

# NEFT- National Electronic Funds Transfer

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Nowadays, sending money wirelessly has become a must in our daily lives. Whether you are a business owner paying salaries to your employees, or a student willing to send money to a friend, NEFT comes out as a great solution. NEFT, also known as National Electronic Funds Transfer, is a new-age technology commonly used to transfer funds from one bank to another without the hassle of huge paperwork and physical proofs. In this blog, we will discuss everything about NEFT, from its history and process, to why you should and use NEFT.

## What is NEFT?

An abbreviation for National Electronic Funds Transfer, NEFT is a digital form of payment that connects the sender and the receiver of money wirelessly without using any form of physical evidence or hassle such as notes or cheques. It is completely regulated and managed by The Reserve Bank of India (RBI). It was started by RBI in November 2005. Whereas some banks offer free NEFT services, some may charge minimal charges for the same. Additionally, banks also have the authority to set limits for a daily transaction through NEFT.

## What are the features of NEFT?

NEFT is widely accepted and used by people due to its features like:

- **Availability and Flexibility:** One of the main reasons why people prefer NEFT over other payment methods is its 24/7 availability for each day of the year. Irrespective of weekends or occasions, you can easily transfer money from one bank account to the other.
- **Quick and Efficient:** Unlike traditional payment methods like cheques, NEFT is a quick and efficient way to move money from the sender to the receiver.
- **Two-Step Confirmation:** Whenever someone receives a payment through NEFT, he/she definitely gets a quick confirmation of the successful transaction through mail or an SMS message.

## What is the Process of NEFT?

The NEFT Fund Transfer is a 9-step process starting from:

1. **Sender:** The person who is sending the money (sender) provides information about the person receiving the money (receiver) such as his/her name, bank name, branch name, account number, and IFSC Code.

2. **Starting the transfer:** The sender has multiple channels to send money like internet banking, mobile application, or by just visiting the bank's branch and filling out a form with the necessary details.
3. **Adding the Beneficiary:** Only as a one-time process, the sender adds the details of the beneficiary for the bank to verify them.
4. **Processing the transaction:** The sender's bank receives the transaction and then sends it to the NEFT Service Centre.
5. **Batching:** Regulated by the RBI, the NEFT Clearing Centre collects all NEFT transactions from multiple banks and groups these accordingly in batches.
6. **Clearing and Settlement:** RBI receives all the batches and sorts them out on the basis of the receiver's bank.
7. **Movement of Funds:** The amount is deducted from the sender's bank account and held by the RBI for a very short period of time and then sends it to the beneficiary's bank.
8. **Crediting:** The beneficiary's bank then adds the amount to his/her bank account.
9. **Confirmation:** Both the sender and the receiver get confirmation of the successful transactions via mail or SMS messages.

## What Factors affect NEFT Timings?

Although NEFT is known to be rapid and efficient, several factors affect the timings of the transactions, some of which are:

- **Holidays and Weekends:** It is a fact that NEFT is available for all time, it may take up a little extra on holidays and weekends due to the less work staff.
- **Batch Processing:** NEFT Transactions are always sorted in batches, mostly every half hour. So, if you initiate a transfer after a batch has been processed, you would have to wait for the next batch to start processing.
- **Time of Transactions:** If you initiate a transaction during the banking hours, you have more chances to be included in the next batch in comparison to outside banking hours.

## Why should one go for NEFT Payments?

Millions of Indians choose NEFT for their payments for its unique advantages like:

- **24/7 Availability:** You can send money from one bank to another on any holiday or a weekend without having to fear about the delay as it is available for 365 days for 24 hours.
- **Fast and Easy:** Just by filling out a few details, one can complete a transaction within minutes without worrying about anything else. This is one of the main reasons why people chose this service over others.
- **No minimum limit:** There is no minimum limit to send through NEFT. This caters to all the parts of the society. From students to large corporations, everyone can take advantage of NEFT.

## Summing up

Set up in November 2005, the National Electronic Funds Transfer (NEFT), is one of the most popular forms of electronic transfer in 2025. It's availability throughout the year paired with its rapid speed and confirmation mechanism, makes it widely accepted in India. One can easily send money just by filling out some details of the beneficiary which are then verified by the bank and RBI before crediting in the receiver's bank account. NEFT is a fast process, but may take some extra time during holidays, weekends, or outside banking hours. People opt for NEFT payments because of its convenient availability, no minimum limit and quick transaction speed. After a detailed discussion on the same, it is no wonder why most people prefer NEFT for their transactions.