

Payment and Settlement Bylaw, 2015

(The second amendment decided by the Board of Directors dated 2074.2.31 BS (or June 14, 2017) has been incorporated.

The first amendment decided by the Board of Directors dated 2073.2.30 BS (or June 12, 2016) has also been incorporated)

As stipulated in the preamble of Nepal Rastra Bank Act, 2002, this Bylaw has been formulated for the development of the secure, healthy and competent payment system. It is further required for the fulfillment of purpose of clause (c)* of Section 4(1) of the Act for doing the functions related to regulation, supervision and oversight the services and instruments issued by the institutions/ mechanism which operate payment and settlement services and exercise the powers conferred under part (o) of Section 110(2) of the Act.

Chapter – 1

Preliminary

1. Short Title & Commencement:

- (1) These Bylaw shall be called “Payment and Settlement Bylaw, 2015”.
- (2) This Bylaw shall come into force from the date of approval of the board of directors of Nepal Rastra Bank.
- (3) This bylaw shall be applicable to those Banks and Financial Institutions involving in the activities related to payments system themselves or out sourced service (including agent), and the institutions/ mechanism involving in the activities related to payment system by incorporating the separate payments institutions/ mechanism.

* Changed by first amendment

(4) This bylaw shall also be applicable to those institutions/mechanism intending to be involved in the activities related to payment system by using any service, instrument and procedure related to the electronic financial transaction and payment system.

2. Definitions: In this Bylaw, unless the subject or the context otherwise requires,

- (a) "Act" means the Nepal Rastra Bank Act, 2002.
- (b) "Rastra Bank" means the Nepal Rastra Bank established under the Nepal Rastra Bank Act, 2002.
- (c) "Board" means the National Payment Board formed pursuant to sub-bylaw (1) of Bylaw (3) of this bylaw.
- (d) "Institutions/ Mechanism" mean banks and financial institutions licensed as "A", "B", "C" and "D" category to perform financial transaction pursuant to the Banks and Financial Institution Act, 2006 and also other non bank and financial institutions, clearing houses and other institutions/ mechanism involving in payment and settlement service having license, permission or approval from this Bank or services or instruments issued by them
- (e) "Payment Mechanism" means the institutions/mechanism involving in payment and settlement activities, directors, participants, payment procedure between institutions/mechanism, agreement or institution/mechanism operating multi-dimensional functions of information and communication network used for the payment and settlement purpose.
- (f) "Payment Instruments" means the instruments used for payment or transferring amount to any person or institutions to obtain amount, goods or services.
- (g) "Electronic fund transfer" means the transfer of amount by means of electronic instruments/mechanism which is directed, approved and certified and also the transfer of amount and transaction by using any

Point of Sale or Service, Automated Teller Machine or any type of phone, mobile, internet, Electronic Card or any visible or invisible means.

- (h) "Electronic Money" means the reserved amount for making payment including magnet or chip based instruments/means or amount connected in server by keeping face value equivalent to the reserved amount and amount accepted by other persons as a means of payment except issuer.
- (i) "Associate" means the institutions/mechanism recognized by the Rastra Bank to operate and use payment service involving directly or indirectly with the payment service and institutions/mechanism.
- (j) "Issuer" means the Bank or Financial Institution licensed by the Rastra Bank for issuing and managing payment instruments and providing payment related services or the institutions/mechanism operating payment services.
- (k) "Payment Service" means the functions related to the transfer of amount like amount depositing and withdrawing, payment transaction operation, issuing and receiving payment instruments or other similar services. This also means the function of issuing electronic amount and transferring the electronic fund.
- (l) "Outsource service operation" means the agreement or sub agreement entered into with an independent third party or agent for the operation of any one or many activities related to payment institutions/ mechanism operation including issuing or managing payment instruments.
- (m) "Real Time Gross Settlement-RTGS" means the whole electronic institutions/ mechanism, where the payment transfer and account settlement of small and large value payment is made. The transaction shall be settled immediately without risk through the debit of paying party account and the credit of receiving party account and the information is given to both parties.
- (n) "License, permission or approval" means the license, permission or approval granted by the Rastra Bank to any institutions/mechanism

involving in the activities of payment system under this bylaw for operation of payment and settlement services.

Chapter – 2

Formation of National Payment Board and Oversight Committee

3. Formation of National Payment Board:

- (1) A National Payment Board shall be formed under the chairmanship of Governor of Rastra Bank to develop, expand, modernize and strengthen the payment and settlement system in Nepal and to formulate required policy in national level for the development of existing payment system and its execution and to give directives to the other regulatory authority working in the sector of payment system or other stakeholders in related sector.

(a) Governor, Nepal Rastra Bank,	-	Chairperson
(b) Deputy Governor, Nepal Rastra Bank (who is looking after the Payment System Department)	-	Member
(c) Director, Nepal Rastra Bank, (one director among the directors as prescribed by the Board of Directors of Rastra Bank)	-	Member
(d) Comptroller general, Office of Comptroller General, Ministry of Finance	-	Member
<i>(d1) Chairperson, Nepal Telecommunication Authority</i>	-	<i>Member*</i>
(e) Executive Director, Nepal Rastra Bank (who is looking after the Payment System Department)	-	Member Secretary

* Added by first amendment

- (2) The Chairperson of the Board may invite to the specialist of the related sector, representative of Nepal Government or the representative of other regulatory or related any entity on the basis of subject matter related to payment system in the meeting of Board, if deemed necessary.
- (3) In addition to the sub-bylaw (1), the Board may coordinate among different regulatory bodies for payment system and also may formulate policy and rules and give necessary directives for implementation.
- (4) Various committees may be formed as per requirement in the coordination of different regulatory bodies for supporting the functions of the Board.
- (5) The meeting and operation procedure of the Board shall be as prescribed.

4. Formation of Payment System Oversight Committee:

(1) A Payment System Oversight Committee shall be formed comprising the following members to discuss on important matters of payment and settlement system with the different regulatory bodies, to recommend required rules and to coordinate with the functions of National Payment Board.

- | | | |
|---|---|--------------|
| (a) Deputy Governor, who is looking after the Payment System Department | - | Co-ordinator |
| (b) Executive Director, Payment System Departemnt | - | Member |
| (c) Executive Director, Banks and Financial Institution Regulation Department | - | Member |
| (d) Executive Director, Foreign Exchange <i>Management #</i> Department | - | Member |

Added by first amendment.

