

UPI TO FACILITATE INTEROPERABILITY AMONG PREPAID PAYMENT INSTRUMENTS

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

The Reserve Bank of India has released the guidelines for interoperability between prepaid payment instruments (PPIs) such as wallets and cards that will effectively allow users of popular payment wallets such as Paytm, Freecharge, Mobikwik, PhonePe and PayZapp, among others, to transfer money from one wallet to another.

In a circular issued on Tuesday, the banking regulator said that wallets could implement interoperability through the Unified Payment Interface (UPI). Further, the RBI also allowed PPIs to issue cards using authorised card networks such as Mastercard, Visa or Rupay.

“Where PPIs are issued in the form of wallets, interoperability across PPIs shall be enabled through UPI... Where PPIs are issued in the form of cards, the cards shall be affiliated to the authorised card networks,” RBI said in the circular.

“PPI issuers shall adhere to all the requirements of card networks/UPI, including membership type and criteria, merchant on-boarding, adherence to various standards, rules and regulations applicable to the specific payment system such as technical requirements, certifications and audit requirements, governance, etc,” it added.

Experts welcome move

Industry experts said the guidelines, while boosting the e-wallet segment, would also ensure the safety and accuracy of the transfer of money by individuals from one wallet to another.

“The interoperability amongst PPIs is surely going to significantly boost the e-wallet industry,” said Khushroo Panthaky, Director, Grant Thornton Advisory.

“The RBI guidelines would definitely ensure that not only the customer’s money remains safe but when the transition happens from one e-wallet app to another, it reflects utmost speed and accuracy for the interoperability to be effective and efficient,” he added.

Navin Surya, Chairman Emeritus, Payments Council of India, said that it was a progressive move for non-bank players and would lay the foundation to reach the under-banked and unbanked segment with a powerful payment product.

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