

RBI/2021-22/175

DoS.CO.PPG.SEC/10/11.01.005/2021-22

February 23, 2022

All Non-Banking Financial Companies

Madam / Dear Sir,

Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs)

A reference is invited to para 3.2.3 (j) of the [Reserve Bank's Circular Ref. DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021](#) on 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' in terms of which NBFCs with 10 and more branches are mandated to adopt Core Banking Solution.

2. Accordingly, it has been decided that NBFCs – Middle Layer and NBFCs - Upper Layer with 10 and more 'Fixed point service delivery units'¹ as on October 1, 2022 shall be mandatorily required to implement 'Core Financial Services Solution (CFSS)', akin to the Core Banking Solution (CBS) adopted by banks. The CFSS shall provide for seamless customer interface in digital offerings and transactions relating to products and services with anywhere / anytime facility, enable integration of NBFCs' functions, provide centralised database and accounting records, and be able to generate suitable MIS, both for internal purposes and regulatory reporting.

3. The timeframe for implementation of the requirement as indicated in Para 2 above shall be as under:

¹ For the purpose of this Circular, a 'Fixed point service delivery unit' is a place of operation from where the business activity of non-banking financial intermediation is carried out by the NBFC and which is manned either by its own staff or outsourced agents. It carries uniform signage with name of the NBFC and functions under administrative control of the NBFC. Administrative Offices and Back Offices which do not have any direct interface with customers should not be treated as a 'Fixed point service delivery unit'.



Category of NBFC	Timeframe for implementation
NBFC – Middle and Upper Layers with 10 or more 'Fixed point service delivery units'	On or before September 30, 2025 However, NBFC-UL shall ensure that the CFSS is implemented at least in 70 per cent of 'Fixed point service delivery units' on or before September 30, 2024.
NBFC – Base Layer and NBFC – Middle and Upper Layers with fewer than 10 'Fixed point service delivery units'	Not mandatory. However, they may consider implementation of a Core Financial Services Solution for their own benefit.

4. A quarterly progress report on implementation of the Core Financial Services Solution, along with various milestones as approved by the Board / Committee of the Board, shall be furnished by the NBFC to the Senior Supervisory Manager (SSM) Office of Reserve Bank starting from quarter ending March 31, 2023.

5. This circular is issued under Sections 45L and 45M of Reserve Bank of India Act, 1934.

Yours faithfully,

(Arnab Kumar Chowdhury)
Chief General Manager