- (e) Executive Director, Banking - Member
Office, Kathmandu
- (f) Director, Payment System - Member
Department Secretary

- (2) Various officials *and experts** may be invited as required as invitee member in the committee formed under sub-bylaw (1).
- (3) The committee formed under sub-bylaw (1) shall *give directives to the department on related matters and recommend to the Governor as required* *
- (4) The meeting procedure and other functions of Payment System Oversight Committee shall be as prescribed.

5. Functions, duties and powers of Payment System Department:

- (1) The Rastra Bank shall accomplish the functions related to development of payment and settlement system, regulation, supervision and oversight through Payment System Department as per the directive of Payment System Oversight Committee, the Board and Board of Directors of Rastra Bank.
- (2))The duties regarding entire regulatory, supervisory and oversight functions, which are currently being done by different departments, units of the Rastra Bank related to the payment and settlement system, shall be transferred automatically to this department.
- (3.)This department shall establish the Real Time Gross Settlement -RTGS, National Financial Switch and Payment Gateway and initiate required process for their implementation.

* Changed by first amendment.

6. Preparing work plan and execution:

- (1) The Payment System Department shall prepare work plan in every fiscal year for regular and development related works and accomplish the work accordingly.
- (2) This department shall work the following regular and development works:
 - (a) To prepare the proposed draft of required rules and policies and submit to the committee or Board or the Board of Directors ,
 - (b) To collect and analyze the regular data and prepare report and submit it ,
 - (c) To do function related to license, permission, regulation, supervision and oversight which enable payment and settlement institutions/ mechanisms to operate
 - (d) To recommend issuing of different directives and rules as per the policy, directives and decisions made regarding payment system management.
 - (e) To make necessary arrangement for establishment and implementation of RTGS.
 - (f) To oversee payment system by establishing National Financial Switch or Payment Gateway.
 - (g) To recommend the policies, rules and directives for appropriate management of the large and small value payment system.
 - (h) To make necessary arrangement for establishing and implementation of Government Securities Settlement System.
 - (i) To prepare National Payment System Oversight Framework to oversee the entire payment system of the nation by the Rastra Bank and recommend for its implementation.
- (3) The applications submitted for operating payment and settlement system, instrument and institutions/mechanism etc. after being studied, analyzed

and expounded, shall be submitted to the Governor[†].....~~✕~~ to make appropriate decision for approval.

- (4) To analyze progress of payment and settlement related activities and situation of entire payment system of Nepal and publish payment system oversight report within three months of the end of each fiscal year after obtaining approval from the Governor regularly.

7. Secretariat of the Board and the Committee:

- (1) The Payment System Department shall work as a secretariat of the Board and the Committee formed under sub-bylaw (1) of bylaw (3) and sub-bylaw (1) of bylaw (4).
- (2) The implementation of the agreements entered into with SAARC Payment Council and other national and international forums in relation to the payment system works and required coordination for other related works shall also be done by the same department as a secretariat.

8. Providing the information:

- (1) The payment system oversight committee shall regularly inform the Governor and the Board regarding methods, procedures and principles adopted in the process of managing and modernizing the payment and settlement system.

9. Confidentiality:

- (1) The confidentiality of the matters raised in the meeting of the Board and the committee and the decisions made therein shall be maintained.
- (2) The Rastra Bank may, in the consent of the governor, publish the matters which are deemed necessary for disclosing to the public by the Board and the Committee.

[†] Added by second amendment

~~✕~~ Deleted by second amendment

Chapter – 3

**Operation, License, Permission or Approval of Payment and Settlement
Institutions/Mechanism**

10. Incorporation of Payment and Settlement Institution:

(1) The institutions/ mechanism which are desirous of carrying out the payment and settlement works should be incorporated as a company by registering in accordance with Prevailing laws.

However, the institutions/mechanism carrying out the payment and settlement related activities, which are already in existence with registration before the commencement of this bylaw, should not require the re-registration under this bylaw ✕.

(2) ✕.

11. Obtaining Letter of Intent (LOI) for incorporating the Payment and Settlement Institution:

(1) The institutions/mechanisms which are desirous to operate the service by incorporating the payment and settlement institution under the bylaw (10) should apply for letter of intent along with following documents and fee prescribed by Rastra Bank before obtaining license, permission or approval under prevailing laws.

- (a) Memorandum of association and Article of Association approved by the Board of Directors of the institutions/ mechanism, *
- (b) Business and technical feasibility study report,‡
- (c) Personal details of the promoters in the prescribed format,§*
- (d) Copy of the citizenship certificate of the promoters,*

✕ Removed by the first amendment

* Changed by first amendment

* Changed by first amendment

- (e) Tax clearance certificate of the promoters up to the immediate preceding fiscal year,*
- (f) Letter of authority delegation given by the institutions/ mechanism to the applicant, if the application is submitted by the person other than the promoters on behalf of the institutions/ mechanism,*
- (g) Other details and documents as prescribed by Nepal Rastra Bank from time to time.*

(2) ✂

(3) If application is submitted for letter of intent pursuant to sub-bylaw (1), the Governor shall, if it finds appropriate to grant approval upon the examination of the submitted documents, grant letter of intent to incorporate such payment and settlement institutions/ mechanism generally† within 90 (ninety) days after the submission of application, with or without prescribing any conditions.

(4) The Rastra Bank may carry out special onsite inspection and supervision to the proposed payment institution/ mechanism before granting the letter of intent* The letter of intent shall not be granted if the Rastra Bank feels inappropriate to grant on the basis of such inspection and supervision.

12. Refusal to grant letter of intent:

(1) The Nepal Rastra Bank may refuse to grant letter of intent to the institution/ mechanism in any of the following cases:

- *if the documents included along with the application submitted by the institutions/ mechanism for letter of intent are inadequate,*
- *if the incorporation of the institution/ mechanism is found inappropriate from the financial and technical perspective, and*

✂Removed by the first amendment

† Added by second amendment

- *if Nepal Rastra Bank feels necessary to refuse the granting of the letter of intent for incorporating the institutions/ mechanism due to any reasonable cause.**

(2) Nepal Rastra Bank shall grant letter of intent to the eligible institutions/ mechanism within 90 (ninety) days from the date of registration of application for such letter of intent along with entire prescribed documents to incorporate institutions/ mechanism operating payment related activities. If the letter of intent could not be granted, its information shall be given with justification.*

13. Submitting application for license, permission or approval by the institutions/ mechanism desirous to operate the service:

(1) After obtaining the letter of intent under bylaw (11) by the institutions/ mechanism desirous to operate the payment service, the final application should be submitted to the Rastra Bank for license, permission or approval along with the *prescribed documents and** complying with the service and terms.

