E - Mandate
Customer initiates mandate in physical form

Corporate / Sponsor bank scans and upload the image of the mandate into Mandate Management System (MMS) of NACH.

System validates the data and images and generate UMR number

Mandate data and images delivered to the destination bank

Destination bank validates the customer details and signature and either accepts or rejects the mandate

Destination bank uploads the mandate data with accepted or rejected file

T+5 TAT for destination bank for processing the mandates

Corporate can initiate transactions on accepted mandates
### Summary

<table>
<thead>
<tr>
<th>Month</th>
<th>Processed</th>
<th>Rejected</th>
<th>Rejection percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct'16</td>
<td>15,07,895</td>
<td>3,67,279</td>
<td>24.4%</td>
</tr>
<tr>
<td>Nov'16</td>
<td>18,16,413</td>
<td>4,31,034</td>
<td>23.7%</td>
</tr>
<tr>
<td>Dec'16</td>
<td>16,97,226</td>
<td>4,23,110</td>
<td>24.9%</td>
</tr>
<tr>
<td>Jan'17</td>
<td>18,74,388</td>
<td>4,90,837</td>
<td>26.2%</td>
</tr>
<tr>
<td>Feb'17</td>
<td>17,98,178</td>
<td>4,71,610</td>
<td>26.2%</td>
</tr>
<tr>
<td>Mar'17</td>
<td>25,24,432</td>
<td>6,18,542</td>
<td>24.5%</td>
</tr>
</tbody>
</table>

Active mandates as on May 09, 2017 is 2.57 crores  
Rejections due to signature mis-match is around 10%
Constraints

- Man power intensive, lesser scope for automation
- Incorrect or incomplete details in the mandate form - no checks and balances
- High %age of returns
- Absence of standard operating procedure for processing mandates
- Time lag in authorizing the mandates
- Expiry of the mandates - reprocessing by sponsor bank
- Duplicate presentation of mandates by corporates and sponsor bank
- In slight signature variant cases customer may deny having issued the mandate at a later date
What is E-Mandate?

- Movement of mandates electronically between banks with the attributes of customer authentication
- Image not mandatory

Objective

- Creation of an authenticated mandate by the customer himself through electronic channels
- Shorter mandate acceptance cycle
- Secured and assured mandate acceptance
E-mandate through API

- Mandate data captured through webpage provided by corporate/aggregator
- Customer authenticates the mandate through internet banking/Debit card
- Pre-approved mandate data captured at destination bank is uploaded to NACH
- Sponsor bank to accept the mandates on the basis of arrangement with the corporates
- Identifier provided in UMR number to identify the mandate (5th digit ‘7’)
Variants of E-mandate

E-mandate through eSign

- Digital mandate using Aadhaar based eSign using certificate issued by UIDAI
- E-Sign of the customer will be passed on by the sponsor bank to the destination bank
- Destination bank to verify the E-sign and accept or reject the mandate
- Aadhaar mapping to the account number is mandatory
- Identifier provided in UMR number to identify the mandate (5th digit ‘6’)
E-mandate through API
• Corporate/aggregator provides a web page for customer to capture/submit all the mandate related information

• Each mandate form should have a unique reference number assigned by the corporate and same should be part of mandate data

• The web page post capturing the data should be directed to customer’s banking page to select internet banking or debit card option (Payment gateway/ NPCI gateway)

• Customers authorize the mandate by through internet banking/ Debit card credentials

• Destination bank to upload the pre approved mandate data into NACH system

• Sponsor bank accept the mandates and provide mandate details to respective corporate for initiating transactions
Develop a web page incorporating all the fields as per the mandate format
There should be an unique reference number for each mandate
The terms & conditions detailed in the mandate should be displayed and acceptance of terms and conditions should be made mandatory
Ensure the 4 digit sponsor bank code is part of the data
Clear agreement with the sponsor bank before providing the sponsor bank code
Banks page only after the mandate format is completely filled
Will be liable for any loss or damage on account of incorrect UMRN updation and its consequences
E-mandate through eSign
Process flow

Registration of beneficiary Aadhaar number at destination bank

Corporate / Sponsor bank to provide web page for capturing customer mandate data

Customer to input the mandate details along Aadhaar number

Obtaining digital certificate from UIDAI either using biometric or OTP authentication

ASP (Application Service provider) to integrate with ESP (eSign Service provider) to get the mandate document embedded with eSign

Corporate or ASP to consolidate original data xml with eSign response xml and upload in NACH platform as a single xml file to destination bank through MMS
Destination bank to validate the eSign and mandate data in the xml file using validation tool

Destination bank to either “Accept” or “Reject” eSign mandates within defined TAT

On successful verification of mandate by destination bank, sponsor bank should submit the UMRN details along with the response file to the corporate

Corporate should update the UMRN in their database based on their internal reference number

If the mandate is rejected for any reason, the sponsor bank at the request of the customer should issue a return/reject memo providing exact reason as defined in NACH system
E-Mandate through eSign

- **Origination**
  - Sponsor bank
  - Acceptance Rejection
  - Mandate Data upload
  - SMS before the first transaction

- **ESP**
  - Mandate initiation
  - Bio metric or OTP
  - Response

- **UIDAI**
  - Acceptance
  - Rejection
  - SMS Receipt of the mandate

- **Processing**
  - Destination bank
  - SMS rejection with reason

- **Corporates**
  - ASP eSign
  - MIS accepted mandates

**Notes:**
- E-mandate
- SMS
- Acceptance
- Rejection
- UIDAI
- ESP
- Customer
- Response
Corporate

- Develop a web page providing incorporating all the fields as per the mandate format
- A unique reference number for each mandate
- The terms & conditions detailed in the mandate should be displayed and acceptance of terms and conditions should be made mandatory
- Corporate should enrol with eSign service provider (ESP) as Application service provider (ASP)
- Integration of application with ESP
- Should be enabled with accepting Biometric / OTP
- Updation of UMRN in database based on the unique reference number
- SMS to be sent customers with UMRN details
Amendment and cancellation

- Only banks will be able to amend/cancel.
- Customer has to approach his/her bank for mandate amendment/cancellation.
- Cancellation is possible only when mandates are accepted by the sponsor/destination bank.
Reduction of TAT

Eliminating signature differs rejections

Automation

Eliminating the movement of physical mandate

Data accuracy
Thank you