NPCI/2025-26/UPI/221 **Sep 12, 2025**

To,

All Members of Unified Payment Interface (UPI)

<u>Subject: Implementation of L5C compliance penalty in URCS for Lite L5 transactions</u>

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. 21st Oct 2025.

Warm Regards,

SD/-
Giridhar GM
Chief – Customer Success

1001A, The Capital, B Wing, 10th Floor,
Bandra Kurla Complex, Bandra (E), Mumbai 400 051.
T: +91 22 40009100 F: +91 22 40009101
contact@npci.org.in www.npci.org.in
CIN: U74990MH2008NPL189067

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. (2nd 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. (2nd 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	Penalty
T+0 Mon	01-Aug-25	L5 updated date in raw file (1st 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]	[TXnType]	[Remitter]	[Beneficiary]	[Payer PSP]	[Payee PSP]	[Amount]	[Penality Amount]	[Txn/Adj Date]	[CalendarDay]	[PenaltySettledDate]
11088376534649c5b2309a63485637c2	622586159277	L5	U3	HDF	HDF	HDF	HDF	5	50	15-03-2025 12:26:31	26-05-2025 00:00	26-05-2025 00:00
ab99161fdf21454181a8071a5c8fe81a	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
8b8baf7dc81d447aad07ce818d9da21a	622586159277	L5	U3	HDF	HDF	HDF	HDF	5	50	30-12-2024 19:07:40	26-05-2025 00:00	26-05-2025 00:00
92058fef06384c40a28c9b5507824704	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	861238710365	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
9e7b6fb4e05c4a74aeaecbe9f078c272	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
ba64e9ff326e454482c8bc8138Jae775	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
B360368d817c45bdbc4dff8d5baee857	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 11:20:05	26-05-2025 00:00	26-05-2025 00:00
a551eb3e177f45b5b31821d9e3f216f9	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
ab99161fdf21454181a8071a5c8fe81a	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