(2) ✕

14. To inform and submit details for permission and approval by Banks and Financial Institutions

(1) The currently operating banks and financial institutions should submit the details under bylaw (13) within maximum ninety days to the payment system department for continuation of operation of the payment system related functions, service, mechanism or instrument carrying out with prior permission or approval of the Rastra Bank for the purpose of managing payment system.

* Changed by the first amendment
✕ Removed by the first amendment

- (2) If any Bank and Financial Institution is yet to obtain the permission or approval from this Bank for operation of any payment system related function, service, mechanism and instrument, application should be submitted for permission and approval within maximum ninety days of the implementation of this bylaw.
- (3) Banks and financial institutions are required to apply in Payment System Department for the approval to involve in the activities related to services or instruments like mobile banking, internet banking ✕ which enhance financial inclusion and access to finance through payment system and small value payment system functions *
- (4)✕

15. The institutions/ mechanism other than the Bank and Financial Institution should submit application for license, permission or approval:

- (1) The institutions/ mechanism which have not obtained letter of intent, license or permission from this Bank for incorporation under bylaw (11) and for operating the payment system related works before implementation of this bylaw, should apply for license, permission or approval under bylaw (13) maximum ninety days from the implementation of this bylaw.
- (2) Any institutions/ mechanism other than the Bank and Financial Institutions, which is being involved in the payment system related activities by operating payment and settlement functions by using any payment system method or information technology network or instrument (like including institutions/ mechanism providing payment service, clearing house, payment window etc.) without obtaining license, permission or approval from this Bank before implementation of this bylaw, should apply for license, permission or approval under sub-bylaw (1).

✕ Removed by the first amendment.

* Changed by the first amendment.

16. Terms and conditions of payment institutions/ mechanism or service operation:

- (1) The Rastra Bank may prescribe any or all of the following terms and conditions while granting license, permission or approval under bylaw (13), (14) and (15) to the payment institutions/ mechanism or service operation institutions/ mechanism.
 - (a) To adopt the clear provision of corporate structure, manage good governance and risk management.
 - (b) To make clear policy and rule for solving the disputes related to the payment service.
 - (c) To prepare and implement the clear procedure for finality of the transaction under payment institutions/ mechanism and service, netting, provisioning the loss and apportionment as per the Need.
 - (d) To make provision of rules and terms required for membership for operating payment institutions/ mechanism; apparent, appropriate and non-discriminating procedure in access to the mechanism.
 - (e) If seen necessary the Rastra Bank can impose special rule or ask for permission to ensure the safe and effective payment institution/mechanism.
- (2) The Rastra Bank may design a separate licensing and permission policy and may implement the special terms and conditions regarding operation of payment and settlement services by the Banks and financial institutions and other payment institutions/ mechanism.
- (3) The Banks and financial institutions and other institutions/ mechanism involved in payment and settlement activities should obtain the license or approval compulsorily from the Rastra Bank through payment system department prior to bringing up the payment instrument into the market.

- (4) The existing payment instruments and the payment instruments to be used in future may be varied from time to time on the basis of changed criteria and technology. However, the prior information of the same shall be given to the Rastra Bank compulsorily and should obtain permission or approval.

17. Special conditions required for issuing electronic money:

- (1) In addition to the general terms prescribed by this bylaw, the following conditions should be complied by the payment institutions/ mechanism for issuing the payment order by means of electronic money.
 - (a) The foreign exchange facility shall not be provided in the payment management of electronic money transaction.*
 - (b) All kind of electronic money payment services should be faced in Nepali currency and should be issued for transaction to be enumerated in Nepalese Rupees.
- (2) The service provider of electronic money should mention electronic money inherent own service and data of prices demanded in monthly financial detail.
- (3) The institutions/ mechanism operating payment and settlement service, should support the supervision and inspection of payment system through the electronic money by providing necessary data and information to the Rastra Bank.
- (4) The institutions/ mechanism operating payment service, should arrange for final settlement not exceeding twenty four hour from the time of payment instruction.

* Changed by the first amendment

18. Account operation for the electronic payment:

- (1) The amount equivalent to deposited amount in the payment instrument of each bearer regarding the issue of electronic money should be maintained in the Bank and Financial Institution as deposit.
- (2) The institutions/ mechanism operating payment system can transfer the deposit into the form of electronic fund and make payment in the form of electronic money or shall make transaction or shall cause it through the chip card basis.
- (3) The arrangement should be made to get information of the amount of each bearer by any center at any time.
- (4) The other provisions and conditions shall be as prescribed by the Rastra Bank regarding electronic money and the transaction based on such type of amount.

19. License, permission or approval for operation of payment and settlement service:

- (1) ~~...~~Governor[†] may grant license, permission or approval for operation of payment service if the documents submitted by the institution/ mechanism for doing payment system related activities are adequate as prescribed by this bylaw.
- (2) The Rastra Bank may grant license, permission or approval to the institutions/mechanism with or without stipulating any additional conditions.
- (3) Notwithstanding any condition mentioned in bylaw (16), the Rastra Bank may grant license with additional conditions if deemed necessary, for the purpose of sub-bylaw (2) of bylaw (19).

~~...~~ Removed by the second amendment

[†] Added by the second amendment

- (4) The Rastra Bank may grant license, permission or approval to the institutions/ mechanism for operating payment service after obtaining fees and deposit.
- (5) The Rastra Bank shall take action against the institutions/ mechanism operating payment service *as stipulated*^{*}, if they breach the prescribed conditions.
- (6) The Rastra Bank may suspend the license, permission or approval of any institution/ mechanism or instrument currently operating as payment system, if it feels at any time that the continuation of current arrangement of granting license, permission or approval to the institutions/ mechanism to work as payment system or to operate instrument is not appropriate due to the system factor or feels that it may cause systemic risk in financial stability or payment system.
- (7) The Rastra Bank, if it deems that the application for license, permission or approval by institutions/ mechanism to work as payment and settlement system is not suitable, will not be liable[†], to grant license, permission or approval ✕✕ to those institutions/ mechanism.
- (8) ✕ The institutions/ mechanism working as payment system should renew its license, permission or approval for continuation of operation of payment system service or instrument by completing the prescribed process in each five* years.
- (9) If the Rastra Bank feels that its function and objectives are adversely affected or causing risk due to the continuation of license, permission or approval granted to the institutions/ mechanism or for operation of service or instrument of payment system on the basis of inspection and supervision and oversight report from the perspective of systemic security,

* Changed by the first amendment

† Added by the second amendment

✕✕ Removed by the second amendment

✕ Removed by the first amendment

financial stability, financial inclusion or access to finance, it may, at any time, terminate the license, permission or approval granted to any institution/ mechanism, declare problematic and initiate the action of resolution.

