

July 29, 2009

The Chairman and Managing Director /  
Chief Executive Officer of all banks participating in NEFT

Madam / Dear Sir,

National Electronic Funds Transfer (NEFT) System – Business Continuity Plan

As you are aware, NEFT system was operationalised during November 2005 and 57263 branches of 91 banks spread across the length and breadth of the country participate in the NEFT system as on date. During the month of June 2009 alone, around 4.5 million transactions were processed through the system. The NEFT system has thus emerged as a system-wide important payment system.

2. With the increase in reach and volumes, a well-documented and tested Business Continuity Plan (BCP) with adequate Disaster-Recovery (DR) preparedness assumes significance. Needless to stress, only periodic DR drills can ensure availability and operation of the NEFT system to a reasonable extent in case of any contingency. DR drills involving IDRBT and the NEFT back-up arrangements at our data centre are carried out by us at periodic intervals. The Benchmark Indicators of Efficiency for NEFT Operations circulated, vide, circular DPSS (CO) No. 12/ 04.03.01/2008-09 dated July 3, 2008 detail the minimum BCP requirements expected to be in place at banks and periodic conduct of DR drills by the banks as well. In this connection, a reference is drawn to the Annual Policy Statement of the Governor, Reserve Bank of India, announced on April 21, 2009 (cf paragraph 152), highlighting the need for effective DR arrangements for critical payment systems and periodic drills to test the adequacy thereof.

3. We presume that adequate back-up arrangements are in place in your bank for assuring availability of the NEFT system and NEFT operations are carried out using the DR infrastructure at regular intervals, at least once in a quarter. To ensure completeness of testing, it is now our endeavour that banks also participate in the NEFT DR drills conducted by us periodically, from their alternate / back-up / DR sites. Our NEFT Clearing Centre at Nariman Point, Mumbai will be reviewing the back-up arrangements in consultation with banks, and IDRBT will also be extending requisite support for the same. You may ensure that adequate DR arrangements are in place and your bank participates effectively in the NEFT DR drills carried out by us. Needless to add, we shall be constrained to review eligibility / continuity of banks to participate in NEFT operations, if adequate alternate arrangements are not in place.

4. Please acknowledge receipt of the circular and confirm compliance with the requirements.

Yours faithfully

**(G Padmanabhan)**  
Chief General Manager