Comparative Analysis of NEFT, RTGS & IMPS

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Abstract:
National Electronic Fund Transfer is a method of transferring money electronically while RTGS is mechanism, in which one can transfer money from any bank account to any other bank account holder in India in real time and IMPS means funds are transferred electronically by mobile phone services. This paper highlights comparative growth of these three systems in last five years.

Keywords: *Electronic Fund Transfer, NEFT, RTGS, IMPS,*

1. NEFT-National Electronic Fund Transfer

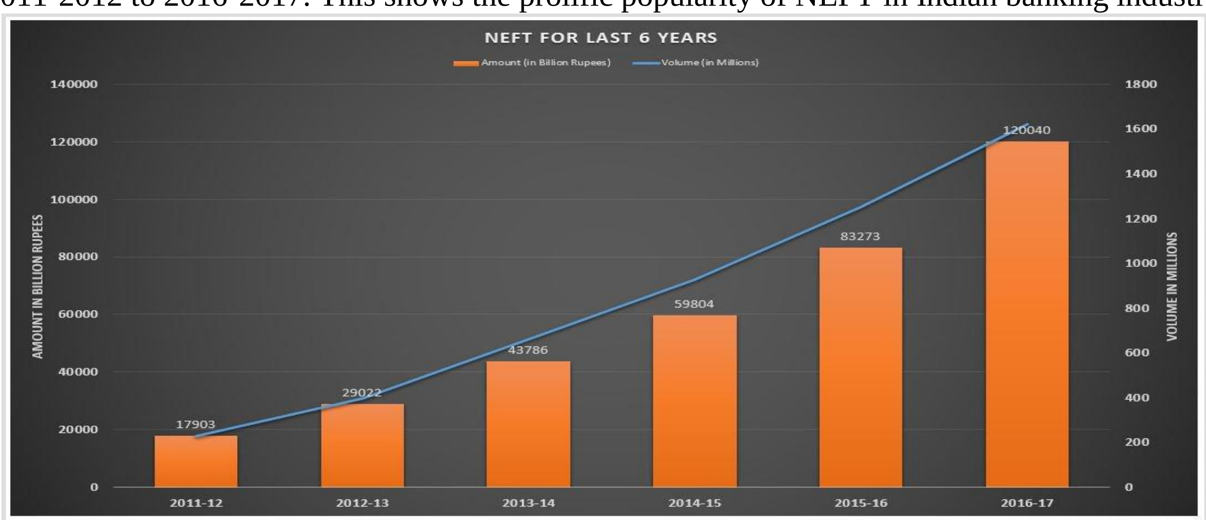
National Electronic Fund Transfer is a method of transferring money electronically; basically it is used for retails payment which is generally less than 2 lakh, however there is no upper limit as one can transfer any amount through NEFT. Generally NEFT payment is processed in batches rather than individually.

Table: 1 Growth in NEFT

Year	Volume(million)	Value (Billion)
2011-2012	226.1	17,903.50
2012-2013	394.1	29,022.40
2013-2014	661	43,785.50
2014-2015	927.6	59,803.80
2015-2016	1252.9	83,273.00
2016-2017	1622.1	1,20,040.00

Source: RBI reports from 2011 to 2017

Transactions related to customer remittances have increased from 226.1 million to 1622.1 million in the year 2011-2012 to 2016-2017. This shows the prolific popularity of NEFT in Indian banking industry.



Graph:1 NEFT growth in last 6 years; Sources: RBI Data base

2. RTGS-Real time Gross Settlement

RTGS, which was introduced in 2004 by RBI, is mechanism, in which one can transfer money from any bank account to any other bank account holder in India in real time in business hours of RTGS, which allow a real time settlement on gross basis. The minimum amount to be remitted through RTGS is 2 lacs and no upper ceiling is there but however can vary between banks.