Chapter – 4

Function, Duties and Rights of Institutions/Mechanism Operating Payment and Settlement Service

20. Security of payment and settlement system :

- (1) In addition to the arrangement of mapping, monitoring and examination regarding security policy and design and security measures of institutions/mechanism operating activities related to payment system, following provisions regarding security should be adopted.
 - (a) Special security arrangement should be confirmed for business continuity, disaster management, grievances, error and hurdle-barriers relating to the payment service operation.
 - (b) Data backup for recovery of data and information for reuse and disaster recovery site for reuse of loss caused by the accident should be arranged.
 - (c) Clear arrangement should be made for security procedure of payment institutions/ mechanism and coordination with other existing payment institutions/ mechanism.
 - (d) Security of software and hardware relating to the infrastructure of payment institutions/ mechanism should be confirmed.
 - (e) The adequate collateral security should be arranged in advance for minimizing the risk that may be caused in payment system due to the liquidity problem or bankruptcy of any participant of payment system.
 - (f) Pre arrangement should be made for implementation of payment order, finality of transaction, liquidity management, prompt, sound and timely account reconciliation before settlement of transaction.

- (g) The required security arrangement should be managed compulsorily for the loss that may be caused due to essential or serious types of data leakage, misuse, loss, damage, lost or theft.

21. Accounting system, internal accounting system and audit:

- (1) The institutions/ mechanism operating for the payment and settlement service should arrange the accounting system as per the international standard and established principle of payment system of Basel.
- (2) The institutions/ mechanism operating for the payment and settlement service should submit the quarterly, half yearly and annual financial and performance detail including monthly details within the fifteen days of each month end to the Rastra Bank.
- (3) The institutions/ mechanism operating for the activities related to payment system should complete the audit and submit to the Rastra Bank within six months of each fiscal year end.
- (4) The institutions/ mechanism operating payment and settlement service should arrange all accounting system, internal audit and final audit as per the standard and provision prescribed by Rastra Bank.

22. Money Laundering:

- (1) The institutions/ mechanism operating the payment and settlement service should comply money laundering principles and directives and maintain record of the same.
- (2) The Rastra Bank, if deemed necessary, may give directive at any time to submit the record as per sub-bylaw (1).

23. Consumer protection:

- (1) The institutions/ mechanism operating the payment and settlement service should formulate policy and rules for the protection of consumer rights.
- (2) Appropriate arrangement should be made for payment security of consumer and rendering service on time.
- (3) The Rastra Bank, if deemed necessary, may give directive at any time to submit the provisions arranged for consumer protection.

24. Access to the payment mechanism:

- (1) Rules regarding access to payment and settlement institutions/mechanism should be objective, impartial and proportionate.
- (2) Such rules should refrain from unauthorized access to give security against any types of risk including operation risk or business risk management.

25. Functioning as per the prevailing act and rules:

- (1) The institutions/mechanism operating payment and settlement service should function in accordance with the policy and directives issued by Rastra Bank from time to time in addition to provision of prevailing act, policy, rules and the terms of agreement with associated participants
- (2) The institutions/ mechanism operating the payment and settlement service should publish the fee along with prescribed terms and policy regarding limit of liability also to the participants of payment system and give the same information to the Rastra Bank.
- (3) The institutions/ mechanism operating the payment and settlement service should compulsorily submit the required data, information and documents, rules, bylaw and copy of the documents related to the

operation of payment and settlement to the concerned participants and Rastra Bank.

- (4) The institutions/ mechanism operating the payment and settlement service should maintain the confidentiality of the information and documents of the beneficiaries.
- (5) Notwithstanding anything contained in sub- bylaw(4), if such information is provided with approval of the respective beneficiary or is provided to the respective authority pursuant to the law, the secrecy shall not be deemed to have been violated.
- (6) The responsibility of payment to each other among the participants and the settlement arrangement and procedure of payment institutions/ mechanism shall be as prescribed.
- (7) The determined payment liability should be accomplished in accordance to the gross, netting or both process among the participants of payment and settlement service.
- (8) The payment and settlement should be finality and irrevocable with compulsory conformity of interoperability of service regarding payment and settlement system.
- (9) The clear provision should be made regarding the liability of payment and settlement of transaction to avoid the creation of any type of ambiguity in the fund of other third party to the instrument of payment and settlement system or service provider or other beneficiary of related partner's claim, especially in the case of bankruptcy.
- (10) The banks and financial institutions should fully comply with the terms and conditions contained in this bylaw while operating any payment and settlement institutions/ mechanism or issuing and managing payment instrument by any bank or financial institution by itself or in the support or involvement of any third party.
- (11) While operating payment and settlement institutions/ mechanism or managing payment instrument under the collective contract among two or more partners, all partners involved therein are responsible in the

proportion of their direct involvement as per the terms contained in the contract entered in to among them.

- (12) The institutions/ mechanism operating the payment and settlement service are responsible to work as per the policy, rules and directives prescribed by the Rastra Bank from time to time.

Chapter – 5

Payment Instruments

26. Cheque:

- (1) The payment by cheque is governed by the Negotiable Instrument Act.
- (2) In addition to the Negotiable Instrument Act, the Rastra Bank may issue other directives from time to time to have necessary arrangement to manage and modernize the payment of cheque through electronic banking under the Nepal Rastra Bank Act and other directives, rules, bylaw issued by this Bank and the Banks and Financial Institutions Act.

27. Submission of electronic cheque:

- (1) The Rastra Bank may issue rules, procedures or directives as per the necessity to electronically submit the paper based payment instrument and other electronic payment instrument.
- (2) The Rastra Bank shall finally settle the banking transaction between bank and financial institution as per the electronic cheque clearing management.
- (3) The settlement of payment transaction done through electronic cheque and other electronic instrument shall be finality and *irrevocable**.
- (4) The Rastra Bank shall issue policy, rule and directives from time to time as per the necessity for electronic payment and clearing functions to minimize the use of money.

* Changed by the first amendment

- (5) Clearing house should submit to the Rastra Bank for approval along with the decision of the Board of Directors for the service fee to be charged for sending the electronic cheque of one institution to the another institution.
- (6) Clearing house should formulate the detail policy and rule regarding the clearing functions and submit it to the Rastra Bank for approval.

