

NPCI/2025-26/UPI/221

Sep 12, 2025

To,  
All Members of Unified Payment Interface (UPI)

**Subject: Implementation of L5C compliance penalty in URCS for Lite L5 transactions**

UPI Lite X allows users to make UPI payments offline, without internet, by utilizing Near Field Communication (NFC) technology, building upon the existing UPI Lite feature.

If a UPI Lite X user uninstalls or reinstalls the app, or switch to the other device, the NPCI's MCB (Mini Core Banking System) places a temporary hold on the last available balance for 5 days. This precaution is to ensure that any pending offline transactions are processed. If no such transactions are received (online) within this timeframe, the hold is lifted, and the balance is updated in the system with a specific response code on the 5th day.

When the payer bank receives an L5 transactions in the raw file with the balance amount remaining. Payer bank is expected to reconcile these transactions, debit the UPI Lite X GL account and credit the customer's CASA account (Current and Savings Account). Basis the customer complaints and analysis it is observed the process is not uniformly and consistently followed by the banks resulting in complaints. Furthermore, only the Payer bank is aware of the L5 transaction status, which prevents other parties (payee, payer, beneficiary bank, and NPCI) from updating the end customers.

To provide the visibility to the action taken by the payer bank an option has been introduced to enable the payer bank to update the L5C (L5 confirmation) in the URCS back-office system after debiting the L5 amount from their Lite-x GL and crediting the CASA. This helps all other parties of the transaction to respond customer complaints suitably (if any).

To ensure compliance, Payer banks are required to update the L5C status in the URCS system within the specified timeframe on similar lines of TCC/RET, the process involves,

- Setting up the process for the L5 status update flag i.e. L5C, use reason codes as follows,
- L5C – 01 for successful debits to the pool account and credits to the customer's CASA,
- L5C – 02 for instances where the customer's CASA cannot be credited.

- A separate report will be provided to facilitate access to L5 transactions, enabling banks to take necessary actions in CASA post-reconciliation is done.
- The deadline for updating L5C in URCS is before 24:00 hours on T+1, with T+0 being the day the L5 is updated in the raw file.
- Failure to update the L5 status with L5C by 24:00 hours on T+1 will result in the automatic application of compliance penalties on similar lines of TCC/RET.

**Go-Live Date:** The above process shall be implemented in URCS w.e.f. 21<sup>st</sup> Oct 2025.

Warm Regards,

SD/-

**Giridhar GM**

**Chief – Customer Success**

**Annexure -1**

**L5C Compliance and Penalty Rules**

| TAT                                                            | Compliance Rules                                                                                                                                                                              |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| T+0 Mon                                                        | L5 updated date in raw file (1 <sup>st</sup> Aug'25)                                                                                                                                          |
| T+1 Tue                                                        | Payer bank is expected to update the status with L5C -01 or 02 before 24 hrs. (2 <sup>nd</sup> Aug'25)                                                                                        |
| T+2 Wed                                                        | Penalty will be processed with Rs.25 in 1C everyday (i.e. 21 hrs to 2 hrs business cutover of previous day (Tuesday) and RTGS posting done on Wed in the first. (2 <sup>nd</sup> Aug'25 – 1C) |
| <b>NOTE: GST is NOT applicable for the L5C penalty amount.</b> |                                                                                                                                                                                               |

**Sample table for understanding penalty settlement with rules**

| TAT     | Date      | Compliance Rules                                                                             | Penalty |
|---------|-----------|----------------------------------------------------------------------------------------------|---------|
| T+0 Mon | 01-Aug-25 | L5 updated date in raw file (1 <sup>st</sup> Aug'25)                                         | NIL     |
| T+1 Tue | 02-Aug-25 | Payer bank is expected to update the status with L5C - Reason Code - 01 or 02 before 24 hrs. | NIL     |
| T+2 Wed | 03-Aug-25 | TAT expires and Penalty will be levied (File dtd:2-Aug-25 1C)                                | Rs.25   |
| T+3 Thu | 04-Aug-25 | TAT expires and Penalty will be levied                                                       | Rs.50   |
| T+4 Fri | 05-Aug-25 | TAT expires and Penalty will be levied                                                       | Rs.100  |

