

NEFT & RTGS



vEcoSys

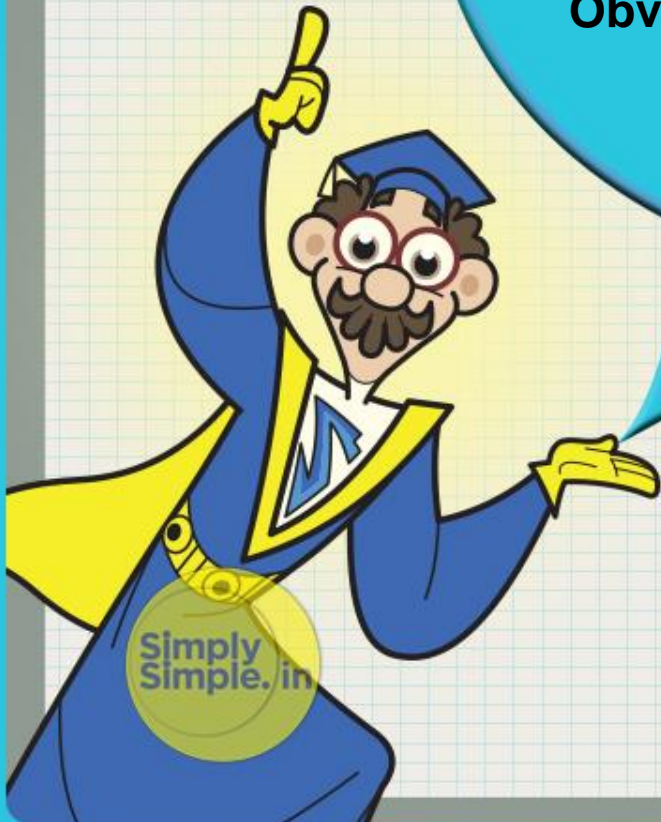
**Understanding
“NEFT & RTGS”**



NEFT & RTGS

How does one transfer money
from one bank to another?

Obvious answer – By Cheque



NEFT & RTGS



How long does it take for money to move into your account after depositing the Cheque?

Probably a day or two

In essence it does take some time?

NEFT & RTGS

Is there no other option for money transfer which quickly transfers money from one bank account to another bank account?

NEFT and RTGS are two convenient modes of money transfer between banks in India



NEFT & RTGS

**RTGS stands for “Real Time Gross Settlement” –
It enables transfer of money in real time.**

**NEFT stands for “National Electronic Funds Transfer”
which is an online system of transferring funds between
financial institutions,**



NEFT & RTGS

RTGS payment transaction will not involve any waiting period which is the true meaning of “real” time settlement

Under normal circumstances the transactions are settled as soon as they are processed by remitting bank. The transaction is settled on one to one basis. Once processed the transactions are irrevocable as the money transfer occurs in RBI records



NEFT & RTGS

Therefore...

NEFT functions on a deferred net settlement basis where transactions are completed in batches at specific times.

These settlement takes place at a particular point of time and all transactions are held up till that time



NEFT & RTGS

RTGS is for amounts equal or greater than Rs. 2 lacs while NEFT is used for transactions below Rs. 2 lacs. However there is no upper limit for either RTGS or NEFT



NEFT & RTGS

In RTGS the beneficiary bank credits the beneficiary's account in a span of two hours after receiving the funds transfer message. RTGS transactions are processed throughout the working hours of the system.

NEFT is done on a net basis where the bank clubs transactions together and only the net amount is transferred. This settlement usually takes place 7 times a day on weekdays and 3 times on Saturdays. NEFT takes place within the same day if it is within the cut off time and the next working day if it is beyond the cut-off time.



NEFT & RTGS

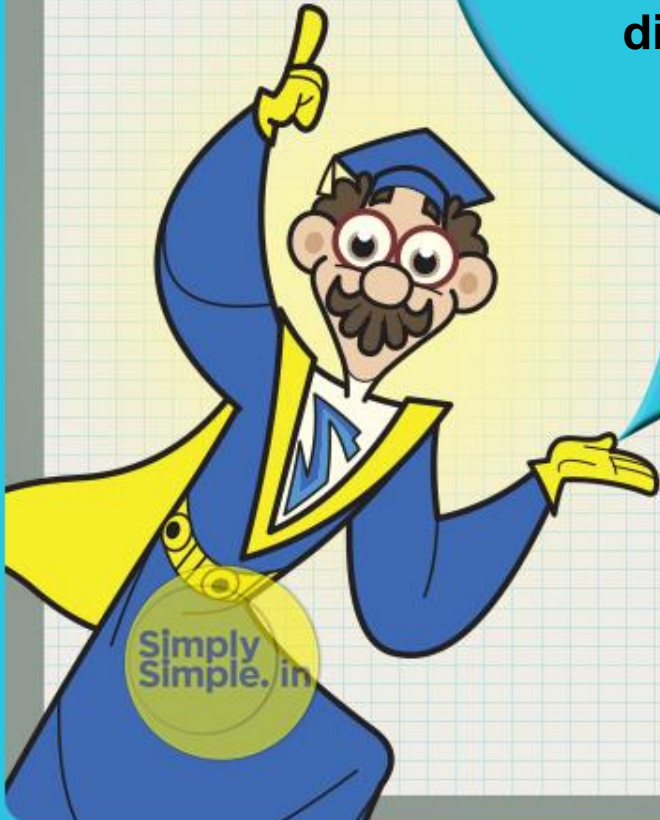
Majority of commercial banks have employed RTGS and it is available in over 30472 branches

