	Bank Mergers
SOP – Ret	ween Sponsor Banks, Ministries/Depts/External
	Systems and PFMS for Bank Mergers
	Prepared for Controller General of Accounts, Ministry of Finance
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# **Revision and Signoff Sheet**

# **Change Record**

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03-sep-2019	Naveen Mehndiratta	1.1	Covered multiple scenario's related to merger
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### **Reviewers**

Name	Version Approved	Position	Date
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#### 1 Introduction

It is known fact that huge no. of payment transactions are happening through integration of Banks and PFMS. For this purpose, only, PFMS maintain the list of Banks and their branches including IFSC code. Bank/Branch masters maintained by PFMS are also in turn used by many external systems integrated with PFMS for DBT/REAT payments. Any change in bank name or deactivation of any bank or IFSC code has a huge impact on the entities like Agencies, Vendors and beneficiaries which are already registered in PFMS and external systems using the Bank or IFSC code which is going to be deactivated. There payments will start rejecting if the proper process is not followed for activities which lead to deactivation/Change in Bank name and IFSC code.

## 2 Purpose of this document

Purpose of this document is define the process, roles and responsibilities of involved stakeholders specifically for activities involved in Bank Mergers so that there is minimal impact on the ongoing payments through PFMS for already registered Agencies/Vendors/Beneficiaries. Bank Merger in this document refers to merger of CBS systems of Banks

## 3 Bank Merger Situations visualized and actions expected

Scenario's	Bank Actions	Ministry/Dept/Agency Actions	PFMS Actions
Morgor of Pank "A"	1. Bank A to inform	7.00.01.0	1 For the agencies using
Merger of Bank "A"		1. Updation of Bank	1. For the agencies using
with Bank "B" forming	all the account	Name and IFSC code	PFMS UI for payments,
Bank "B" without any	holders/Stake	for beneficiaries of	PFMS will give proper
change in Bank	holders like	Bank A in their system	error message in
account of account	Agencies, PFMS,	2. External systems to	Payment
holders of both the	Ministries etc	push the updated bank	Process/Beneficiary
banks.	regarding change in	account details of	Management Processes
	their IFSC code.	beneficiary for	for branches/Banks which
(Here Bank B will allot	2. Bank A has to clear	revalidation to PFMS	have got merged so that
new IFSC code to all	all the pendency of	(update request i.e.	agency can take
branches of Bank A.	status for PFMS	with 'U' flag) with new	corrective action for
	transactions	bank related values.	correction of Bank details
Beneficiaries of Bank A	3. Bank B has to	3. Agencies of Bank A	of beneficiaries.
will get new IFSC code	honour the PFMS	has to update scheme	2. PFMS will deactivate
but their Account	transactions	Bank account details in	the Bank 'A' and it's
Number will remain	generated for Bank A	PFMS for themselves	branches in PFMS only
same	for min. three	as well as for their	after three months of
	months even after	Beneficiaries and	technical merger (to be
There will be no	merger to handle the	Vendors who are	informed by bank B to
change in Bank	in pipeline	holding Bank Account	PFMS in writing) or if
Account Details [IFSC	transactions.	in Bank A.	when all the agencies
code and Account No]	4. Bank B has to keep	4. This activity needs to	have got migrated to new
	the SFTP of Bank A	be completed within	Bank