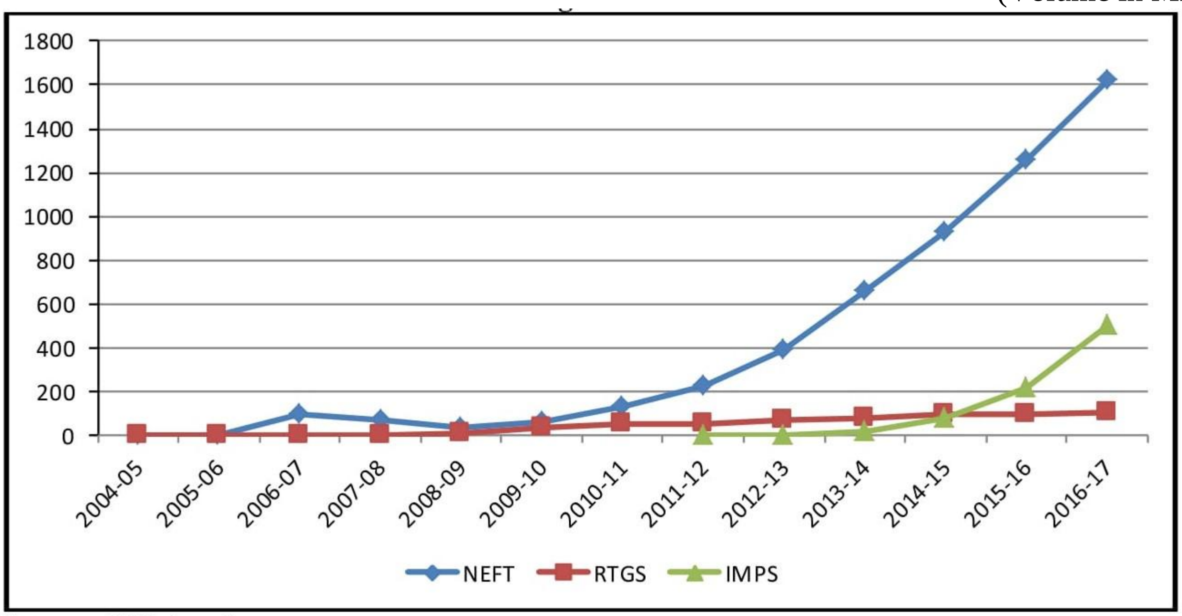
Table: 2 Growth of RTGS

Year	Volume(Million)	Value (Billion)
2011-2012	55	5,39,307.50
2012-2013	68.5	6,76,841.00
2013-2014	81.1	7,34,252.40
2014-2015	92.8	7,54,032.40
2015-2016	98.4	8,24,578.00
2016-2017	107.8	9,81,904.00

Growth of RTGS; Source: RBI reports from 2011 to 2017

The reach and utilisation of RTGS has shown a sustainable increase since its introduction. Transactions related to customer remittances have raised from 55 million to 98.4 million in the year 2011-2012 to 2016-2017. This shows the increasing popularity of RTGS in Indian banking industry in the following graph

(Volume in Millions)