NEFT facility is available in 32407 brunches of banks.
These branches may be in remote corner of the country also



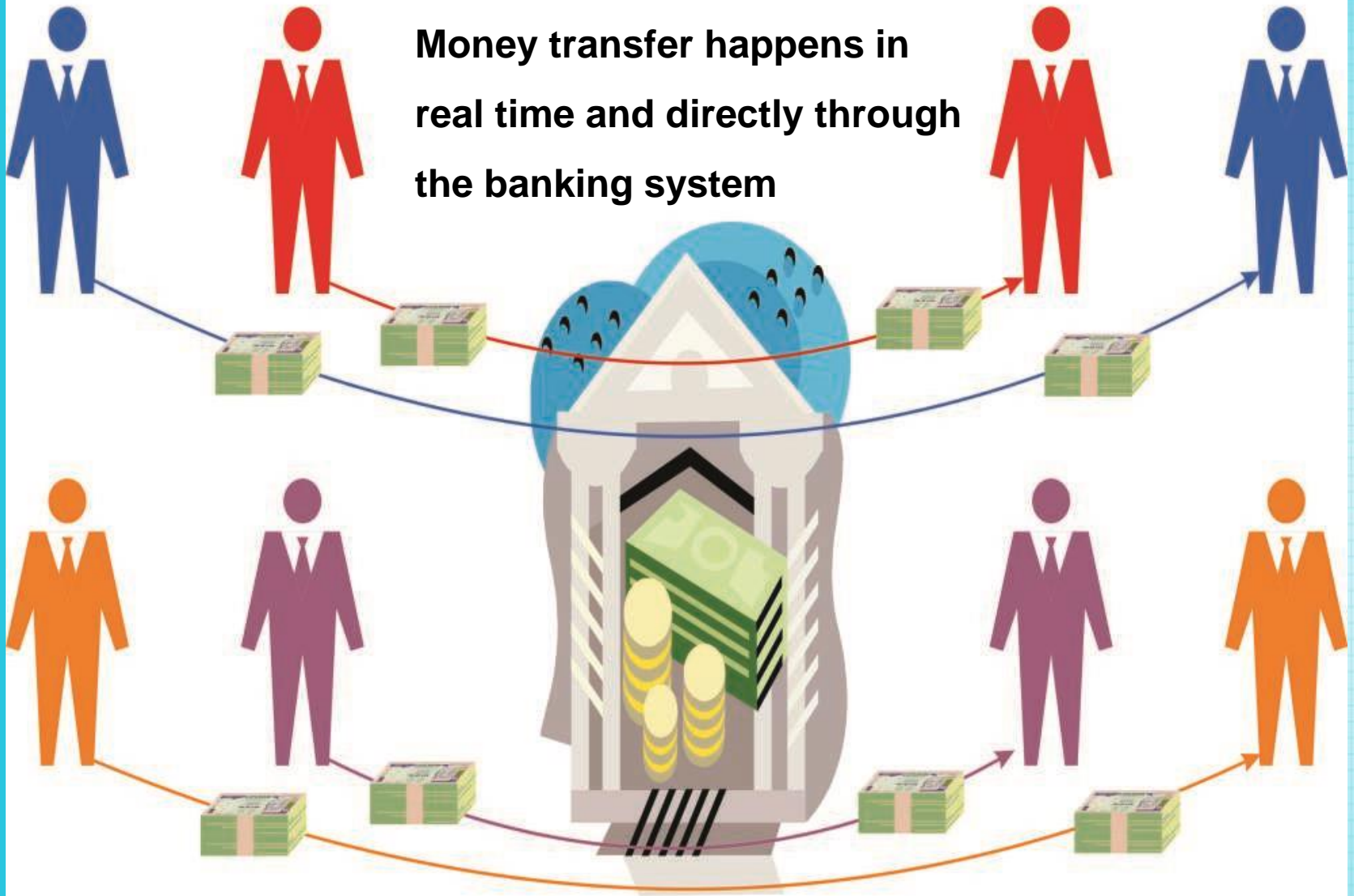
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To conclude I've tried to summarize the key differentiation in these concepts through diagrams in the next 2 slides