of beneficiaries of Bank B)	operational as usual till all the agencies change their Bank details in PFMS and new payment files stop coming on SFTP of Bank A.	three months of merger	2. If PFMS receive the payment file from external systems containing old Bank name/IFSC Code/Account no. after technical merger, PFMS will reject the payment file with new standard error code indicating Merger of Banks.
b) Merger of Bank "A" with Bank "B" forming Bank "B" with Change in existing Bank account no. of account holders of Bank A  (Here Bank B will allot new IFSC code to all branches of Bank A.  There will be change in Bank Account Details [IFSC code and Account No] of Beneficiaries of Bank A. Bank B will allot new account numbers and new IFSC code to all beneficiaries of Bank A.  There will be no change in Bank Account Details [IFSC code and Account No] of beneficiaries of Bank B)	1. Bank A to inform all their account holders, Stake holders like Agencies, PFMS, Ministries etc about changed bank account details [IFSC code and Account Number] of their beneficiaries and agencies  2. Bank A has to clear all the pendency of status for PFMS transactions  3. Bank B has to honour the PFMS transactions generated for Bank A for min. three months even after technical merger to handle the in pipeline transactions  4. Bank B has to keep the SFTP of Bank A operational as usual till all the agencies in	1. Update of Bank Name , IFSC code and Account No. for all beneficiaries of Bank A in their system  2. External systems to push the updated bank account details of beneficiary for revalidation to PFMS (update request i.e. with 'U' flag) with new bank related values.  3. Agencies of Bank A has to update scheme Bank account details in PFMS for themselves as well as for their Beneficiaries and Vendors who are holding Bank Account in Bank A.  4. This activity needs to be completed within three months of merger	1. To make change in UI process to give proper error message for branches/Banks which have got merged  2. PFMS will deactivate the Bank 'A' and it's branches in PFMS only after three months of merger or if when all the agencies have got migrated to new Bank.  3. If PFMS receive the payment file containing old Bank name/IFSC Code/Account no. after merger, PFMS will reject the payment file with new standard error code indicating Merger of Banks.

	change their Bank details in PFMS and new payment files stop coming on SFTP of Bank A.		
c) Merger of Bank	1. Bank A & B to	1. Update of Bank	1. For the agencies using
"A" with Bank "B"	inform all the	Name , IFSC code and	PFMS UI for payments,
forming Bank "B" with Change in existing	account holders/Stake	Account No. for beneficiaries of Bank A	PFMS will give proper error message in
Bank account no. of	holders like	& B in their system	Payment
account holders of	Agencies, PFMS,	, , , , , , , , , , , , , , , , , , , ,	Process/Beneficiary
Bank A as well as Bank	Ministries etc	2. External systems to	Management Processes
В	regarding change	push the beneficiary	for branches/Banks which
	in the bank	update request i.e.	have got merged so that
(Here Bank B will allot	account details of their beneficiaries	with 'U' flag to PFMS with new bank related	agency can take corrective action for
new IFSC code to all	( Account Number	values.	correction of Bank details
branches of Bank A.	and/or IFSC code).		of beneficiaries
	2. Both the banks	3. Agencies of Bank A	
There will be change in	have to clear all	& B has to update	2. PFMS will deactivate
Bank Account Details	the pendency of	scheme Bank account	the Bank 'A' and it's
[IFSC code and Account No] of Beneficiaries of	status for PFMS transactions.	details in PFMS for themselves as well as	branches in PFMS only after three months of
both Bank A as well as	3. Bank B has to	for their Beneficiaries	merger or if when all the
Bank B. Bank A	honour the PFMS	and Vendors who are	agencies have got
beneficiaries will get	transactions	holding Bank Account	migrated to new Bank
new IFSC code as well	generated for	in Bank A and Bank B.	
new Account Number	Bank A as well as	A This call the conductor	3. If PFMS receive the
where as Bank B beneficiaries will get	with Old Account No. of Bank B for	4. This activity needs to be completed within	payment file containing old Bank name/IFSC
new Account number	minimum three	three months of	Code/Account no. after
only.	months even after	merger	merger, PFMS will reject
)	merger to handle		the payment file with
	the in pipeline		new standard error code
	transactions. 4. Bank B has to		indicating Merger of Banks.
	keep the SFTP of		Dailks.
	1	İ	1

