

NPCI MULLS USING BLOCKCHAIN SOLUTION TO STRENGTHEN DIGITAL PAYMENTS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

NEW DELHI: Payments network [NPCI](#) is considering using highly scalable [blockchain solution](#) to further strengthen [digital payments](#), which have seen an exponential growth in recent times.

A blockchain or distributed ledger is a continuously growing list of encrypted [transactions](#) called blocks. A block may contain any type of data such as unique digital identifiers of physical products

[The National Payments Corporation of India](#) (NPCI) is an umbrella organisation for all retail payments in India. It was set up with the guidance and support of the Reserve Bank of India and the Indian Banks Association (IBA).

Promoted by 10 [banks in India](#) under the aegis of the IBA, it aims to become the "best payments network globally". Presently, 56 banks are shareholders of NPCI.

"NPCI intends to develop a resilient, real time and highly scalable blockchain solution. It is proposed to develop this solution using an open source technology/ framework/solution," it said in a notification.

In this regard, the NPCI has floated an Express of Interest (EOI) in order to enable bidders to propose their capability for developing distributed ledger technology/ blockchain in the payment domain.

As per a recent report of global consultancy firm PwC, India would be one of the world's blockchain leaders by 2023.

"Blockchain stores information about transactions between users in a way that can be tracked by any user for forever for maximum transparency. This gives visibility which can lead to greater efficiency by automating or confirming transactions and increasing liquidity in the supply chain," said Innefu Labs Co-Founder Tarun Wig.

NPCI has invited bids for selection of Liaisoning Consultant (LC) to acquire various End-to-End [Statutory permissions](#) for Construction of Captive Data Center (CDC) in Chennai and Hyderabad.

NPCI provides services like cheque clearance and facilitates digital payments. It has developed [Unified Payments Interface](#) (UPI), an instant payment system.

UPI is fast gaining traction in the country with total payments through it soaring to Rs 1.33 lakh crore in March 2019 from a meagre Rs 3.1 crore in August 2016.

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