

'MDR REIMBURSEMENT PENDING FROM BANKS'

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

The Payments Council of India (PCI) has said that payment service providers and merchant aggregators are yet to received reimbursement for merchant discount rates from banks even after nine months.

MDR is the fee that a merchant has to pay to a bank for every transaction that is split between the bank which issued the card, the payment service providers, and payment gateways.

In December 2017, the Ministry of Electronics and Information Technology, had said that MDRs would be reimbursed by the government on transactions up to Rs. 2,000. This was applicable on all transactions below Rs. 2,000 made through debit cards, BHIM UPI or Aadhaar enabled payments systems.

“Payments Council of India (PCI), the representative body of non-banking merchant aggregators and acquirers, have raised serious concerns over non-receipt of reimbursements of MDR by merchant aggregators, from the related acquiring banks since January 2018,” PCI said in a statement.

PCI said there was still ambiguity on the extent of MDR reimbursements that would be passed on to the aggregators and the industry feared that banks would only pass on a small proportion to merchant aggregators and acquirers, while retaining the bulk “This is likely to seriously impact the operating ability of merchant aggregators and dent the efforts to promote digital payments,” PCI said.

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