28. E-banking service or operation of instrument:

- (1) Rastra Bank may, for managing payment system, give directives to implement following provisions regarding e-banking service or instrument brought in use by institutions/mechanism operating payment and settlement service or various instrument to be come in operation and use.
 - (a) Before the operation of instrument regarding payment and settlement or related services to it, policy provision should be formulated and it should be approved by board of directors.
 - (b) Before the service operation, the required documents along with decision of the Board of Directors should be submitted to the Rastra Bank for permission or approval.
 - (c) The detail of agreement and terms should be submitted before providing the services.
 - (d) Two parties agreement paper should be submitted by examining the capacity of representatives for selecting representatives if the service operation is to be operated through outsourced service mobilization.
 - (e) Before the agreement, the customer should be informed regarding the probable risk of using the service, risk minimization and security measure, method of using service, service fee etc.
 - (f) While issuing the electronic banking or instrument, the criteria and provision (international best practice) as prescribed by the payment

and market infrastructure committee of Basel should be complied compulsorily.

- (g) The payment service operating institutions/ mechanism should provide the payment service to the customer in reasonable price by using the domestic payment mechanism (payment gateway).
- (2) The institutions/ mechanism operating the payment and settlement service should compulsorily obtain license, permission or approval with details information from the Rastra Bank before issuing any new payment service or instrument.
- (3) The Rastra Bank may prescribe or implement additional terms and provisions from time to time for operation of payment instrument.
- (4) As per this provision, re-approval is not required to provide informative service to the customers having account in foreign currency and to transfer in Nepalese currency.
- (5) The payment and settlement function to be done through the electronic banking service or instrument cannot be operated and used without approval of the Rastra Bank.

29. Large value payment system:

- (1) Rastra Bank may order for prompt payment and settlement by classifying payment order more than a certain amount or order as large value payment system.
- (2) RTGS shall be implemented in the payment and settlement transaction of large value. However, Rastra Bank may prescribe electronic cheque clearing and interbank payment system, clearing house or other any technique or process and can give directive to arrange accordingly for managing transaction promptly through large value in the context of current situation of non-implementing RTGS.

- (3) Rastra Bank shall issue the required rules and directives and directive can order to arrange the prompt payment and settlement provision as per the principle of large value payment system of Basel regarding large value payment system.
- (4) Rastra Bank shall make arrangement for providing liquidity facility at the prescribed interest rate to the needy institutions/mechanism for a certain period of time against collateral by making required liquidity management procedure regarding large value payment system implementation.

30. Regarding retail value payment system:

- (1) Rastra Bank shall make arrangement for the settlement of transaction by classifying payment order less than a certain amount under small value payment and settlement.

However, if any institution or person desires to transfer the amount through large value system and give order or direction, there will be no constraint to adopt large value system.

- (2) Rastra Bank can make arrangement for retail value payment through the interbank payment system or any other technique or process.

31. Regarding transaction through SWIFT

- (1) Institution associated with the SWIFT sends message to transfer the amount of foreign currency including domestic currency each other and the concerned institution is responsible regarding to debit and credit of institution's account on the basis of same message.
- (2) Only banks and financial institutions can remit amount or make payment from abroad to home country and from home country to abroad through SWIFT.

- (3) SWIFT transaction time, service charge including other provision will be as prescribed by Rastra Bank.
- (4) After the implementation of interbank payment system, the domestic interbank transaction shall be done through the interbank payment system in general.

32. Payment and Settlement of interbank amount

- (1) The interbank payment system may be arranged and implemented for the use of transferring amount between the banks and financial institutions each other.
- (2) The provision regarding service charge while transferring amount through interbank payment system will be as prescribed by Rastra Bank.
- (3) Any payment institutions/ mechanism other than the banks and financial institutions may involve in interbank transaction and fund transfer through banks and financial institutions by getting agreement with third party.
- (4) Provision regarding the operation of interbank payment system will be as prescribed by Rastra Bank.

33. Government securities settlement system

- (1) Rastra Bank shall arrange government securities settlement system and can function of payment and settlement through same system of government securities issued by Nepal government and securities and instruments issued by Rastra Bank for the use of monetary management.
- (2) The Rastra Bank may issue the required policy, rules and directives for making payment of the Government securities through electronic means.
- (3) The income and expenses of principal and interest of the securities should be maintained through interbank payment system on the order

of customer through electronic banking after the arrangement and implementation of the Government securities settlement system.

34. Provision regarding remittance

- (1) Rastra Bank makes the arrangement to regulate and oversight payment system as per the principle and provision to be adopted by central bank regarding remittance payment provision propounded by World Bank for the management of remittance system and can direct institutions/mechanism to make arrangement for the transaction through the same arrangement.
- (2) The payment system institutions/ mechanism should arrange necessary provision for making payment and settlement of remittance transaction issued by the remittance companies to be done as per the international best practices (the principle and rule rendered by World Bank) through the electronic banking and other new instrument.
- (3) The institutions involved in payment system through activities regarding remittance should operate the service after getting approval from the Rastra Bank and such institutions will be under the domain of regulation, supervision and oversight of payment system arrangement of the Rastra Bank.

Chapter – 6

Operation of Outsourced Service

35. Operation of outsourced service

- (1) The banks and financial institutions may outsource service by incorporating another institution or by doing agreement with other institution for operating any payment and settlement mechanism, rendering service or issuing and using the instrument.
- (2) The information of operating outsourced service for the operation of activities regarding the operation of payment institutions/mechanism

and the details thereof along with the agreement paper should be submitted to the Rastra Bank.

- (3) Provision related to the operation of outsourcing service shall be as per this bylaw and the policy, rules and directive issued by the Rastra Bank from time to time.
- (4) Written agreement should be done for the operation of outsourcing service and the functions, which are being carried out through the operation of outsourced services should be cleared accordingly.

In addition, the third party under the operation of outsourcing service should comply with this bylaw and the terms and agreements mentioned in the rules and directives issued by the Rastra Bank from time to time as required. However, the main institutions/ mechanism operating the outsourcing service should take entire responsibilities of the payment and settlement of all transactions done through the outsourcing service.

- (5) Notwithstanding anything contained in sub- bylaw (3), the main institutions/ mechanism operating outsourcing service should be responsible for any error or breach of this bylaw or other rules while operating the payment instrument or service through the operation of outsourced service
- (6) Issuer of payment instrument should manage the payment instrument and should not operate the outsourcing service that weakens the quality of internal control or should not affect in the process of service flow and terms adversely while operating outsourced service.
- (7) Rastra Bank may refuse to approve or may cancel the approval while any institution operating payment service through the operation of outsourced service, if it believes that the continuation of the operation of payment mechanism is directly affected due the weakness of its working capacity.
- (8) The liability and authority of the issuer should be clear while operating outsourced service by the institutions/ mechanism.

