May 26, 2016

The Chairman and Managing Director / Chief Executive Officers
All Scheduled Commercial Banks including RRBs /
Urban Co-operative Banks / State Co-operative Banks /
District Central Co-operative Banks

Madam / Sir,

**Merchant Acquisition for Card transactions**

Please refer to our circular **RBI/2011-12/194.DPSS.PD.CO No 513/02.14.003/2011-2012 dated September 22, 2011** wherein various measures were prescribed for strengthening the payment infrastructure and future proofing the system. Para 4(a)(2) of the circular required action to be taken by banks in respect of strengthening the merchant sourcing and monitoring process.

2. In order to encourage banks to expand card acceptance infrastructure to a wider segment of merchants across all geographical locations and considering the experience gained by the banks in merchant acquiring business, banks are advised that they may put in place their own Board approved policy on merchant acquisition. The above instructions will come into effect from the date of issue of this circular.

3. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act 2007 (Act 51 of 2007).

Yours faithfully

(Nanda S. Dave)
Chief General Manager