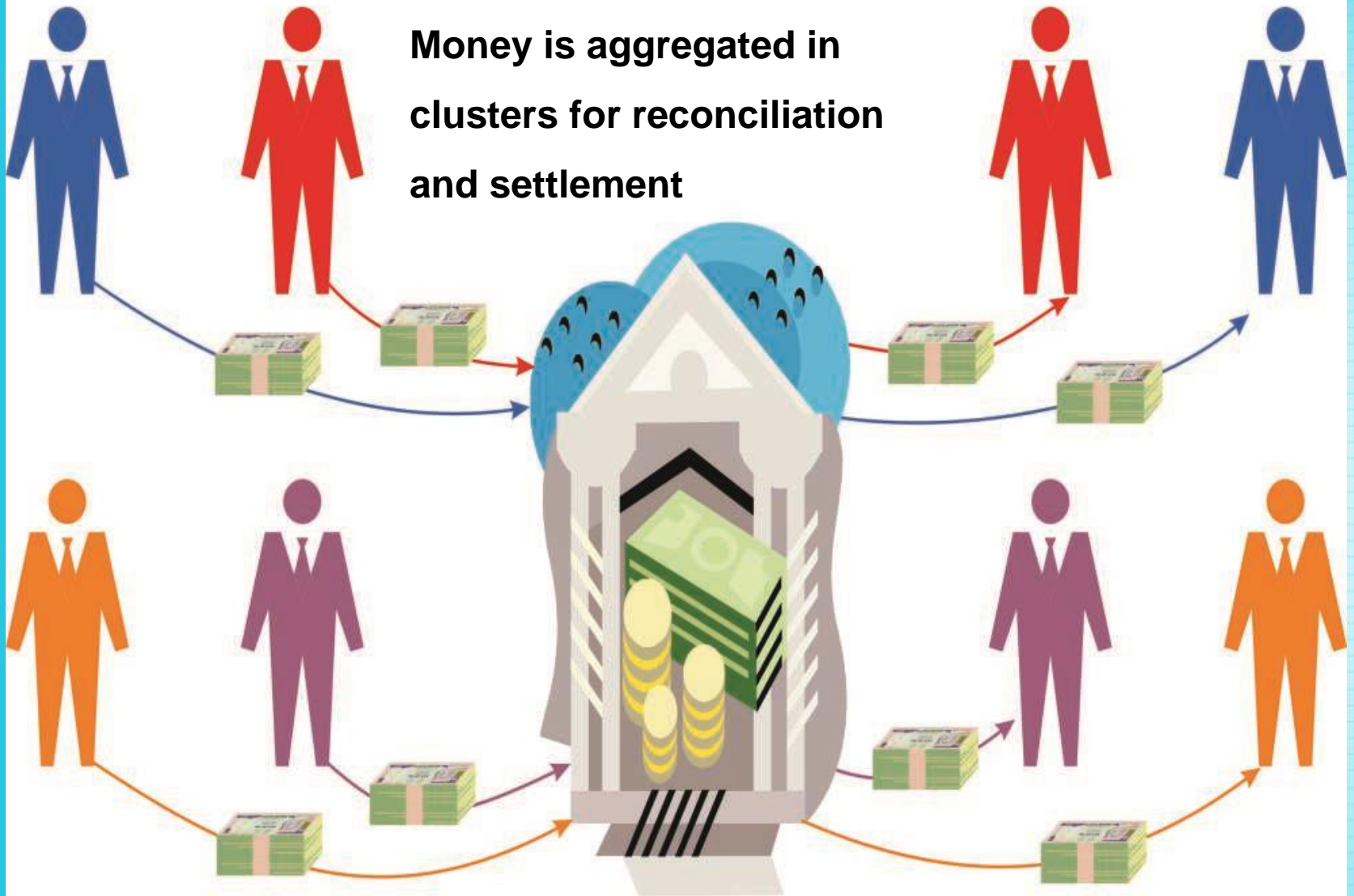
RTGS

Money transfer happens in real time and directly through the banking system



NEFT

Money is aggregated in clusters for reconciliation and settlement



NEFT & RTGS



Hope this story succeeded in clarifying the concept of 'RTGS' and 'NEFT' and more importantly the difference between them



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