



पेंशन निधि विनियामक और  
विकास प्राधिकरण  
बी-14/ए, छत्रपति शिवाजी भवन,  
कुतुब संस्थागत क्षेत्र,  
कटवारिया सराय, नई दिल्ली-110016  
दूरभाष : 011-26517501, 26517503, 26133730  
फैक्स : 011-26517507  
वेबसाईट : www.pfrda.org.in

**PENSION FUND REGULATORY  
AND DEVELOPMENT AUTHORITY**

B-14/A, Chhatrapati Shivaji Bhawan,  
Qutub Institutional Area,  
Katwaria Sarai, New Delhi-110016  
Phone : 011-26517501, 26517503, 26133730  
Fax : 011-26517507  
Website : www.pfrda.org.in

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To

**All Stake holders under NPS**

***Subject: Instant Bank Account Verification for enhanced due diligence under the Exit/Withdrawal process of NPS***

Growing Subscribers' base, geographically wide spread service providers and the large-scale adoption of digital interventions necessitate the importance of verifying the beneficiary's bank account number of the Subscribers independently not only to ensure that the amount is received by the rightful beneficiary whose Bank Account is active but also to ensure that amount is remitted within in the specified timelines.

2. During the exit (Superannuation, premature or due to death) or in partial withdrawal from NPS, the Subscribers/nodal offices/POPs (Points of Presence) initiate the withdrawal request by mentioning the required details including the bank account number and IFSC code into which the withdrawal proceeds are to be credited. Once the withdrawal request is verified and authorized in the Central Record Keeping (CRA) system, the proceeds are credited to the subscriber's/claimant's bank account as the case may be, through electronic mode by the Trustee Bank.

3. There are instances when the Subscribers' withdrawal amount could not be credited into the Savings Bank Account (SBA) of the Subscriber due to any valid reasons as mentioned below.

- (i) Invalid account number/account type
- (ii) Invalid/Wrong IFSC code
- (iii) Name mismatch
- (iv) Account dormant/frozen

- (v) Account closed
- (vi) Account does not exist
- (vii) Account is inactive.
- (viii) Account is transferred.
- (ix) Credit freeze.
- (x) Account type mismatch etc

4. Due to unsuccessful transactions for the reasons as mentioned above, the amounts meant for the Subscribers could not be credited into the SBA remain with Trustee Bank till the correct account number is obtained from the Subscriber. This can be overcome with suitable technology intervention viz *Instant Bank Account Verification*.

5. In order to resolve the issue of return of remittances, to protect the interest of subscribers with timely credit of amount and for additional due diligence to identify the rightful beneficiary, Instant Bank Account Verification by '*penny drop*' would be adopted by CRAs, by integrating their IT system and exit framework with the Fin-tech service providers.

6. Through '*penny drop*' process, CRAs would check the active status of SBA and match the name in bank account number with the name in PRAN (Permanent Retirement Account Number) or as per the documents submitted. The validity of account is verified by making a 'test transaction' by penny dropping a specified amount into the beneficiary's SBA and *matching the name based on the penny drop response*.

7. The '*penny drop*' can happen at the time of processing of the Exit/Withdrawal request. The response of 'Success' or 'Failure' would be provided by the service provider based on validation of the SBA number name check as per CRA records. If the bank account details and other details are not correct, the *alternate account number or additional supporting documents* are to be submitted for updating the records. In case the penny drop fails at the time of processing, the nodal officer /POP/subscribers will be informed to correct the bank account number and resubmit the application so that their withdrawal request can be processed in a time bound manner. CRAs may also use '*penny drop*' process for *registration of entities* wherever possible.

8. CRAs may suitably alert the Subscriber that he/she should not modify/close the existing bank account once the exit /withdrawal request is captured and till the time it is authorized by the nodal office/POP and amount credited to the account.

9. The existing charge structure for Instant Bank Acct verification which shall be recovered by CRAs from the Subscribers for further reimbursement to the service provider is as follows.

- (i) K Fin Technologies Pvt Ltd (KCRA)- Rs. 1.90+ tax
- (ii) NSDL e-Governance infrastructure Pvt Ltd (NCRA) - Rs. 2.40 + tax

The above *charges include Re 1 credited in the SBA of the beneficiary* as part of penny drop process.

10. CRAs are advised to implement the process of 'Instant Bank Account Verification for the benefit of subscribers and as part of *additional due diligence* to verify the beneficiary.

This circular is issued under Section 14 of PFRDA Act 2013 and is available at PFRDA's website ([www.pfrda.org.in](http://www.pfrda.org.in)) under the Regulatory framework in "Circular" section.

Yours sincerely



(K. Mohan Gandhi)

Chief General Manager

[k.mohangandhi@pfrda.org.in](mailto:k.mohangandhi@pfrda.org.in)