

# Difference between NEFT and RTGS



## What is NEFT?

It is National Electronic Fund Transfer.

## Objective:

- Its main purpose is to enable electronic cash transfer having accounts in bank branches.
- It is used for transferring funds from one financial institution to another within India especially banks. IT was launched in November 2005, and was assigned to every bank. It was made mandatory by the RBI for all banks to migrate to NEFT.
- No minimum and maximum limit for cash remittance.

## Working:

**Step 1:** Remitting bank requests for NEFT.

**Step 2:** Request is registered by NEFT servers.

**Step 3:** Request is cleared on the basis of the input.

RBI servers bunch up all the NEFT requests and clear it in hourly batches.

**Example:**

Suppose you have an account in Citi bank and you want to transfer 1,50,000 Rs to SBI customer and your bank has registered your NEFT service at 12:30 pm. Instantly it will be queued in a slot of 12:00 pm to 1:00 pm and at 1:00 pm all the requests will be cleared. So, effectively your transaction will be cleared after 30 minutes of registration.

**What is RTGS?**

It is Real Time Gross Settlement.

**Objective:**

- Its main purpose is to enable electronic cash transfer having accounts in bank branches.
- It is a fund transfer system which is moved from one bank to another in real time and on the gross basis.
- It means that the payment transaction isn't subject to any waiting period. The transaction will be completed as soon as the processing is done, and gross settlement means that the money transfer is completed on a one to one basis without clustering with another transaction.
- The transaction is treated as final and irrevocable as the money transfer occurs in the books of the RBI. This system is maintained by the RBI, and it is available only during working days for a given number of hours.
- The minimum limit is 2,00,000 Rs and there is no maximum limit.

**Example:**

If you have registered for RTGS transaction through your bank branch it will be settled instantly in real time basis. Real-time means that your money will be credited within minutes in the beneficiary account.

**Differences between NEFT and RTGS:**

Criteria	NEFT	RTGS
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Arrangement.	It is done in batches and it is slower.	It is a real-time transfer and it is faster.
Acronym.	National Electronic Fund Transfer.	Real Time Gross Settlement
Timings on weekdays and weekends.	8:00am-6:30pm(Mon-Fri) 8:00am-12:30pm(Sat)	9:00am-4:30pm(Mon-Fri) 8:00am-1:30pm(Sat)
Minimum transfer limit.	No minimum amount	2 lakhs
Maximum transfer limit.	No limit	No limit.
Credit in beneficiary account.	Happens in hourly batch between the banks.	Real-Time between the banks.
Charges as per RBI.	Up to 10,000:-Rs. 2.5 from 10,001 – 1 lakh :-Rs. 5 from 1 – 2 lakhs :-Rs. 15 Above 2 lakhs:-Rs. 25	Rs. 25-30 (Up to 2 – 5 lakhs) Rs. 50-55 (Above 5 lakhs)
Beneficial	Small money transfer.	Large money transfer.