

NPCI/2025-26/UPI/221

Sep 12, 2025

Τo,

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.

CIN: U74990MH2008NPL189067



- 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. 21st Oct 2025.

Warm Regards,

SD/-Giridhar GM Chief – Customer Success



### Annexure -1

# L5C Compliance and Penalty Rules

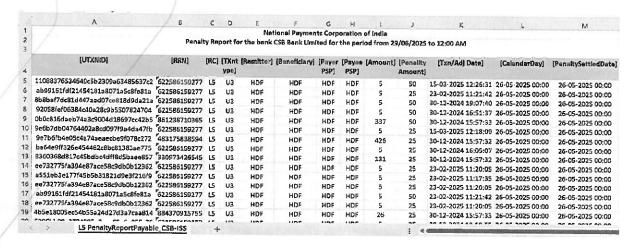
TAT	Compliance Rules
T+0 Mon	L5 updated date in raw file (1st Aug'25)
T+1 Tue	Payer bank is expected to update the status with L5C -01 or 02 before 24 hrs. (2 <sup>nd</sup> Aug'25)
T+2 Wed	Penalty will be processed with Rs.25 in 1C everyday (i.e. 21 hrs to 2 hrs business cutover of previous day (Tuesday)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

## Sample table for understanding penalty settlement with rules

TAT	Date	Compliance Rules			
T+0 Mon	01-Aug-25	L5 updated date in raw file (1st Aug'25)			
T+1 Tue	02-Aug-25	Payer bank is expected to update the status with L5C - Reason Code - 01 or 02 before 24 hrs.			
T+2 Wed	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



#### 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