PA-CB rules: RBI's Rs 25 lakh cap on cross-border payments

News: 19 November 2026 | Publication: 19 November 2026
Prelims: Economy, payment systems, RBI regulation, remittances



Original symbolic illustration: pcsmantra.com

▼ **In this article**

- Why in the news
- What PA-CB is
- Key points of the rules
- The Wise case
- Other PA-CB players
- Why it matters for the exam
- The way forward
- Prelims Practice Questions
- Frequently Asked Questions
- Sources

PCSMANTRA.COM

Why in the news

Kristo Käärmann, co-founder and CEO of cross-border payments firm Wise, has questioned the Reserve Bank of India's rule capping cross-border payments processed by fintech companies at **Rs 25 lakh per transaction**. He argues the limit makes it harder for Indian exporters and freelancers to get paid from abroad. The remarks have brought RBI's 'Payment Aggregator, Cross Border' (PA-CB) category into focus.

What PA-CB is

Introduction: A Payment Aggregator, Cross Border (PA-CB) is a fintech entity that aggregates cross-border payments for its onboarded merchants through the e-commerce mode, provided the transactions are current-account transactions not prohibited under FEMA. The category has two sub-types: PA-CB facilitating **inward** transactions and PA-CB facilitating **outward** transactions.

Regulatory history: RBI began regulating online payment aggregators with guidelines of 17 March 2020. The circular of **31 October 2023** created the PA-CB category, earlier, export receipts under the older arrangement carried a **$10,000 per transaction** cap. The consolidated Master Direction of **15 September 2025** (clause 11(d); updated up to November 2026) retains a maximum of **Rs 25 lakh per transaction** for both inward and outward transactions. Anything above the cap must move through the banking channel.

Key points of the rules

- **Cap:** Rs 25 lakh per transaction through a PA-CB, applicable to both inward and outward transactions.
- **FEMA boundary:** Only current-account transactions not prohibited under FEMA; a PA-CB cannot buy or sell foreign currency with any entity other than an Authorised Dealer (AD).
- **Entry closure:** The PA-CB must provide documents to the exporter's or importer's AD bank for closure of the corresponding entry in the EDPMS (export) and IDPMS (import) systems.
- **Escrow separation:** An entity also doing domestic PA activity must keep the cross-border escrow account separate.

Related reading: C-DAC and Bank of India Quantum MoU: Indigenous Quantum-Safe Technology for Banking

The Wise case

Licence status: Wise Payments India received in-principle PA-CB approval in May 2025 and final authorisation on 12 March 2026, for inward payments only. It separately holds an Authorised Dealer Category-II (AD-II) licence, which lets it sell foreign currency to travellers and students; the Wise Travel Card was launched in India in December 2025 on this licence.

The company's argument: Käärmann says any single payment above Rs 25 lakh cannot go through a PA-CB, leaving larger exporters dependent on the bank route. According to him, about $15 billion flows into India through Wise, roughly 10 percent of all inward remittances. (Per RBI data cited in the report, India's inward remittances rose from $135.46 billion in FY25 to about $151.8 billion in FY26.)

The regulator's stance: The company's India head notes the regulator is being cautious with a new class of players; limits tend to be relaxed once AML (anti-money-laundering) and KYC behaviour is established.

Other PA-CB players

Domestic gateways such as Cashfree Payments, Juspay and Razorpay, and cross-border-focused startups such as BriskPe, Skydo and Xflow, have also secured approvals in recent months.

Why it matters for the exam

The regulatory framework for payment systems (RBI's master directions, FEMA, escrows, AD categories) and remittance data are both standing Prelims areas. India is the world's largest remittance recipient, so every change in remittance-channel rules is examinable.

The way forward

Watch whether RBI relaxes the cap after PA-CB entities build a compliance track record. Balancing exporter interests with flow monitoring is the next link in digital-payments regulation.

Prelims Practice Questions

Question 1. Consider the following statements:

Statement 1: The Payment Aggregator, Cross Border (PA-CB) category was created by an RBI circular dated 31 October 2023.

Statement 2: The maximum value of a transaction through a PA-CB is Rs 25 lakh, and this cap applies only to outward payments.

Statement 3: A PA-CB can aggregate only those current-account transactions that are not prohibited under FEMA.

Which of the statements given above is/are correct?

(a) 1 and 2 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

▼ **Answer and Explanation**

Correct answer: (c)

Statement 1 is correct: The PA-CB category was created by RBI's circular of 31 October 2023; export receipts earlier carried a $10,000 cap under the older arrangement.

Statement 2 is incorrect: The Rs 25 lakh cap applies to both inward and outward transactions.

Statement 3 is correct: A PA-CB can aggregate payments only for FEMA-permitted current-account transactions, through the e-commerce mode.

Question 2. Consider the following statements about the regulation of payment aggregators:

Statement 1: RBI began regulating online payment aggregators with guidelines dated 17 March 2020.

Statement 2: Before the PA-CB category was created, export receipts under the older arrangement carried a $10,000 per transaction cap.

Statement 3: An entity also doing domestic PA activity may keep the cross-border escrow account combined with the domestic escrow account.

Which of the statements given above is/are correct?

(a) 1 and 2 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

▼ **Answer and Explanation**

Correct answer: (a)

Statement 1 is correct: RBI began regulating online payment aggregators with guidelines of 17 March 2020.

Statement 2 is correct: Before the circular of 31 October 2023, export receipts under the older arrangement carried a $10,000 per transaction cap.

Statement 3 is incorrect: Such an entity must keep the cross-border escrow account separate.

Frequently Asked Questions (FAQ)

What minimum net worth is required to become a Payment Aggregator?

Under RBI's Master Direction, an entity applying for PA authorisation must have a minimum net worth of Rs 15 crore at the time of application and must attain Rs 25 crore by the end of the third financial year after authorisation; this level must be maintained on an ongoing basis. A non-bank PA must be a company incorporated in India under the Companies Act, 2013. (Source: RBI Master Direction on Regulation of Payment Aggregators, https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12896)

What special escrow and settlement conditions apply to a PA-CB?

A PA-CB must maintain an Inward Collection Account (InCA) for inward transactions and an Outward Collection Account (OCA) for outward transactions, both with an AD Category-I scheduled commercial bank. Settlement in non-INR currencies is permitted only for Indian exporters directly onboarded by the inward PA-CB. For outward transactions, payment through small PPIs (prepaid payment instruments) is not allowed. (Source: RBI Master Direction, clauses 11 and 16, https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12896)

Sources

- www.rbi.org.in
- www.livemint.com