

RBI Sticks to Data Storage Deadline

May take action against cos that don't comply by Oct 15 but consumer interest will be protected

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Bengaluru: The Reserve Bank of India has informed multinational payments companies that they must adhere to its mandate requiring them to store data pertaining to Indian users within the country by October 15, according to three senior bankers aware of the

developments.

The central bank could also initiate action against those which do not comply with the instructions that were announced in April, said the people cited above.

“As per the RBI directive, all payments companies will have to submit a compliance report on localisation of payments data on October 15 and they (RBI) will decide what type of action needs to be taken based on these reports,” said a senior banker. “The chances for an extension are highly unlikely.”

Even if some firms are not able to comply with the directives fully within the given timeline, consumer interest will be protected. “Consumers’ credit and debit

cards will continue to function unhindered,” a senior banker told ET.

Referring to the interaction between industry representatives and the RBI on Wednesday, a senior payments industry executive said the “RBI did not buy the argument about technological challenges. It said that

in the worst-case scenario, companies can hire cloud services in the country and host their data locally. Technology is available.”

80% of Cos Have Complied: Industry ►► 10

Store & Serve

On April 6, RBI had mandated that all digital payments data will have to be stored in India by **Oct 15**

Indian cos Paytm & PhonePe support the move but MNC payments cos reach out to finance ministry

Dept of Economic Affairs sends letter to RBI suggesting it could consider data mirroring

Payments cos meet RBI on Wednesday, told to stick to given deadline



80% of Cos Already Complied: Industry

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The central bank was of the view that the six-month timeline was sufficient for companies to be fully compliant, according to the executive.

RBI did not respond to email queries.

One of the bankers quoted above said the nature of the punitive action will depend on the extent to which these companies have adhered to guidelines.

Industry sources estimate that 80% of the payments companies have already complied, which makes it imperative for the rest to follow suit. In addition to India-based PhonePe and Paytm, the payments arms of global giants like WhatsApp, Amazon and Alibaba have also adhered to RBI's diktat, bankers said. Payments networks Visa and Mastercard have started work on hosting data locally, they added.

On April 6, the RBI had mandated that all digital payments data will have to be stored only within India by October 15.

Paytm and PhonePe welcomed the move while multinational firms including Visa, Mastercard and American Express have appealed against it. Representati-

ves of these companies met several top government officials seeking a relaxation of the norms on data storage and also an extension of the compliance deadline, citing technological challenges.

ET reported on October 9 that a top government agency suggested that the country's central bank should mandate multinational payments companies to allow an audit of their global databases by Indian regulators and store a copy of data on local transactions within the country.

Earlier in July the finance ministry had recommended the central bank issue a clarificatory circular on data storage norms.

However the RBI had not issued any FAQ (frequently asked questions) with regard to the hot-button issue.

Bankers are of the view that the regulator was not in favour of supporting data mirroring as well.

With digital payments growing in leaps and bounds, the need for storing the data being generated within the country has assumed paramount importance. Bankers said such a move would also help create new jobs as it will require many analysts and data specialists to process the stored data.