

RBI introduces new category of prepaid payment instruments for mobility cards

Rationale behind introduction of these cards is to reduce the cash transactions in the system

The Reserve Bank of India (RBI) has issued draft guidelines on mobility cards that will allow people to travel without cash in metros, buses and taxis. For such cards, the regulator has introduced a new category of prepaid payment instruments (PPI) that will be issued by the mass transit operators (such as metro or road transport).

The rationale behind introduction of these cards is to reduce the cash transactions in the system and gradually move towards a cashless economy.

“It was felt that a separate category of semi-closed PPI for mass transit systems which handle a large number of small value cash payments will facilitate the migration to electronic payments in line with the country’s vision of moving to a less-cash society. One such area, where a large number of small value cash payments take place relates to mass transit systems,” RBI said in a release.

According to the draft guidelines, these prepaid cards can be used by at other merchants also as long as the activity is limited to transit. These cards will have a minimum validity of six months from the date of issue. The maximum amount that can be loaded will be limited to Rs 2,000 and the card will be reloadable.

However, the user will not be allowed any cash-out facility or refund on the cards. The regulator has not laid down any mandatory Know Your Customer (KYC) norms for issuing these cards but has suggested that the issuer can conduct KYC procedure on their own.

RBI has requested for comments on the draft guidelines by June 15.

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