- (9) The relation and liability of issuer should not be changed in any ways for the bearer of payment instrument while operating outsourced services.
- (10) The terms prescribed by the Rastra Bank should be complied compulsorily while issuing the payment instrument under the provisions mentioned in this bylaw.

36. Use of Agent:

- (1) Institution/mechanism operating payment system may issue, provide or operate payment instrument through agent.
- (2) While operating the payment service or instrument through agent, its approval is to be obtained compulsorily by submitting information to the Rastra Bank related to following issues.
 - (a) Business and personal detail along with the name and address of the agent.
 - (b) Detail of authority limit given to the agent and functions to be done by agent.
 - (c) Detail of the liability to be complied by agent in relation to the investment against money laundering and terrorism and the internal control system to be used by the agent in this regard.
 - (d) In addition to detailed particulars of payment institution/mechanism used by agent, service and instrument, detailed agreement paper between agent appointing party and agent regarding terms and provision in relation to payment service security and operation prescribed in this bylaw.
 - (e) Personal details and experience of at least three years of the main responsible persons involved in the management of service providing agent.
 - (f) Minimum security collateral should be maintained compulsorily as prescribed by the Rastra Bank along with the adequate measures of

managing liquidity risk to avoid probable liquidity risk due to the use of agent in payment service operation.

- (3) After submitting the detail to Rastra Bank as per sub-bylaw (2) and getting approval, related payment institution/mechanism operating outsourced service should enlist such agent for the information of general public. In addition, the institutions/mechanism using agent in payment service should inform that the approval of those agents, which are not providing service as prescribed, may any time be cancelled by Rastra Bank.
- (4) The main institutions/mechanism operating payment system or payment instrument issuers or their directors shall be fully liable for any activities related to payment system done by themselves through their staff or by operating outsourcing service or through any agent from any office or branch or entity .

Chapter – 7

Clearing and Settlement

37. Cheque clearing and settlement:

- (1) The clearing house should work after getting license, permission or approval from the Rastra Bank under its regulation and directive for operation of payment and settlement system in systematic way.
- (2) The regulation and supervision of clearing house shall be done by the payment system department of the Rastra Bank.
- (3) The final settlement of the electronic cheque clearing shall be done through the Rastra Bank.
- (4) Change in system and the cheque submitting time can be changed only after getting approval of the Rastra Bank by the clearing house doing electronic cheque clearing functions.
- (5) If the final settlement could not be done within the prescribed time due to the technical problem or any other reason caused in the clearing

house software or general ledger software, the final reconciliation and settlement should be done in the very next day or immediately after the operation of system.

- (6) The debit or credit of transaction in the account of respective person cannot be done until the email or information of final settlement is received from the Rastra Bank in the situation of sub- bylaw (5).
- (7) Under the current electronic cheque provision, Clearing House clears only the cheques of banks and financial institutions. However, other institutions providing payment system service can also participate in the system after incorporation of RTGS being its member.

38. Settlement of payment transaction:

- (1) The reconciliation of the accounts for the payment and settlement shall be as follows:
 - (a) Gross Settlement System: Each order or payment transaction should be settled separately on real time under this system. The RTGS related provisions shall be as prescribed by the Rastra Bank.
 - (b) Net Settlement System: The order or payment transaction shall be settled on the basis of difference amount of debit and credit of the account holder under this system.

In other words, the transaction in lump sum form done within the certain time interval shall be settled on the basis of netting.
 - (c) Hybrid Settlement System: The account settlement shall be done by incorporating the features of both of gross settlement system and net settlement system under this system.
- (2) The cash and transfer and SWIFT shall be settled under the gross settlement system while that of the settlement of daily transaction through electronic cheque clearing shall be done as per net settlement system.

- (3) The settlement of large value transaction done by electronic cheque clearing shall be settled under the gross settlement system after the implementation of RTGS.
- (4) The settlement of payment by electronic cheque clearing shall be done promptly and smoothly by the respective institution or the bank and financial institution under the gross or net settlement principle.

39. Final Clearing:

- (1) The Rastra Bank shall arrange issue the directive for managing the clearing of payment and settlement transaction promptly, smoothly, effectively and reducing the risk regarding collateral.
- (2) The institutions/ mechanism doing activities regarding the payment and settlement should arrange adequate liquidity, collateral security and risk management at any time for final settlement and clearing by itself.
- (3) The final clearing will be done after the transfer of real amount carried out on the basis of rules regarding payment and settlement though it is in overall or net final or interim any form in the account of Rastra Bank.
- (4) Rastra Bank may issue the directives regarding final clearing for providing basis of calculating payment liability and netting management. The procedure to be adopted while any participant failed to comply own liability towards payment house or other participants should be included in issued directives. It is the liability of director of each payment institutions/ mechanism or service provider to follow this procedure.
- (5) Each payment institutions/ mechanism should make final clearing procedure under the directives or guidance issued by the Rastra Bank.
- (6) At which time, the payment transaction is supposed to be final, should be cleared in the internal rule of payment institution/mechanism. The final payment cannot be reversed, refunded, re-paid or waived after final clearing. However, it can be settled on the basis of evidence if any variance is found in the account due to any cause.

- (7) The collateral security kept as deposit or guarantee can be used for fulfilling the liability of payment.
- (8) The Rastra Bank may arrange necessary provision regarding the amount to be kept as collateral security or useable liquid asset or instrument for the payment institutions/mechanism
- (9) If the deposit, security or collateral is not adequate for final clearing by institutions/ mechanism operating payment system through the Rastra Bank, the intraday facility or any other loan facility can be given for any specific time.

40. Guarantee of payment liability

- (1) Any asset of participant should be given prior to order, judicial provision order or appointment of guardian before dissolving such participant on the following grounds.
 - (a) Amount deposited in Rastra Bank against payment liability for guarantee collateral and terms that can be used by Rastra Bank in the sequence of complying payment liability.
 - (b) Banks and financial institutions can use guarantee collateral kept against written payment liability given to banks and financial institutions in the sequence of complying payment liability.

