



FINANCIAL ANALYSIS

How money moves: UPI, NEFT, RTGS

What happens between pressing 'pay' and the money reaching the other account, and how cheques fit in today

Payment figures for August 2026; rules as on 12 October 2026

For training and education only. Not investment advice.

When you pay someone, no notes travel. Banks change two balances, then settle with each other.

How fast that happens depends on the system used. India's main systems are run by the Reserve Bank of India (RBI) and the National Payments Corporation of India (NPCI).

Four ways money moves between banks

UPI



From a phone

Instant payment through a phone app, round the clock. Run by NPCI. Usually up to ₹1 lakh a payment.

NEFT



In batches

Round the clock, in half-hourly batches. Run by RBI, which sets no limit on the amount.

RTGS



One by one

Each payment settles on its own, at once. Run by RBI. Minimum ₹2 lakh, with no upper limit.

CTS



Cheques

Cheque Truncation System. An image of the cheque goes to the clearing house, not the paper.

In full: Unified Payments Interface, National Electronic Funds Transfer, Real Time Gross Settlement.

Sources: RBI FAQs on NEFT (2 Sep 2024) and RTGS (31 Oct 2022); NPCI UPI FAQs; PIB note on UPI, 24 Aug 2026; RBI circular of 13 Aug 2025 on CTS.

Settling one by one, or netting

TWO BANKS, 30 MINUTES

Customers of Bank A send ₹50 crore to customers of Bank B.

Customers of Bank B send ₹42 crore to customers of Bank A.

All figures are assumed.

- 1 Gross, as in RTGS: each payment settles on its own as it arrives. In all, ₹50 crore + ₹42 crore = ₹92 crore moves between the two banks.
- 2 Net, as in an NEFT batch: payments are added up first. Only the difference moves: ₹50 crore – ₹42 crore = ₹8 crore, from Bank A to Bank B.
- 3 The customers are paid in full either way: ₹50 crore to Bank B's customers and ₹42 crore to Bank A's.
- 4 Netting needs less money to move between the banks. But the batch has to close before it can settle.

Gross settlement is immediate, payment by payment. Net settlement waits for the batch to close.

Illustration with two invented banks and assumed figures. Real batches net the payments of many banks at once.

UPI, NEFT and RTGS side by side

	UPI	NEFT	RTGS
Run by	NPCI, which RBI regulates	RBI	RBI
How a payment is handled	Instantly, one at a time	In batches every half hour, 48 a day, netted between banks	One at a time, at once, without netting
Amount	Usually up to ₹1 lakh; higher for some categories, such as ₹5 lakh for tax	No limit set by RBI; a bank may set its own	Minimum ₹2 lakh; no upper limit
Credit to the payee	Instant	Within two hours of the batch settling	Within 30 minutes of the payee's bank getting the message
Open round the clock	Yes	Yes, since 16 December 2019	Yes, since 14 December 2020

Sources: RBI FAQs on NEFT (2 Sep 2024) and RTGS (31 Oct 2022); RBI circular of 6 Dec 2019; NPCI UPI FAQs; PIB, 'UPI: Transforming India's Payment Landscape', 24 Aug 2026.

What happens in a UPI payment

1

You name the payee

Scan a QR code or enter the payee's UPI ID. The app shows the payee's name before you pay.

2

You approve with a PIN

The UPI PIN is a code you set yourself. Entering it authorises the payment from your account.

3

Two balances change

Your bank reduces your balance and the payee's bank raises theirs, at once, at any hour of any day.

4

The banks settle up

NPCI nets what the banks owe each other and settles it in their accounts with RBI.

Never share a UPI PIN with anyone, including a caller who claims to be from the bank.

Source: NPCI, UPI FAQs (opened 12 Oct 2026); RBI circular of 30 Dec 2024 (UPI lets the payer verify the payee's name before paying).

Cheques: the image travels, not the paper



Truncation

The bank where a cheque is deposited scans it and sends the image to the clearing house, which passes it to the paying bank. The paper stops there.



Cleared within the day

Since 4 October 2025 cheques are cleared continuously. The paying bank must say yes or no by 7:00 pm, or the cheque is treated as approved.



