



CIRCULAR

Circular no: PFRDA/2023/29/Sup-CRA/09

25th October 2023

To

All NPS Stakeholders and Central Recordkeeping Agencies

Subject: Mandatory Penny drop verification - Instant Bank Account Verification for Enhanced Due Diligence w.r.t. Exit / Withdrawal requests and for modifying the subscriber's bank account details

Reference is invited to the Circular no PFRDA/2021/21/SUP-NPST/2 dated 20th July 2021 on the subject *Instant Bank Account Verification for enhanced due diligence under the Exit/Withdrawal process of NPS*. Copy of the circular enclosed for ready reference.

2. Para 7 of the said Circular has been modified as under:

The penny drop verification has to be *necessarily successful with name matching*, for processing the Exit / Withdrawal requests, and also for modifying the subscriber's bank account details. *No request for Exit / Withdrawal, and or for modifying the subscriber's bank account details shall be allowed in case of failure of penny drop verification by the CRA*. The above-stated provision shall be applicable across sectors i.e. NPS, APY and NPS Lite for all types of Exits/withdrawals as well as for modification in subscribers' bank account details.

3. In case of penny drop failure (irrespective of the reason), the same shall be taken up by the CRA with the concerned nodal office/intermediary for modification in bank account details in the subscriber account through set process and after following the proper due diligence.

4. CRA shall send communications to the subscriber on his/her mobile number and e-mail on the penny drop failure and advising him/her to contact his/her nodal officer or POP as the case may be. Simultaneously, the CRA has to send communication to the concerned nodal office or POP intimating about the failure of penny drop verification. The nodal offices and POPs are to be advised to update the details in the CRA system through S2 form or as per the set process, post which the processing of the exit/withdrawal can be taken up including *re-verification of the bank account through penny drop verification*.

The withdrawal request proceeds are to be credited to the salary bank account of the subscriber in case of Govt Sector, as it has been stipulated vide Circular No. PFRDA/2015/27/EXIT/2 dated 12th November 2015.

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5. CRA shall before execution of any Exit / withdrawal requests where there has been a failure of penny drop verification earlier, do proper verification through proper flagging mechanism in the CRA system and enhanced due diligence checks.
6. The enhanced due diligence advised above is to be effected immediately. CRAs must complete the development of said functionality & required system-level utilities within a period of 30 days from the date of issuance of this Circular.

Yours sincerely,

Chief General Manager



पेंशन निधि विनियामक और
विकास प्राधिकरण
बी-14/ए, छत्रपति शिवाजी भवन,
कुतुब संस्थागत क्षेत्र,
कटवारिया सराय, नई दिल्ली-110016
दूरभाष : 011-26517501, 26517503, 26133730
फैक्स : 011-26517507
वेबसाईट : www.pfrda.org.in

**PENSION FUND REGULATORY
AND DEVELOPMENT AUTHORITY**

B-14/A, Chhatrapati Shivaji Bhawan,
Qutub Institutional Area,
Katwaria Sarai, New Delhi-110016
Phone : 011-26517501, 26517503, 26133730
Fax : 011-26517507
Website : www.pfrda.org.in

Cir. No. PFRDA/2021/21/SUP-NPST/2

July 20, 2021

To

All Stake holders under NPS

Subject: Instant Bank Account Verification for enhanced due diligence under the Exit/Withdrawal process of NPS

Growing Subscribers' base, geographically wide spread service providers and the large-scale adoption of digital interventions necessitate the importance of verifying the beneficiary's bank account number of the Subscribers independently not only to ensure that the amount is received by the rightful beneficiary whose Bank Account is active but also to ensure that amount is remitted within in the specified timelines.

2. During the exit (Superannuation, premature or due to death) or in partial withdrawal from NPS, the Subscribers/nodal offices/POPs (Points of Presence) initiate the withdrawal request by mentioning the required details including the bank account number and IFSC code into which the withdrawal proceeds are to be credited. Once the withdrawal request is verified and authorized in the Central Record Keeping (CRA) system, the proceeds are credited to the subscriber's/claimant's bank account as the case may be, through electronic mode by the Trustee Bank.