Bank A

	anaustianal sa		
	operational as		
	usual till all the		
	agencies change		
	their Bank details		
	in PFMS and new		
	payment files stop		
	coming on SFTP of		
	Bank A.		
	5. Bank B for its own		
	accounts will keep		
	the mapping table		
	of their old		
	account numbers		
	and new account		
	numbers and		
	continue to		
	process payments		
	with old account		
	numbers till all		
	the agencies		
	change their Bank		
	details in PFMS		
	and no new		
	payments get		
	generated with		
	old account		
	number.		
d) Merger of Bank	1. Both Bank A & B to	1. Update of Bank	1. For the agencies using
"A" with Bank "B"	inform all the	Name , IFSC code for	PFMS UI for payments,
forming Bank "C"	account	beneficiaries of Bank A	PFMS will give proper
without any change in	holders/Stake	& B in their system	error message in
Bank account of	holders like	2. External systems to	Payment
account holders of	Agencies, PFMS,	push the beneficiary	Process/Beneficiary
both the banks	Ministries etc about	update request i.e.	Management Processes
	change in the IFSC	with 'U' flag to PFMS	for branches/Banks which
(Here Bank C will allot	code of the branch.	with new bank related	have got merged so that
new IFSC code to all	Todac or the brunen.	values.	agency can take
branches of Bank A and	2. Bank A & B has to	3. Agencies of Bank A &	corrective action for
Bank B.	clear all the	B has to update	correction of Bank details
Bullik D.	pendency of status	scheme Bank account	of beneficiaries
Account number of	for PFMS	details in PFMS for	2. PFMS will deactivate
beneficiaries and	transactions	themselves as well as	
			the Bank 'A', 'B' and their
agencies of both the	3. Bank C has to	for their Beneficiaries	branches in PFMS only
banks will remain	honour the PFMS	and Vendors who are	after three months of
same. Only the IFSC	transactions	holding Bank Account	merger or if when all the
code of their bank	generated for Bank A	in Bank A.	agencies have got
account details will	& B for min. three	4. This activity needs to	migrated to new Bank
change)	months even after	be completed within	

	merger to handle the in pipeline transactions. 4. Bank 'C' has to keep the SFTP of Bank A & B operational as usual	three months of merger	3. If PFMS receive the payment file containing old Bank name/IFSC Code/Account no. after merger, PFMS will reject the payment file with new standard error code
	till all the agencies in change their Bank details in PFMS and new payment files stop coming on SFTP of Bank A.		indicating Merger of Banks.
e) Merger of Bank "A" with Bank "B" forming Bank "C" with Change in existing	1. Both Bank A & B to inform all the account holders/Stake	1. Updation of Bank Name , IFSC code and Account Number for beneficiaries of Bank A.	1. For the agencies using PFMS UI for payments, PFMS will give proper error message in
Bank account no. of	holders like	For Bank B only bank	Payment
account holders of	Agencies, PFMS,	name and IFSC code of	Process/Beneficiary
Bank A	Ministries regarding	beneficiaries are to be	Management Processes
(Here Bank C will allot new IFSC code to all branches of Bank A and Bank B. Account number of	the merger and changes etc 2. Bank A & B has to clear all the pendency of status for PFMS transactions	changed in their system 2. External systems to push the beneficiary update request i.e. with 'U' flag to PFMS with new bank related	for branches/Banks which have got merged so that agency can take corrective action for correction of Bank details of beneficiaries  2. PFMS will deactivate
beneficiaries and	3. Bank C has to	values.	the Bank 'A', 'B' and their
agencies of bank B will	honour the PFMS	3. Agencies of Bank A &	branches in PFMS only
remain same but for Bank A new account	transactions generated for Bank A	B has to update scheme Bank account	after three months of merger or if when all the
numbers will be	& B for min. three	details in PFMS for	agencies have got
allotted by bank C)	months even after	themselves as well as	migrated to new Bank
	merger to handle the	for their Beneficiaries	3. If PFMS receive the
	in pipeline transactions	and Vendors who are holding Bank Account	payment file containing old Bank name/IFSC
	4. Bank 'C' has to	in Bank A.	Code/Account no. after
	keep the SFTP of	4. This activity needs to	merger, PFMS will reject
	Bank A & B	be completed within	the payment file with
	operational as usual	three months of	new standard error code
	till all the agencies change their Bank	merger	indicating Merger of Banks.
	details in PFMS and		Jan. Moi
	new payment files		

