Bank Mergers

SOP – Between Sponsor Banks, Ministries/Depts/External Systems and PFMS for Bank Mergers

Prepared for

Controller General of Accounts, Ministry of Finance

Monday,27-Jul-202o

Version 1.2

Revision and Signoff Sheet

Change Record

Date	Author	Version	Change reference
02-Jul-2019	Naveen Mehndiratta	1.0 (Draft)	Initial Draft document.
03-sep-2019	Naveen Mehndiratta	1.1	Covered multiple scenario's related to merger
26-Jul-2020	Naveen Mehndiratta	1.2	1. Changes based on discussions with multiple banks
			1. Changes based on suggestions from O/o CGA

Reviewers

Name	Version Approved	Position	Date
Mr Samsher Ali	1.1	Dy CGA	03-Sep-2019
Mr Chinmay Patil	1.1	ACGA	03-Sep-2019
Mr Abhay	1.1	ACGA	03-Sep-2019
Mr Vivek Joshi	1.1	STD NIC	03-Sep-2019
Mr Abhay	1.2	ACGA	27-Jul-2020
Mr Vivek Joshi	1.2	STD NIC	27-Jul-2020

Contents

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
Merger of Bank "A" with Bank "B" forming Bank "B" without any change in Bank account of account holders of both the banks. (Here Bank B will allot new IFSC code to all branches of Bank A. Beneficiaries of Bank A will get new IFSC code but their Account Number will remain same There will be no change in Bank Account Details [IFSC code and Account No]	1. Bank A to inform all the account holders/Stake holders like Agencies, PFMS , Ministries etc regarding change in their IFSC code. 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 merger to handle the in pipeline transactions. 4. Bank B has to keep the SFTP of Bank A	1. Updation of Bank Name and IFSC code for 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	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' and it's branches in PFMS only after three months of technical merger (to be informed by bank B to PFMS in writing) or if when all the agencies have got migrated to new 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 "A" with Bank "B" forming Bank "B" with Change in existing Bank account no. of account holders of Bank A as well as Bank B (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 both Bank A as well as Bank B. Bank A beneficiaries will get new IFSC code as well new Account Number where as Bank B beneficiaries will get new Account number only.)	1. Bank A & B to inform all the account holders/Stake holders like Agencies, PFMS , Ministries etc regarding change in the bank account details of their beneficiaries (Account Number and/or IFSC code). 2. Both the banks have to clear all the pendency of status for PFMS transactions. 3. Bank B has to honour the PFMS transactions generated for Bank A as well as with Old Account No. of Bank B for minimum three months even after merger to handle the in pipeline transactions. 4. Bank B has to keep the SFTP of Bank A	1. Update 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 and Bank B. 4. This activity needs to be completed within three months of merger	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' 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.

	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 "A" with Bank "B" forming Bank "C" without any change in Bank account of account holders of both the banks (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 the banks will remain same. Only the IFSC code of their bank account details will change)	1. Both Bank A & B to inform all the account holders/Stake holders like Agencies, PFMS , Ministries etc about change in the IFSC code of the branch. 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 for min. three months even after	1. Update of Bank Name , IFSC code 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

	merger to handle the in pipeline transactions. 4. Bank 'C' has to keep the SFTP of Bank A & B operational as usual till all the agencies in change their Bank details in PFMS and new payment files stop coming on SFTP of Bank A.	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 indicating Merger of Banks.
e) Merger of Bank "A" with Bank "B" forming Bank "C" with Change in existing Bank account no. of account holders of Bank A (Here Bank C will allot new IFSC code to all branches of Bank A and Bank B. Account number of beneficiaries and agencies of bank B will remain same but for Bank A new account numbers will be allotted by bank C)	1. Both Bank A & B to inform all the account holders/Stake holders like Agencies, PFMS , Ministries reqarding the merger and changes 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 for min. three months even after merger to handle the in pipeline transactions 4. Bank 'C' has to keep the SFTP of Bank A & B operational as usual till all the agencies change their Bank details in PFMS and new payment files	1. Updation of Bank Name , IFSC code and Account Number for beneficiaries of Bank A. For Bank B only bank name and IFSC code of beneficiaries are to be changed 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 three months of merger	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 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.

	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)	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 months even after merger to handle the in pipeline transactions 4. Bank 'C' has to keep the SFTP of Bank A & B operational as usual till all the agencies in change their Bank details in PFMS and new payment files stop coming on SFTP of Bank A.	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 three months of merger	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 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.

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.
l) 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
1	Bank Merger Date when PFMS can merge the banks (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		
6	**PFMS Integration Module**	**Bank's SFTP Path for response (Fill whichever is applicable)**	**Comments if any**
	Account Validation Path		
	PPA Path		
	DSC path		
7	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

The Asstt. Controller General of Accounts
Public Financial Management System
Ministry of Finance
Shivaji Stadium Annexe
New Delhi

Reg: Confirmation cum Declaration – Merger of Banks

Vide Ministry of Finance Gazette notification no. _____ dated _____, the following Banks are merging to form a new Bank.

Names of erstwhile (Merging) Banks

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