3. There are instances when the Subscribers' withdrawal amount could not be credited into the Savings Bank Account (SBA) of the Subscriber due to any valid reasons as mentioned below.

- (i) Invalid account number/account type
- (ii) Invalid/Wrong IFSC code
- (iii) Name mismatch
- (iv) Account dormant/frozen

- (v) Account closed
- (vi) Account does not exist
- (vii) Account is inactive.
- (viii) Account is transferred.
- (ix) Credit freeze.
- (x) Account type mismatch etc

4. Due to unsuccessful transactions for the reasons as mentioned above, the amounts meant for the Subscribers could not be credited into the SBA remain with Trustee Bank till the correct account number is obtained from the Subscriber. This can be overcome with suitable technology intervention viz *Instant Bank Account Verification*.

5. In order to resolve the issue of return of remittances, to protect the interest of subscribers with timely credit of amount and for additional due diligence to identify the rightful beneficiary, Instant Bank Account Verification by '*penny drop*' would be adopted by CRAs, by integrating their IT system and exit framework with the Fin-tech service providers.

6. Through '*penny drop*' process, CRAs would check the active status of SBA and match the name in bank account number with the name in PRAN (Permanent Retirement Account Number) or as per the documents submitted. The validity of account is verified by making a 'test transaction' by penny dropping a specified amount into the beneficiary's SBA and *matching the name based on the penny drop response*.

7. The '*penny drop*' can happen at the time of processing of the Exit/Withdrawal request. The response of 'Success' or 'Failure' would be provided by the service provider based on validation of the SBA number name check as per CRA records. If the bank account details and other details are not correct, the *alternate account number or additional supporting documents* are to be submitted for updating the records. In case the penny drop fails at the time of processing, the nodal officer /POP/subscribers will be informed to correct the bank account number and resubmit the application so that their withdrawal request can be processed in a time bound manner. CRAs may also use '*penny drop*' process for *registration of entities* wherever possible.

8. CRAs may suitably alert the Subscriber that he/she should not modify/close the existing bank account once the exit /withdrawal request is captured and till the time it is authorized by the nodal office/POP and amount credited to the account.

9. The existing charge structure for Instant Bank Acct verification which shall be recovered by CRAs from the Subscribers for further reimbursement to the service provider is as follows.

- (i) K Fin Technologies Pvt Ltd (KCRA)- Rs. 1.90+ tax
- (ii) NSDL e-Governance infrastructure Pvt Ltd (NCRA) - Rs. 2.40 + tax

The above *charges include Re 1 credited in the SBA of the beneficiary* as part of penny drop process.

10. CRAs are advised to implement the process of 'Instant Bank Account Verification for the benefit of subscribers and as part of *additional due diligence* to verify the beneficiary.

This circular is issued under Section 14 of PFRDA Act 2013 and is available at PFRDA's website (www.pfrda.org.in) under the Regulatory framework in "Circular" section.

Yours sincerely



(K. Mohan Gandhi)

Chief General Manager

k.mohangandhi@pfrda.org.in

परिपत्र

परिपत्र सं : पीएफआरडीए/2023/29/एसयूपी-सीआरए/09

25 अक्टूबर 2023

प्रति

एनपीएस के तहत सभी हितधारक और केंद्रीय अभिलेखपाल अभिकरण

विषय: अनिवार्य पेनी ड्रॉप सत्यापन - निकास / प्रत्याहरण अनुरोधों और अभिदाता के बैंक खाते के विवरण को संशोधित करने के सन्दर्भ में संवर्धित सावधानी हेतु तत्काल बैंक खाता सत्यापन

कृपया एनपीएस के निकास/प्रत्याहरण प्रक्रिया के तहत सावधानी बढ़ाने हेतु तत्काल बैंक खाता सत्यापन विषय पर परिपत्र संख्या पीएफआरडीए/2021/21/एसयूपी-एनपीएसटी/2 दिनांक 20 जुलाई 2021 का सन्दर्भ लें। तत्काल संदर्भ के लिए परिपत्र की प्रति प्रदान की गई है।