Source: *RBI data base*

Graph 2: Comparative of growth in NEFT, RTGS, IMPS-Volumes

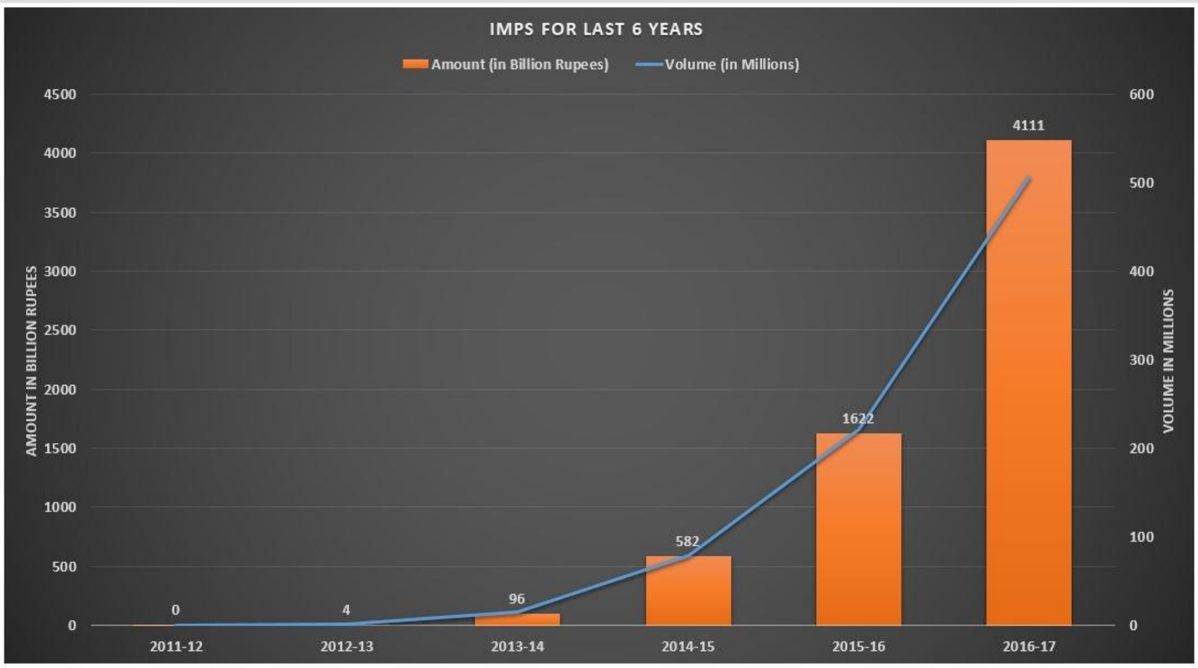
3. IMPS-Immediate payment service

IMPS, immediate payment service is also known as Interbank Mobile Payment Service means funds are transferred electronically by mobile phone services. IMPS is a mobile based payment service as the customers use mobile phones as a medium for transferring funds. IMPS is an easy and immediate mode of transferring the funds immediately from one account to the other account, within the same bank or accounts across other banks.

Table 3: Growth of IMPS; Source: RBI reports from 2011 to 2017

Year	Volume(Millions)	Value (Billions)
2011-2012	0.1	0.4
2012-2013	1.2	4.3
2013-2014	15.4	95.80
2014-2015	78.4	581.90
2015-2016	220.8	1,622
2016-2017	506.7	4116

The reach and utilisation of IMPS has shown at prolific pace since its nascent stage. Transactions have increased from 0.1 million to 506.7 million in the year 2011-2012 to 2016-2017, which shows in the following graph the phenomenal popularity of IMPS in Indian banking industry.



Graph: 3 IMPs Growth in last 6 years

Source: RBI data base

4. Objective of the study

1. To demystify the concept of NEFT, RTGS & IMPS.
2. To analyse the growth of NEFT, RTGS & IMPS in India.

5. Research Methodology

It is a conceptual study and descriptive in nature with detailed available review of literature.

6. Literature Review

Ankit Kesharwani, Shailendra Singh Bisht (2012) in context to adoption of internet banking under security and privacy threat in India, this study manage to extend the Technology Acceptance Model (TAM). The study shows that trust has a negative effect on perceived risk and perceived risk has a negative effect on behavioural intention of internet banking adoption. A well-designed web site was also found to be useful in facilitating easier usage and also minimizing perceived risk concerns regarding internet banking use.

Anitha & Vasantha (2013) examined the awareness and utility of technology in banking sector and how people use of its products and services. This research considers the factors, which effect customers towards technology in banking services and also recommend solutions to help effective and efficient utilisation of technology in banking. Four component for Customer's preferences viz. 'convenience, confidence, safety and easy' has been taken into consideration in data analysis.

Dr. Nitin Gupta and Aditi Yadav (2017) in this paper explored regarding the current and future prospects of e banking payment system to the customer, to analyse the effects of cashless policy compare to cash policy and to recognise the problem and solution of online payment system on individual customer. In this study it was found that vast difference exist in products such as NEFT, ECS (Debit), electronic clearing and Card Products when we compare the period before and after formation of NPCI.

7. Conclusion

From above analysis, NEFT is having highest in terms of volume; although in terms of value in billions, RTGS outcast both NEFT & IMPS.

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