

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:939  
ANSWERED ON:30.07.2010  
MOBILE BANKING IN RURAL AREAS  
Deora Shri Milind Murl

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to introduce mobile banking services in rural areas;
- (b) if so, the details thereof along with its scope and advantages in such areas and if not, the reasons therefor;
- (c) whether the mobile banking is vulnerable to money laundering, terror funding, etc.;
- (d) if so, the details thereof and the reaction of the Government thereto;
- (e) whether the role of Telephone Regulatory Authority of India (TRAI) and the Reserve Bank of India (RBI) has been demarcated in this regard;
- (f) if so, the details thereof; and
- (g) if not the, the reasons therefor?

**Answer**

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (d): The Reserve Bank of India (RBI) has issued operating guidelines to banks for mobile banking transactions on October 8, 2008, which were reviewed and further relaxed on 24-12-2009. Banks can extend mobile banking services any where in India subject to a one-time approval of the RBI. This service can be offered to customers subject to a daily cap of Rs. 50,000 per customer for both funds transfer and transactions involving purchase of goods/ services. Transactions up to Rs 1000 can be facilitated by banks without end-to-end encryption. In order to facilitate the use of mobile phones for remittance of cash, banks are permitted to provide fund transfer services which facilitate transfer of funds from the accounts of their customers for delivery in cash to the recipients. The disbursal of funds to recipients of such services can be facilitated at ATMs or through any agent(s) appointed by the bank as Business Correspondent. The maximum value of such transfers shall be Rs. 5000 per transaction. Banks are also allowed to place suitable cap on the velocity of such transactions, subject to a maximum value of Rs. 25,000 per month, per customer.

The RBI has authorised 40 banks till date to offer mobile banking services to their customers. To guard against money laundering, terror funding, etc. care has been taken while issuing mobile banking guidelines, to ensure that all the entities providing mobile banking services have to comply with Know Your Customer (KYC), Anti-Money Laundering (AML) and Combating Financing of Terrorism(CFT) guidelines.

(e) (f) and (g): An Inter Ministerial Group (IMG) under the Chairmanship of Secretary, Department of Information Technology (DIT) was constituted on 19.11.2009 by the Cabinet Secretariat to work out relevant norms and modalities for introduction of a mobile based delivery model for delivery of basic financial services, where TRAI and RBI were members. Action is being taken by various agencies /departments concerned on those recommendations of the IMG report, accepted by Government.