

NPCI SLASHES MDR FOR DEBIT CARDS

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

Mumbai: National Payments Corporation of India has slashed the merchant discount rates ([MDR](#)), or the fees paid by merchants to banks, in a bid to encourage small and big retailers across the country to set up acceptance infrastructure such as swipe machines and QR codes to accept digital payments.

As per the latest notification, MDR has been revised to 0.60% for transaction above Rs. 2,000 with a maximum cap of Rs 150 per transaction. Presently, this is capped at 0.90% for transaction above Rs. 2,000 with higher cap of Rs 1,000 per transaction. The new MDR rates will come into effect from 20th October 2019.

Moreover, the card based QR transactions (Bharat QR) MDR also has been reduced to 0.50% with a maximum cap of Rs 150 per transaction. The MDR rationalisation would be applicable on all [debit cards](#) being processed across Point of Sale (PoS) devices, eCom and BharatQR.

“Significant reduction in MDR will encourage the use of debit cards. With the reduction and capping of MDR merchants will now be encouraged to accept debit cards, which up till now they were averse due to higher MDR structure,” said Dilip Asbe, CEO, [NPCI](#).

NPCI, last month, had waived off MDR on small ticket transactions made using UPI scan and pay option. While the previous rationalisation move was aimed at facilitating adoption of digital payments for small ticket transactions at grocery shops, local kiranas and chemists, the latest slash in MDR will incentivise retailers processing large ticket payments through debit cards.

“Rationalisation of MDR on Rupay debit card transactions by NPCI as announced today is expected to bring the increase in acceptance infrastructure throughout the nation,” said Vishwas Patel, chairman Payment Council of India (PCI). “The move of controlled and reasonable rates will also spur the [healthy competition](#) in the industry ultimately lowering the cost to the maximum efficient levels.

Mumbai: National Payments Corporation of India has slashed the merchant discount rates ([MDR](#)), or the fees paid by merchants to banks, in a bid to encourage small and big retailers across the country to set up acceptance infrastructure such as swipe machines and QR codes to accept digital payments.

As per the latest notification, MDR has been revised to 0.60% for transaction above Rs. 2,000 with a maximum cap of Rs 150 per transaction. Presently, this is capped at 0.90% for transaction above Rs. 2,000 with higher cap of Rs 1,000 per transaction. The new MDR rates will come into effect from 20th October 2019.

Moreover, the card based QR transactions (Bharat QR) MDR also has been reduced to 0.50% with a maximum cap of Rs 150 per transaction. The MDR rationalisation would be applicable on all [debit cards](#) being processed across Point of Sale (PoS) devices, eCom and BharatQR.

“Significant reduction in MDR will encourage the use of debit cards. With the reduction and capping of MDR merchants will now be encouraged to accept debit cards, which up till now they were averse due to higher MDR structure,” said Dilip Asbe, CEO, [NPCI](#).

NPCI, last month, had waived off MDR on small ticket transactions made using UPI scan and pay option. While the previous rationalisation move was aimed at facilitating adoption of digital

payments for small ticket transactions at grocery shops, local kiranas and chemists, the latest slash in MDR will incentivise retailers processing large ticket payments through debit cards.

“Rationalisation of MDR on Rupay debit card transactions by NPCI as announced today is expected to bring the increase in acceptance infrastructure throughout the nation,” said Vishwas Patel, chairman Payment Council of India (PCI). “The move of controlled and reasonable rates will also spur the [healthy competition](#) in the industry ultimately lowering the cost to the maximum efficient levels.

END

Downloaded from [crackIAS.com](#)

© **Zuccess App** by crackIAS.com

CrackIAS.com