## L5C Penalty Report

| National Payments Corporation of India                                                  |              |      |               |            |               |                |                |          |                     |                     |                  |                      |
|-----------------------------------------------------------------------------------------|--------------|------|---------------|------------|---------------|----------------|----------------|----------|---------------------|---------------------|------------------|----------------------|
| Penalty Report for the bank CSB Bank Limited for the period from 29/06/2025 to 12:00 AM |              |      |               |            |               |                |                |          |                     |                     |                  |                      |
| [UTXNID]                                                                                | [RRN]        | [RC] | [TXnt<br>ype] | [Remitter] | [Beneficiary] | [Payer<br>PSP] | [Payee<br>PSP] | [Amount] | [Penalty<br>Amount] | [Txn/Adt Date]      | [CalendarDay]    | [PenaltySettledDate] |
| 11088376524540c5b2309a63485637c2                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 50                  | 15-08-2025 12:26:31 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| ab99161fd21454181a8071a5c8f81a                                                          | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 25                  | 23-02-2025 11:21:42 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| 8b8ba7dc81d447aad07ce818d9da21a                                                         | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 50                  | 30-12-2024 19:07:10 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| 92058fe06384c40a28c9b5507824704                                                         | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 50                  | 30-12-2024 16:51:37 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| 0b0c816daeb74a3c9004d18697cc42b5                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 337      | 50                  | 30-12-2024 15:57:33 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| 9e6b7db04764402a8cd097f9a4da47fb                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 25                  | 15-03-2025 12:18:09 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| 9e7b67b4e05c4a74aeacbe9f078c272                                                         | 483175838594 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 426      | 25                  | 30-12-2024 15:57:32 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| ba64e9ff326e454482c8bc81393ae775                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 25                  | 30-12-2024 16:05:07 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| 8360368d817c45bdbc4df8c5baee857                                                         | 330973426545 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 231      | 25                  | 30-12-2024 15:57:32 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| ee732775fa394e87ace58c9db0b12362                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 25                  | 23-02-2025 11:21:05 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| a551eb3e177fa5b5b31821d9e3f21019                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 25                  | 23-02-2025 11:17:35 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| ee732775fa394e87ace58c9db0b12362                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 25                  | 23-02-2025 11:20:05 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| ab99161fd21454181a8071a5c8f81a                                                          | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 50                  | 23-02-2025 11:21:42 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| ee732775fa394e87ace58c9db0b12362                                                        | 622586159277 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 5        | 25                  | 23-02-2025 11:20:05 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| 4b5e18005ec54b55a24d27d3a7caa814                                                        | 884370915755 | L5   | U3            | HDF        | HDF           | HDF            | HDF            | 26       | 25                  | 30-12-2024 15:57:33 | 26-05-2025 00:00 | 26-05-2025 00:00     |
| L5 PenaltyReportPayable_CSB-ISS                                                         |              |      |               |            |               |                |                |          |                     |                     |                  |                      |

## L5C Separate Report

NPCI will provide a separate L5C report to the Payer bank with following columns for member banks to use it with ease for daily reconciliation purpose.

| S. No | COLUMN HEADER | S. No | COLUMN HEADER                                     |
|-------|---------------|-------|---------------------------------------------------|
| 1     | IFSC          | 8     | Payer Bank - Remitting Bank (3-digit short code)  |
| 2     | TXN Type      | 9     | Payee Bank -Beneficiary Bank (3-digit short code) |
| 3     | TXN Date      | 10    | Remitter Number                                   |
| 4     | TXN Time      | 11    | Amount                                            |
| 5     | CRT Date      | 12    | LRN                                               |
| 6     | Response Code | 13    | Payer PSP (3-digit short code)                    |
| 7     | RRN           | 14    | Payee PSP (3-digit short code)                    |

## DSR/NTSL Line Items (Narration)

L5C Penalty debit for not updating the status Penalty payable

|    |                                                                                 |    |     |   |
|----|---------------------------------------------------------------------------------|----|-----|---|
| 36 | L5C penalty debit for not updating the status penalty payable (T+1) (T+2) (T+3) | 11 | 575 | 0 |
|----|---------------------------------------------------------------------------------|----|-----|---|