



***Reserve Bank of India vide notification dated January 30, 2025, has issued framework for imposing monetary penalty and compounding of offences under the Payment and Settlement Systems Act, 2007***

- Reserve Bank of India vide notification dated January 30, 2025, has issued framework for imposing monetary penalty and compounding of offences under the Payment and Settlement Systems Act, 2007.
- In terms of section 30 of the PSS Act, Reserve Bank is empowered to impose a penalty not exceeding ₹10 lakh or twice the amount involved in such contravention or default where such amount is quantifiable, whichever is more, in case of contraventions / defaults of the nature mentioned in sub-sections (2), (3) and (6) of section 26 of the PSS Act. Where such contravention or default is a continuing one, a further penalty up to ₹25,000/- for every day after the first during which the contravention or default continues, can also be imposed.
- Section 31 of the PSS Act empowers an officer of Reserve Bank duly authorised by it in this behalf to compound contraventions, not being an offence punishable with imprisonment only or with imprisonment and fine. Accordingly, contraventions mentioned in sub-sections (1), (3), (4), (5) and (6) of section 26 of the PSS Act are covered for the purpose of compounding.
- The designated authority for imposing monetary penalty and compounding of contraventions shall be a (i) Committee comprising three Executive Directors in respect of cases handled by Central Office of Enforcement Department and (ii) Committee comprising Regional Director and two senior officers at the Regional Office of Enforcement Department.
- The notification is attached herein.

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