
1						
2						
3						
4						
5						
6						
.....						
Number of Villages & PoS/mPoS Installed						

2. We have incurred an capital expenditure of Rs. For deploying the PoS/mPoS
 OR

We have incurred an expenditure of Rs. for maintaining devices @ Rs..... per device per month. (for OPEX model)

3. The original invoice, receipts, agreements, etc. related to installation/maintenance will be preserved at our end for any future requirement. We certify that not more than 2 functional devices (PoS/mPoS) have been installed in any village, under the project.

4. We request you to kindly reimburse an amount of Rs....., being the Capital expenditure or operational & maintenance cost of PoS/mPoS devices incurred by us (maximum Rs 6,000/- per device) as per eligibility in terms of Circular No.18/DFIBT-09/2017 dated 25 January 2017.

5.The village details including village census code along with merchant details where PoS/mPoS



devices have been deployed are being retained at our level.

Yours faithfully,

Name of authorized Officer:

Designation:

Name of the Bank:

Date:

