

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3371
ANSWERED ON:12.12.2014
TWO FACTOR AUTHENTICATION SYSTEM
Singh Shri Dushyant;Venugopal Dr. Ponnusamy

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) had mandated that a local service payment must have two factor authentications and be routed through domestic gateways and if so, the details thereof;
- (b) whether the Radio Taxi Industry has demanded an alternative payment models and if so, the details thereof;
- (c) whether the RBI is considering to come out with guidelines in this regard; and
- (d) if so, the details thereof; and if not the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

- (a): In February, 2009, Reserve Bank of India (RBI) issued directives making it mandatory for banks to put in place additional authentication / validation based on information not visible on the cards for all on-line Card Not Present (CNP) transactions. RBI also issued guidelines on 25th October, 2010 clarifying that the additional authentication is applicable only to transactions effected with cards issued in India on a merchant acquired by a bank in India and is applicable only to transactions where foreign exchange outflow is not contemplated. RBI has not issued any guidelines on routing transaction through domestic gateways.
- (b): RBI has not received any proposal demanding alternate payment model from Radio Taxi Industry.
- (c): RBI is not contemplating issuance of any circular as alternative authorized payment systems already exist in the country. These payment systems are authorized under the Payment and Settlement Systems Act, 2007.
- (d): Does not arise.