Chapter- 8

Provision for Board of Directors and Chief Executive Officer for Payment and Settlement Institutions /Mechanism

41. Organization of Committee

- (1) There will be*~~§~~ a board of directors in the payment and settlement institutions/mechanism.
- (2) Generally, general meeting of the institution appoints the directors remaining under the related Act and this bylaw. However,
 - (a) Directors are appointed by promoters while holding first annual general meeting.

~~§~~ Removed by the first amendment

- (b) If post of any director vacant before annual general meeting, such director can be appointed by the committee unless holding next annual general meeting.
- (c) If any organized institution holds the share, it can choose the director in proportion of share.
- 3) A director will be chairperson, who is elected by majority among directors.
- (4) Tenure of directors will be four years and the tenure can be only for two times if he/she is appointed or chosen again.

42. Qualification of Directors:

- (1) Qualification of persons to be appointed as the director post should be as follows:
 - (a.)*✂
 - (b) Completing the criteria prescribed by Rastra Bank for qualification regarding the appointment of directors.
 - (c) Should not be unqualified for the director as per the Banks and Financial Institutions Act and provision and directives made by Rastra Bank from time to time regarding appointment, qualification and function, duty and authority.

43. Function, duty and authority of Committee:

- (1) Entire functions, duty and authority to be done by institutions/mechanism operating activities regarding payment system remaining under activities prescribed by Rastra Bank for payment and settlement, prevailing laws, memorandum of association and bylaw will be inherent in the committee.
- (2) Function, duty and authority of committee to conduct institution for the benefit of user of payment system and shareholder will be as follows.

✂Removed by the first amendment

- (a) Formulation and implementation of bylaw, directive and procedure remaining under prevailing laws and directives of Rastra Bank to conduct functions to be done by institution/mechanism in managed form,
- (b) Preparing and implementing internal control system and risk management criteria to prevent risk and risky situation in the transaction of institution/mechanism and to conduct payment and settlement transaction as per own policy and strategy.
- (c) Arranging required policy provision for entire activities to be done by institutions/mechanism and conduct and cause to conduct institutions/mechanism in managed way and rationally by inspecting activities regularly,
- (d) Preparing clear organizational structure of institutions/mechanism and delegation of required authority and preparation and implementation of policy.
- (e) To guarantee regarding the issue of non-intervention in the daily activities by maintaining suitable corporate governance in the institution/mechanism,
- (f) Comply and cause to comply directives issued by Rastra Bank from time to time to do other prescribed functions.
- (g) Meeting allowance and other any facility for the presence of director in the meeting will be as per the provision prescribed in the bylaw of institution.

44. Appointment and terms of service of chief executive officer:

- (1) Committee should appoint a chief executive officer for the management of institutions/mechanism remaining under prevailing act, memorandum of association and bylaw.

- (2) Person should have following qualification and experience while appointing chief executive officer and the information of the appointment should be given to Rastra Bank within one week.
 - (a) Having at least master degree in management, banking, finance, economics, commerce, business administration, electronics, information technology or computer system and having the experience of at least two years as officer or upper post in the institutions/mechanism doing activities related to payment system, banking and financial sector, information-technology, computer system or institution doing similar job.*
 - (b) Remuneration and other terms of service or facility of chief executive officer will be as per prescribed by committee and terms of his/her service and facility should be determined while appointing.

45. Function, duty and authority of chief executive officer

- (1) Function, duty and authority of chief executive officer will be as follows.
 - (a) To utilize authority delegated by committee, to implement decision of committee, to monitor and control activities and transaction regarding payment and settlement system and to submit annual budget and work plan in the committee for approval by remaining under memorandum and article of association,
 - (b) To manage human resource and to implement decision made by general meeting remaining under employees bylaw,
 - (c) To conduct institutions/mechanism as per the direction of Rastra Bank and to ensure effective internal control and to manage risk,
 - (d) To submit documents, decisions and other details that has to be submitted to Nepal Rastra Bank and/or other authorities as per the directives, memorandum of association and articles of association,

* Changed from first amendment

and to operate institution/mechanism for rendering optimum benefits to the depositors, shareholders and institution/mechanism.

- (e) To implement suitable criteria for the high level management remaining under the policy prescribed by the committee,
- (f) To comply rules, bylaw, directives, etc. issued by Rastra Bank and to manage operation of payment system promptly and in managed form to conduct payment and settlement function operated by institutions/mechanism with well managed form and securely.

46. Meeting of Committee:

- (1) Meeting of committee should be held at least 12 times in a year. However, the difference between two meeting should not be more than 60 days.
- (2) Separate record of name of directors who are present in the meeting of committee, discussed issues and minute of decision detail regarding issues should be kept and all directors who are present in the meeting should sign in the record. Additionally, if any director expresses opinion against the decision or different views than the subject of such decision while discussing on the issues, he/she should sign in the record by mentioning such issue.
- (3) Committee can determine other procedure related to meeting, facility and provision regarding work operation itself. However, while provisioning, opinion and suggestion of Rastra Bank should not be incorporated and should not be unfavorable to prevailing act, rules and directives.

Chapter - 9

Regulation, Supervision and Oversight

47. Regulation of payment and settlement system

- (1) Rastra Bank regulate, supervise and oversight institution/mechanism operating payment and settlement service through prevailing act, rules, bylaw and newly issued payment systems management.
- (2) Rastra Bank perform the functions regarding the regulation, supervision and oversight of payment system as per the policy, rules and directives issued through National Payment Board, Payment System Oversight Committee and Payment System Department.
- (3) In addition to sub-bylaw (2), while performing the function regarding oversight of payment system, Rastra Bank will adopt the principle and rules prescribed by the payment and market infrastructure committee of Basel.
- (4) To co-operate by providing information and data demanded by Rastra Bank while regulating and over sighting of payment system will be the duty of payment service provider.
- (5) While regulating and over sighting payment system, Rastra Bank can adopt different way for the important payment and settlement institutions/mechanism with systemic side.
- (6) Institutions/Mechanism operating payment service should submit particulars of every month regularly to the Payment System Department and Banks and Financial Institution Department within 15 days after the completion of month.
- (7) Rastra Bank will make arrangement regarding the issuance of required various directives, license provision and circular in regular form for the license, permission or approval and regulation of institutions/mechanism operating service regarding payment system or instrument.