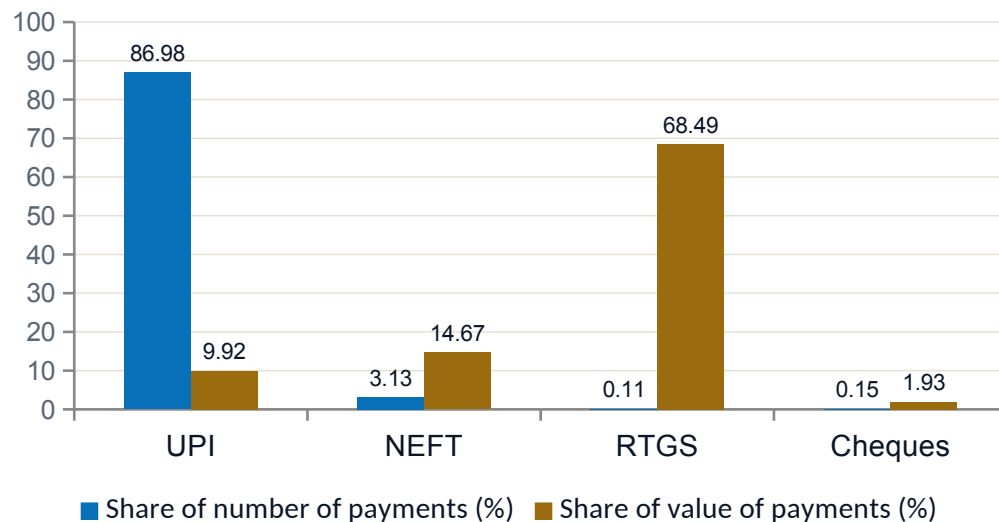
The next step is on hold

A plan to cut the reply time to three hours from 3 January 2026 was postponed by RBI on 24 December 2025, until further notice.

Source: RBI circulars of 13 August 2025 and 24 December 2025 on continuous clearing and settlement on realisation in the Cheque Truncation System.

Many small payments, a few very large

Share of all payments, August 2026 (%)



August 2026

- UPI: 2,450.90 crore payments worth ₹29.82 lakh crore.
- NEFT: 88.25 crore payments worth ₹44.09 lakh crore.
- RTGS: 3.15 crore payments worth ₹205.84 lakh crore.
- Cheques (CTS): 4.14 crore worth ₹5.80 lakh crore.

Source: RBI, Payment System Indicators, August 2026. Shares are of total payments: 2,81,787.65 lakh in number and ₹3,00,54,284 crore in value.

Why it matters for a fund purchase

A fund unit is bought at a day's NAV (net asset value per unit). Which day depends on the money.



The cut-off

For schemes other than liquid and overnight funds, a purchase gets the day's NAV only if the money is with the scheme by 3:00 pm.



The route

So the time a payment takes can decide the day. Money sent just before the cut-off may reach the scheme after it.



Regular payments

UPI AutoPay lets a payer approve a recurring payment in advance. It is used for SIP instalments, premiums and bills.

Source: SEBI Master Circular for Mutual Funds, 20 March 2026, paras 9.4.2 and 9.4.3; PIB, 'UPI: Transforming India's Payment Landscape', 24 August 2026.

If you learnt this from older material

Decks from 2013-15 describe a system that kept office hours and had no UPI.

What a 2013-15 deck says

- NEFT settles in hourly batches, 8 am to 7 pm, on working days only.
- RTGS is not open round the clock.
- There is no UPI. Cheques are cleared in batches.

What holds in October 2026

- NEFT runs round the clock since 16 Dec 2019, in 48 half-hourly batches.
- RTGS runs round the clock since 14 Dec 2020.
- UPI, begun in 2016, carries most payments. Cheques clear continuously.

Source: RBI circulars of 8 May 2017 and 6 Dec 2019 (NEFT); RBI RTGS FAQ; PIB note on UPI, 24 Aug 2026; RBI circular of 13 Aug 2025 (cheques).

Four things people get wrong



'NEFT is only for small sums.'

RBI sets no limit on the amount sent by NEFT. A bank may set its own. RTGS is the one with a ₹2 lakh minimum.



'Round the clock means instant.'

NEFT works in half-hourly batches. The payee's account should be credited within two hours of the batch settling.



'A wrong transfer is easy to undo.'

An RTGS payment is final and irrevocable. Banks must now offer a payee-name check before an NEFT or RTGS transfer.



'A cheque still takes days.'

Since 4 October 2025 the paying bank answers by 7:00 pm, and the money follows within an hour of settlement.

Check yourself

Q1

In one batch, Bank P's customers send ₹30 crore to Bank Q's and Bank Q's send ₹21 crore back. Under net settlement, how much moves between the banks, and which way?

Q2

A client wants to send ₹1.5 lakh to another bank at 11 pm on a Sunday. Of NEFT and RTGS, which can carry it, and why?

Q3

An investor pays for a purchase in an equity fund at 2:55 pm. Why might the units be priced at the next business day's NAV?

Sources and disclaimer

SOURCES FOR THE FIGURES IN THIS DECK

- NEFT: RBI FAQ on NEFT (updated 2 September 2024); RBI circulars of 8 May 2017 (net settlement) and 6 December 2019 (round the clock from 16 December 2019, 48 batches).
- RTGS: RBI FAQ on RTGS (updated 31 October 2022). Name look-up for NEFT and RTGS: RBI circular of 30 December 2024.
- UPI: NPCI, UPI FAQs (opened 12 October 2026); Press Information Bureau, 'UPI: Transforming India's Payment Landscape', 24 August 2026.
- Cheques: RBI circulars of 13 August 2025 and 24 December 2025 on continuous clearing and settlement on realisation in CTS.
- Payment numbers and values for August 2026: RBI, Payment System Indicators, August 2026. Shares and averages are computed from that table.
- NAV cut-off: SEBI Master Circular for Mutual Funds, 20 March 2026, paras 9.4.2 and 9.4.3. Banks A, B, P and Q and their figures are invented.

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