	stop coming on SFTP		
	of Bank A and B.		
F) Merger of Bank "A" with Bank "B" forming Bank "C" with Change in existing Bank account no. of account holders of Bank A as well as Bank B  (Here Bank C will allot new IFSC code to all branches of Bank A and Bank B.  Account number of beneficiaries and agencies of both bank A and bank B will change and new account numbers will be allotted by bank C)	of Bank A and B.  1. Bank A & B to inform all the account holders/Stake holders like Agencies, PFMS, Ministries regarding the merger and changes in their IFSC codes and account numbers of their agencies and beneficiaries etc.  2. Bank A & B has to clear all the pendency of status for PFMS transactions.  3. Bank C has to honour the PFMS transactions generated for Bank A & B which may be with old Account no. also for of min. three	1. Updation of Bank Name , IFSC code and Account No. for beneficiaries of Bank A & B in their system  2. External systems to push the beneficiary update request i.e. with 'U' flag to PFMS with new bank related values.  3. Agencies of Bank A & B has to update scheme Bank account details in PFMS for themselves as well as for their Beneficiaries and Vendors who are holding Bank Account in Bank A.  4. This activity needs to be completed within	1. For the agencies using PFMS UI for payments, PFMS will give proper error message in Payment Process/Beneficiary Management Processes for branches/Banks which have got merged so that agency can take corrective action for correction of Bank details of beneficiaries  2. PFMS will deactivate the Bank 'A', 'B' and their branches in PFMS only after three months of merger or if when all the agencies have got migrated to new Bank  3. If PFMS receive the
change and new account numbers will	transactions. 3. Bank C has to honour the PFMS transactions generated for Bank A &B which may be with old Account no.	themselves as well as for their Beneficiaries and Vendors who are holding Bank Account in Bank A.  4. This activity needs to	their branches in PFMS only after three months of merger or if when all the agencies have got migrated to new Bank
	till all the agencies in change their Bank details in PFMS and new payment files stop coming on SFTP of Bank A.		

Similarly, there can be mergers of more than two Banks.

#### 4 Actions for Banks

- a) Banks have to inform all the stakeholders about the merger well in advance
- b) Technical Merger of CBS systems of all merged Banks i.e. when the old Bank becomes inactive so that PFMS can deactivate the merged banks IFSC details and also start pushing payment files of merged banks to SFTP of lead bank.
- c) Sharing Revised BSR codes (7 digit) with PFMS, if any for various branches.
- d) Sharing of New IFSC codes for branches along with mapping with Old IFSC code with PFMS. While allotting new IFSC codes, lead bank must ensure that all the branches have been allotted unique IFSC code. No two branches should be allotted same IFSC code as being done by Coorperative banks/RRBs
- e) Sharing of details on Addition of new branches if any.
- f) New IP WhiteListing / New folders creation and new paths to be configured on Bank's SFTP.
- g) Sharing Revised account rule with PFMS.
- h) Revised / New Bank name, if any
- i) Bank has to clear all the pendency of transactions status sharing with PFMS for the bank getting merged including settlement of funds, submission of scrolls
- j) Banks has to follow up with all the agencies which are getting affected because of merger with respect to change of Bank or Change of Account no. or IFSC code and ensure that they update their details in PFMS.
- k) Banks have to follow up with all the Ministries/ State Department/Agencies whose Beneficiaries/Vendors are getting affected because of merger with respect to change of Bank or Change of Account no. or IFSC code and ensure that they update their details in external systems if any as well as in PFMS.
- Bank has to honour the PFMS transactions generated for banks getting merged which may be with old Account no. also for of min. three months even after merger to handle the in pipeline transactions
- m) Bank has to keep the SFTP of Banks getting merged operational as usual till all the agencies change their Bank details in PFMS and new payment files stop coming on SFTP of Bank getting merged.
- n) Until the technical merger is completed, PFMS will treat all the Banks as separate Banks. Once the technical merger is complete, Lead Bank shall inform PFMS to deactivate old IFSCs.
- o) Lead bank will ensure obtaining necessary privileges from RBI for settlement of funds of Ministries accredited to Merging Banks.
- p) Lead bank of the merging banks will ensure implementation of Govt. Banking software in all focal point branches and dealing branches of merging banks.
- q) Lead Bank to take all the necessary actions to work as e-FPB for e-Payments and e-Receipts of the concerned Ministries

Annexure A contain the format of excel file in which Banks have to share the information with PFMS