2. उक्त परिपत्र के अनुच्छेद 7 में निम्नानुसार संशोधन किया गया है :

निकास / प्रत्याहरण अनुरोधों को संसाधित करने और अभिदाता के बैंक खाते के विवरण को संशोधित करने के लिए, पेनी ड्रॉप सत्यापन *आवश्यक रूप से नाम मिलान के साथ सफलतापूर्वक किया जाना चाहिए।* सीआरए द्वारा पेनी ड्रॉप सत्यापन के विफल होने पर अभिदाता के बैंक खाते के विवरण को संशोधित करने या निकास / प्रत्याहरण के लिए कोई भी अनुरोध स्वीकार नहीं किया जाएगा। उपर्युक्त प्रावधान सभी क्षेत्रों जैसे एनपीएस, एपीवाई और एनपीएस लाइट में सभी प्रकार के निकास/प्रत्याहरण के साथ-साथ अभिदाताओं के बैंक खाता विवरण में संशोधन के लिए भी लागू होगा।

3. पेनी ड्रॉप विफल होने पर (कारण चाहे जो भी हो), अभिदाता खाते में बैंक खाता विवरण में संशोधन के लिए इसे सीआरए द्वारा निर्धारित प्रक्रिया के माध्यम से सावधानी पूर्वक संबंधित नोडल कार्यालय/मध्यस्थ के सामने उठाया जाएगा।

4. पेनी ड्रॉप के विफल होने पर अभिदाता को सीआरए उसके मोबाइल नंबर और ई-मेल पर उसके बारे में सूचना भेजेगा और उन्हें सलाह दी जाएगी कि वे, मामले के अनुसार, अपने नोडल अधिकारी या पीओपी से संपर्क करें। इसके साथ ही, सीआरए को पेनी ड्रॉप सत्यापन की विफलता के बारे में सूचित करने के लिए संबंधित नोडल कार्यालय या पीओपी को सूचित करना होगा। नोडल कार्यालयों और पीओपी को सलाह दी जाती है कि वे एस 2 फॉर्म के माध्यम से या निर्धारित प्रक्रिया के अनुसार सीआरए प्रणाली में विवरण को अपडेट करें, जिसके बाद निकास/प्रत्याहरण की प्रक्रिया में *पेनी ड्रॉप सत्यापन के माध्यम से बैंक खाते का पुनः सत्यापन को शामिल किया जा सके।*

परिपत्र संख्या पीएफआरडीए/2015/27/निकास/2 दिनांक 12 नवंबर 2015 के तहत निर्धारित किया गया है कि सरकारी क्षेत्र के मामले में निकासी अनुरोध राशि को अभिदाता के वेतन बैंक खाते में जमा की जानी है।



5. ऐसे किसी भी निकास/प्रत्याहरण अनुरोधों निष्पादन से पहले, जहां पूर्व में पेनी ड्रॉप सत्यापन विफल हुआ हो, सीआरए द्वारा सीआरए प्रणाली में उचित फ्लैगिंग तंत्र के माध्यम से उचित सत्यापन किया जाएगा और सावधानीपूर्वक जाँच की जाएगी।
6. उपर्युक्त संवर्धित सावधानी को तुरंत लागू किया जाना है। सीआरए को इस परिपत्र के जारी होने की तिथि से 30 दिनों की अवधि के भीतर उक्त कार्यप्रणाली और आवश्यक सिस्टम स्तर की उपयोगिताओं को विकसित करना होगा।

भवदीय,

मुख्य महाप्रबंधक



पेंशन निधि विनियामक और
विकास प्राधिकरण
बी-14/ए, छत्रपति शिवाजी भवन,
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(K. Mohan Gandhi)

Chief General Manager

k.mohangandhi@pfrda.org.in