48. Regulation, supervision and oversight of payment system:

- (1) Rastra Bank will perform the function of inspection, supervision and oversight by remaining under related act, rule, bylaw and directive regarding the operation of service related to payment system on the following ground.
 - (a) Provision to inter-operation of maintaining risk management and adequate good governance,
 - (b) Inter-operation and its provision of other infrastructure arrangement and settlement of transaction and settlement of security paper and other financial transaction related to information and information network with adequate physical infrastructure that provide benefit to payment institutions/mechanism in national level.
- (2) Rastra Bank inspects, supervises and monitors regarding unfit of activities performed by institution/mechanism operating for payment and settlement with rules, bylaw and provision and other rules issued from time to time regarding payment system by Rastra Bank.

49. Supervision of payment institution/mechanism

- (1) Rastra Bank makes offsite and onsite supervision of institutions/mechanism operating activities of payment system regularly.
- (2) While supervising as per sub-bylaw (1), principles prescribed by the payment and market infrastructure committee (internationally best practices) of Basel will be adopted.
- (3) While supervising, Rastra Bank will make the principle and rules prescribed by the same committee as the basis of inspection and supervision of institutions/mechanism operating activities regarding payment system. Additionally, institution/mechanism should also perform the activities regarding payment system accordingly.
- (4) Institutions/Mechanism should co-operate in the regulation and supervision by providing information and data demanded by Rastra Bank.

- (5) Rastra Bank prepares procedure and structure of supervision and oversight for the regular supervising and oversight function of institutions performing activities regarding payment system and makes arrangement accordingly.

50. Oversight of payment institutions/mechanism and instrument:

- (1) Rastra Bank can observe, inspect and monitor the issuer of payment instrument or payment instrument/mechanism or its operator or all type payment system service provider or special payment institutions/mechanism regularly by remaining under Nepal Rastra Bank Act, 2002, and this bylaw and other prevailing laws related to financial sector.
- (2) Rastra Bank will arrange the provision for the onsite and offsite inspection and monitoring of institutions/mechanism operating activities regarding payment system.
- (3) Rastra Bank can seek any related information from the institution involved in the management of payment mode or operation of payment institutions/mechanism and to provide such information will be the duty of institution/mechanism performing the functions regarding payment system.
- (4) Rastra Bank will have easy access to information regarding institutions/mechanism operating activities regarding payment system and instrument and can make special surveillance of such institutions/mechanism or instrument at any time.
- (5) Rastra Bank will make special monitoring and surveillance any time on the following issues regarding payment institution/mechanism or its members of board of directors.
 - (a) Regarding the issues of insecurity, inefficient or involved or going to involve in undue transaction in the sequence of providing service regarding any type payment and settlement by operating payment mode or payment institutions/mechanism.

- (b) Rastra Bank can issue the directive for the institution or individual operating payment institutions/mechanism if negligence or non-compliance of any other directive or order under this bylaw or terms prescribed by Rastra Bank for the operation of payment mode or payment institution/mechanism is found or complaint of fraud in the activities regarding payment and settlement or non-maintaining good governance or copying the activities regarding any payment system or Rastra Bank feels the same.
 - i. To close such activities, mistake or behavior or to avoid repetition of such behavior or correction and
 - ii. If Rastra Bank confirms the need, other any functions can be assigned or any other direction can be given or conducting institution/mechanism by taking under own control or moving to ultimate action of resolution by cancelling the license, permission or approval of such payment system or service.
- (6) Each directive issued as per sub-bylaw (5) will be sent to all institutions/mechanism or individual operating the activities regarding payment and settlement and it will be the duty of all related institutions/mechanism to adopt such directive.
- (7) Rastra Bank will seek clearance with such institutions/mechanism while taking such action as per sub-bylaw (5) and if the received clearance is not satisfactory, ultimate action will be forwarded.

51. Establishment and Operation of National Payment (Financial) Switch and Payment Gateway:

- (1) Rastra Bank will make surveillance and offsite supervision also through the establishment of national payment (financial) switch and payment gateway for the observation, regulation and supervision by making the function regarding oversight of payment and settlement system effective and transparent.
- (2) Banks and Financial Institutions and payment institution should associate with National Payment (Financial) Switch and Payment

Gateway by issuing payment instrument for payment and settlement after the establishment of National Payment (Financial) Switch and Payment Gateway.

Chapter- 10 Miscellaneous:

52. Provision regarding dispute settlement:

- (1) Related payment institution/mechanism should solve the dispute within maximum 7 days if any dispute and problem generate regarding the operation of payment and settlement system between service provider, customer and system participants of payment and settlement system.
- (2) If any dispute cannot be solved as per sub-by-law (1), related institution/mechanism should submit it to Rastra Bank for the solution. Rastra Bank should make own decision on the dispute regarding the payment and settlement within 35 days.
- (3) If the decision made by Rastra Bank regarding dispute is not satisfactory, related institutions/mechanism can appeal to appellate court within 35 days from making the decision.

53. Institutions/Mechanism itself, responsible for the operation of Payment and Settlement:

- (1) Ultimate responsibility of solution of dispute and problem created while preparing policy-wise and process-wise provision about operation of all type electronic transaction or regarding payment transaction will be the related institutions/mechanism operating payment and settlement institution.

54. No giving and taking payment by misusing electronic means and misuse of cheque or unofficial use

- (1) Nobody can take and give payment by misusing cheque, credit card, debit card, pre-paid card or other electronic means or unofficial use.

55. Providing documents and evidences:

- (1) Banks and Financial Institutions and payment and settlement institutions/mechanism should provide information to account holder regarding transaction detail through electronic means promptly after electronic transaction takes place.

56. Detail of account:

- (1) If any customer seeks detail of own account kept in the banks and financial institutions or payment and settlement institutions/mechanism, the detail of account should be provided promptly through electronic means.

57. Blockade of account:

- (1) Account holder, as required time, can block the account kept in the banks and financial institution or payment and settlement institution/mechanism by giving written application or oral information.

58. Information regarding error or mistake:

- (1) Banks and financial institution or payment institutions/mechanism should inform account holder promptly through electronic means if error or mistake transaction in the sequence of electronic banking transaction is known.
- (2) If error or mistake is found in transaction, such transaction should be recognized, corrected and information should be given to the account holder immediately.

59. Can be informed:

- (1) Rastra Bank will inform public on any issue regarding payment and settlement system.
- (2) Any bylaw or sub-bylaw of this bylaw is against the prevailing laws; it will be as per the laws.

60. To release obstacle:

- (1) Governor*..... ~~can~~ release any impediment if those pose as obstacle or dilemma while implementing this bylaw.

61. Saving:

- (1) All acts and activities regarding payment and settlement shall be deemed to have been carried out in accordance with this bylaw after the initiation.

* Added by the second amendment

~~can~~ Removed by the first and second amendment