#### 5 Actions at PFMS side

- a) Bank Master Table Updation.
- b) Status change of merged Banks as "MERGED WITH ANOTHER BANK" and not Inactive.
- c) New Bank naming and addition / transfer of merged branches with new Bank.
- d) Whitelisting of fresh IP address and paths to be shared with new Bank.
- e) Configuration at PFMS end for integration with Bank if there is any change folder structure
- f) Removal of configuration for file pickup for the banks which have got merged and no longer active.
- g) Updation of revised Bank Account rule.
- h) BSR updation.
- i) IFSC updation.
- j) Updation of Bank code (3 digit numeric) of merged Banks

## 6 Actions for Ministry/Dept/External System/Agency

- a) Update of Bank Name, IFSC code and Account No. for beneficiaries/Vendors/Agencies as per the details mentioned in Section 3 in their systems(External Systems) which are integrated with PFMS for Payment/MIS purpose.
- b) Agencies to update their Bank Account details in PFMS if getting effected because of Merger.
- c) Updation of Bank Name, IFSC code and Account No. for beneficiaries/Vendors by the agencies in PFMS who are using PFMS UI for performing their payment operations
- d) External systems to push the beneficiary update request i.e. with 'U' flag to PFMS with new bank related values so that PFMS beneficiary data also get updated with new details. After this update exercise, External system can push the beneficiary payment files with new bank details.
- e) This activity needs to be completed by the external system within three months of merger as the old Banks/Branches/IFSC codes will become inactive in PFMS as well as at Bank level after three months

## 7 Undertaking from Banks and Actions required

Newly formed Bank has to share undertaking with PFMS duly signed by bank official not below the rank of GM that PFMS may change the name of Bank for Implementing Agencies and Vendors/beneficiaries in PFMS database which are getting impacted with this merger process. This undertaking is applicable. Please refer Annexure 'B' for proposed format of undertaking.

Based on the above undertaking, PFMS will make the changes for the entities already registered in PFMS and will inform the same to external systems recommending them to make similar changes in their database. After the completion of changes at both ends, External systems will be able to send the payment files to PFMS directly mentioning the new Bank/IFSC code.

## 8 Annexure A

Format in which Banks have to share information with PFMS

Activities	Desc	Details	Comments if any
	Bank Merger Date when PFMS can merge the banks		
1	(DD/MM/YYYY)		
2	Old Bank Name which are going to be merged:		
	Old Bank Name-1		
	Old Bank Name-2		
	Old Bank Name-3		
3	New Bank Details:		
	New Bank Name		
	New Sponsor Bank		
	New Bank's contact person numbers		
	New Bank's contact person Email ID		
4	Desired Integration module in PFMS	Y/N	
	Account Validation		
	PPA payment		
	DSC payment		
5	New Bank's Public IP Details:		
	Public IP		
	Port No.		
	SFTP UserID		
	SFTP Password		
		Bank's SFTP Path	
		for response (Fill	
	DENG late austion Mandala	whichever is	Commonts if any
6	PFMS Integration Module	applicable)	Comments if any
	Account Validation Path		
	PPA Path		
	DSC path		
7	Michigan II A/C No book		
,	Whether old A/C No has been changed or remain		
	unchanged in new Bank		

8	New Bank's Account Number Rules	
9	New Bank's Escalation Matrix	
10	New Bank's Branch list in another tab of this excel	
	sheet	
11	Whether intimation to impacted agencies have been	
	done	

### Format for sharing Branch Details

S.No.	BRANCH NAME	CITY	DISTRICT	STATE	BRANCHADD1	PINCODE	BSRCODE	MICRCODE	IFSCCODE
1									
2									
3									

#### 9 Annexure B

#### (LETTER HEAD OF NEWLY FORMED BANK)

### Name of Newly formed Bank

#### We confirm and declare as under:

- Date of Merger as per Gazette Notification:
- Actual / proposed Date of merger of CBS Systems at Bank level alongwith its present Status:
- Proposed date of merger at PFMS:
- We have intimated to the impacted agencies/vendors/beneficiaries registered in PFMS with Old Bank Name/IFSC code regarding the change of Bank Name/IFSC Code

We authorize PFMS for modifying Bank's names/IFSC Codesto new Bank Name/IFSC Code for all the Implementing Agencies, Vendors and beneficiaries registered with Old Bank Name/IFSC code.

Chairman / General Manager