

Information for NEFT, RTGS & IMPS

If you have tried transferring money electronically to an individual or an account, you would've come across the terms NEFT, RTGS and IMPS. Most of us are not really aware of the difference between the various models and on what occasions they have to be used.

NEFT (National Electronic Funds Transfer) and RTGS (Real Time Gross Settlement) are the two main fund settlement mechanisms used by banks in India to conduct one to one transactions. These transfer protocols are maintained by the Reserve Bank of India.

IMPS (Interbank Mobile Payment Service/Immediate Payment Service) on the other hand is a mobile based payment mechanism introduced in 2010 by the National Payments Corporation of India to allow customers to transfer money instantly, facilitating instant remittance across multiple platforms.

Intra bank transactions are usually pretty easy as it happens without contact with an external bank. Payment mechanisms like NEFT and RTGS come into the picture when contact with an external bank is involved.

NEFT

NEFT transactions are usually used to transact in small amounts as there is no minimum amount, but the maximum* amount possible is Rs 5 lakhs. Also NEFT transactions are conducted between banks on net settlements basis, meaning they are conducted in batches and not at the same time as the transactions.

NEFT operates from 8AM to 6:30PM on weekdays and 8AM to 12:30PM on Saturday, in hourly batches. There are twelve settlement batches on week days and six settlements on Saturdays. Timings might vary slightly from bank to bank.

Transactions made during this time slot are settled within the same day and after the ones ones conducted after the end time are carried out the next day.

RTGS

RTGS transactions are usually to transact in larger amounts in real time, the minimum amount required is Rs 2 lakhs and the maximum* amount is Rs 5 lakhs. RTGS transactions happen between banks in real time and on a gross basis. As this mechanism operates in real time, i.e sans any waiting period, and on a gross basis, i.e settled individually unlike in batches, it is the fastest way to transfer money electronically.

RTGS can be accessed between 9AM and 4:30PM on weekdays and 9AM and 1:30PM on Saturdays. Timings might vary slightly from bank to bank.

IMPS

Using IMPS, a relatively newer service, users can transfer money immediately from one account to the other account, within the same bank or accounts across other banks. Similar to NEFT, there is no minimum amount for transactions, but the maximum* amount possible is Rs 5 lakhs.

Users can carry out Person to Person(P2P), Person to Account(P2A) and Person to Merchant(P2M) transactions from their mobile, Internet or ATM. One of the advantages of IMPS transaction is that it is available 24X7 and even on holidays. This can be payments for utility bills, mobile or DTH recharge, credit card bills, grocery bills, travel ticketing, online shopping and even educational institutes fee payments through this channel.

We had recently written about the growth of IMPS transactions in India, in the past one year. You can see more details on the IMPS procedures [here](#).

Charges

For NEFT and RTGS charges vary from bank to bank, but the RBI has set a maximum limit on what the banks can charge customers. Visit your bank website to see their charges.

IMPS were offered free of cost in order to promote this channels, but most banks usually charge amount similar to their NEFT tariff.

This is just a brief description on the major differences between the three transaction mechanisms for retail banking customers. You can visit the bank website to read about the fine details.

* The RBI has not set a value for the maximum amount possible to be transferred using NEFT/RTGS/IMPS, but RBI allows banks to place per transaction limits based on their own risk perception with the approval of its Board. Visit your bank website to know the exact amount and charges.