



CIRCULAR

E.File.No.IFSCA-FMPP0BR12/2023/Banking-Part(2)

May 21, 2025

To,

All IFSC Banking Units

Dear Sir/Madam,

Participation of IFSC Banking Units (“IBUs”) in international payment systems

Reference is drawn to section 18 of the Payment and Settlement Systems Act, 2007 (“PSS Act”) read with section 13 of the International Financial Services Centres Authority Act, 2019 (“IFSCA Act”), which, inter alia, empower the Authority to lay down policies relating to the regulation of payment systems including international payment systems affecting domestic transactions and to give such directions as it may consider necessary to system providers or the system participants or any other person either generally or to any such agency and in particular, pertaining to the conduct of business relating to payment systems.

2. In the exercise of the abovementioned powers, the Authority lays down the following policies for IBUs participating in international payment systems:

- a. IBUs may participate as/be members of international payment systems for making or receiving payments to/from banks/financial institutions outside IFSC without prior approval of the Authority.
- b. An international payment system that permits IBUs to make or receive payments among themselves, thereby affecting domestic (i.e. IFSC) transactions, would require authorisation from the Authority under sub-section 1 of section 7 of the PSS Act.
- c. IBUs may participate as/be members of international payment systems for making or receiving payments with other IBUs, without prior approval of the

Authority, after being satisfied that such international payment system complies with the condition mentioned in para 2(b) above.

3. Further, the Authority hereby directs every IBU to review its participation in the international payment systems in light of the aforementioned policies and intimate the Department of Banking Supervision about its compliance with the same within 30 days from the date of this circular and also share with the Authority a list of all the international payment systems in which the IBU was participant, as on March 31st, 2025.

Yours faithfully

(Supriyo Bhattacharjee)
Chief General Manager
Department of Banking Regulation