

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**

**UNSTARRED QUESTION NO. 1645**

TO BE ANSWERED ON TUESDAY, 3<sup>rd</sup> AUGUST, 2021/ 12 SRAVANA 1943 (SAKA)

**FAILURE OF CREDIT CARD COMPANIES TO COMPLY RBI'S DIRECTIVE**

**1645. Shri Sanjay Raut:**

Will the Minister of FINANCE be pleased to state:

- a) Whether it is a fact that many Credit Card companies / operators like American Express, Diners Club, VISA , Mastercard etc. have failed to comply RBI's directive on storing card and customer-related data on servers physically present in India;
- b) if so, the details thereof and Government's reaction thereto;
- c) the details of steps taken or proposed to be taken by Government to protect consumer data only in India and not available to the other countries;
- d) whether Government is considering to encourage domestic players to run Credit Card business in the country; and
- e) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

**(DR. BHAGWAT KARAD)**

(a) to (c) The Reserve Bank of India (RBI), *vide* their Circular No. DPSS.CO.OD No. 2785/06.08.005/2017-2018 dated 06.04.2018 on "Storage of Payment System Data", had mandated all system providers to ensure that the entire data (full end-to-end transaction details / information collected / carried / processed as part of the message / payment instruction) relating to payment systems operated by them is stored in a system only in India. They were also required to report compliance to RBI and also submit a Board-approved System Audit Report (SAR) conducted by the Indian Computer Emergency Response Team (CERT-In) empanelled auditor. In response to requests for clarifications on various issues from Payment System Operators (PSOs) on the above Notification and for expeditious compliance by all PSOs, RBI also issued Frequently Asked Questions (FAQs) on the subject on 26.06.2019.

RBI has informed that American Express Banking Corp. (Amex), Diners Club International Ltd. (Diners) and Mastercard Asia / Pacific Pte. Ltd. (Mastercard) failed to comply with the requirements of the above circular. Accordingly, Amex and Diners were prohibited by RBI from on-boarding fresh domestic customers onto their card networks from 01.05.2021 till the time full compliance with the requirements of the circular was ensured and a satisfactory SAR was submitted. A similar prohibition was imposed on Mastercard from 22.07.2021.

(d) and (e): Domestic banks already have substantial credit card business in the country, and there is no restriction on them on running such business. The details, as on 31.05.2021, of the number of credit cards, and the value and volume of credit card transactions of domestic banks vis-à-vis foreign banks, as per information made available by RBI, are as follows:

Bank Group	No. of Credit cards as at the end of the month	No. of Transactions (Actuals) (ATM+ PoS)	Value of transactions (Rupees Lakh) (ATM+ PoS)
<b>Domestic Banks</b> (Including Public Sector Banks, Private Sector Banks, Payment Banks and Small Finance Banks)	5,58,18,152	11,78,80,245	49,33,719
<b>Foreign Banks</b>	65,75,282	1,73,52,924	5,69,577