



FAO:

Reserve Bank of India

To: P. Vasudevan, Rabi Shankar and M. Rajesh
Via email

Merchant Risk Council,
1-3 Burton Hall Park,
Burton Hall Road,
Dublin 18,
Ireland.

Copied to:

Ministry of Electronics and Information Technology

To: Archana Dureja, Vijay Kumar, Kunaal P, Saurabh Gaur, Rakesh Maheshwari, Rahul Gosain, Rajesh Suri, Chandrakar Ajay

Ministry of Finance

To: Tarun Bajaj (Revenue Secretary), Anil Kumar Jha (Additional Secretary),

Tuesday, 7th September 2021

Dear Sirs,

I hope you, your families and all the staff at the Reserve Bank of India are keeping safe and well during these continuing times of a global pandemic.

I am writing on behalf of the Merchant Risk Council (MRC) and our members to voice our concerns regarding the imminent payments mandates that impact merchants doing business in India, including:

- e-Mandate on Cards for Recurring Transactions, and
- Card-On-File (COF) Storage Restrictions

MRC is a global membership organization connecting eCommerce fraud and payments professionals through educational programs, online forums, career development, conferences, and networking events.

I personally am responsible for MRC Global Expansion as well as Member Advocacy. I have several industry roles including Special Advisor to the European Commission, representing our members on the Payment Systems Market Expert Group (PSMEG). I also have a wider role, representing the Voice of the Merchant in the Asia Pacific region.



We are acutely aware the RBI has taken, and continues to take, necessary steps to standardize subscription services to encourage more trust amongst consumers in this payment method. The RBI has set the guard rails to enable consumer protection and awareness. We congratulate and admire you for your focus on consumer safety.

We have been consulting with our members (who include 85% of the largest eCommerce global retail brands (e.g., Amazon, Google, Netflix, Sony, Microsoft, etc.), acquiring processors, Payment Service Providers, card issuers, card schemes and consulting firms; as well as 50+ law enforcement agencies) and wish to relay to you what we are hearing in terms of the concerns around meeting the respective deadlines for compliance, especially during these unprecedented times.

As with all security issues, MRC welcomes solutions and regulations that help the payments ecosystem to run better, more securely and in a convenient manner for merchants and consumers. However, we are concerned the regulated bodies have not taken sufficient action to facilitate a frictionless transition for their subscription customers, who are also the same customers of our merchant members operating in India.

We fear chaos in the coming months as consumers wonder why their subscriptions are being cancelled for non-payment due to a lack of consumer education on the changes and inaction by the relevant card issuing banks in compliance with the prescribed requirements.

Our members have worked hard over the past few years to ensure card payments are as secure as possible, keeping up to date with Payment Card Industry Data Security Standards, complying with Secure Cardholder Authentication methods, card scheme rule adherence, etc. While our merchant members do not fall under the definition of regulated entities under the applicable and updated regulations, they, and their customers, suffer the ultimate impact when regulated entities delay in making the required changes.



Furthermore, international merchants with international payment processors, have no way of complying with the e-mandate for recurring transactions. A solution currently only exists for domestic merchants and domestic processors.

Card issuing banks should provide customers with options, communicate the changes, arrange to send pre-notifications, etc. but we understand from on-ground interactions they are not yet ready to do this. We welcome an opportunity to facilitate new issuer-merchant conversation. They share the same customer.

We want to help stakeholders deliver on the requirements, comply with the new regulations, help you make the system more secure, while avoiding confusion for the consumer, through collaboration and engagement. It is a strength of the MRC that we can provide this kind of collaboration for both members and non-members of our organisation, for the greater good of the payment ecosystem. We take pride in helping payment service providers to meet their regulatory requirements and keep payments systems secure.

In the context of Tokens, we are encouraged by the RBI's move to extend tokenization to a wide variety of devices, including wearables and other IOT devices. However, in line with global best practices, we request you to consider permitting device-agnostic Card-On-File (COF) tokenization. COF tokens provide strong merchant-cardholder binding security, do not add undue friction for consumers, and in the wider scheme of things help achieve interoperability within the payments ecosystem. However, given that no approval exists now for COF Tokens, we request that the payments ecosystem be permitted time to build into COF Token solution, integrate all relevant players with it, and educate consumers.

As you are undoubtedly aware, due to the COVID-19 pandemic, all our member organizations are operating on limited resources. Everyone has had to refocus their attention and redirect business strategies to remain open and in business. For most companies, this has meant operating with a much-reduced workforce either due to illness, lay-offs, or necessary furloughs. eCommerce merchants are experiencing greater demand



than ever before. There are multiple dependencies and while this added pressure is a reality for our members, all are required to work together to meet the required changes.

The impact of COVID-19 on that ecosystem is proving to be a great challenge to enable those businesses to deliver a controlled and effective implementation, while engaging the regulated bodies, the card issuers.

We implore the RBI to consider appropriate measures to ensure a seamless delivery of the new regulations. An additional six months for the market to be fully ready on the e-mandate circular compliance, and twelve months on COF compliance (given the absence of an approved solution as of today) is a reasonable ask. As a payments industry organization, focussed on fraud prevention, risk management and enabling efficiencies (e.g., avoiding a high level of declines by avoiding a poor rollout) in retail markets, MRC and our members remain committed to the implementation of the new regulations. We want the changes to be done well and collaboratively. A further deadline in 2022 would help our members ensure this important implementation is done well and therefore deliver its intended purpose. MRC is a non-profit organization, and we intend to work with all parties to connect those who need to engage to make this work.

We welcome your comments, are happy to take any questions you may have and hope you will consider our earnest request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Una Dillon', is positioned below the word 'Sincerely,'.



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Building Better Commerce

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