

# RBI allows private players to manage digital payments

Updated: 04 Sep 2020, 12:08 PM IST

- **At present, only NPCI, which is incorporated as a not-for-profit entity, performs the role of supporting various payment systems together, including RuPay, UPI and National Automated Clearing House, which manages inter-bank transfers.**

The Reserve Bank of India (RBI) recently released the final framework for authorization of a new umbrella entity (NUE) for retail payments. This move followed the release of a draft framework released in February.

According to the guidelines, companies with a net worth of over ₹300 crore and at least three years of experience in the payment space can apply to form umbrella entities for various payment services. We tell you what this could mean for customers going forward.

At present, only the National Payments Council of India (NPCI), which is incorporated as a not-for-profit entity, performs the role of supporting various payment systems together, including RuPay, UPI and National Automated Clearing House, which manages inter-bank transfers.

The RBI move is aimed at developing a network parallel to NPCI, which can maintain interoperability with services such as UPI and yet foster innovation and inclusion in the payments space.

The possibility of NUEs entering the space means customers can expect competition in this previously monopolized space. This would also expand the scope and capacity of such services, enabling the onboarding of significantly more users.

"With the emergence of additional retail payments umbrella entities post-licensing, it is expected that 500-600 million consumers in India would be using digital payments. It is also expected that 50-55% of all retail payments would be digital. This would place India amongst any other developed economies benchmark across the globe," said Navin Surya, chairman emeritus, Payments Council of India and Chairman, Fintech Convergence Council.

"Such wide gaps would need collaboration at a very high level and another organization of NPCI stature can help speed up the possibilities. Opening up the payments system to private participants will fuel healthy competition while driving innovation for the industry and it couldn't have come at a better time when the world has witnessed strong traction for 'everything digital'," he said.

NPCI's objective of transforming India into a less-cash society, combined with the accelerated uptake of digital payments services due to covid-19, has set the stage for other entities to enter the space as umbrella entities that can operate and provide multiple channels and services.

Disclaimer: The content above is taken from the source mentioned

Resource: Live Mint | 04 Sep 2020

Copyright © 2019 Aparajitha Corporate Services Pvt., Ltd. All Rights Reserved.

## **Making Corporate India Comply**

With the RBI's green signal to NUES, customers can expect to see alternatives to tried and tested services such as UPI coming into the market, as well as innovative products to change the digital payments experience.