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RBI/2016-17/264 DPSS.CO.PD No.2737/02.14.003/2016-17

March 30, 2017

The Chairman and Managing Directors / Chief Executive Officers

All Scheduled Commercial Banks including RRBs / Urban Co-operative Banks /

State Co-operative Banks / District Central Co-operative Banks /

Payments Banks and Small Finance Banks /

All Card Network Providers

Dear Madam / Sir,

Rationalisation of Merchant Discount Rate (MDR) for Debit Card Transactions – Continuance of Special Measures

A reference is invited to our <u>circular DPSS.CO.PD.No.1515/02.14.003/2016-17 dated December 16, 2016</u> wherein special measures for debit card transactions (including for payments made to Government) were introduced for a temporary period starting January 1, 2017 through March 31, 2017. Further, attention is also invited to "<u>Draft Circular - Rationalisation of Merchant Discount Rate (MDR) for Debit Card Transactions" dated February 16, 2017</u> wherein comments from the public were sought for the proposed MDR framework for debit card transactions till February 28, 2017.

- 2. Reserve Bank of India has since received feedback from various stakeholders including banks, non-bank entities, individuals and Government Departments / Ministries. The feedback so received are being examined for rationalisation. Till the issuance of final instructions on MDR for debit card transactions, the extant instructions issued vide our circular dated December 16, 2016 shall continue.
- 3. The directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act 2007 (Act 51 of 2007).

Yours faithfully

(Nanda S Dave) Chief General Manager-in-charge