

Payment system operators can't issue new proprietary QR codes, says RBI

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The Reserve Bank of India (RBI) on Thursday said payment system operators (PSOs) who use proprietary QR codes have to shift to one or more interoperable QR codes by March 31, 2022. It also said PSOs cannot issue any new proprietary QR codes for transactions, henceforth.

There are two interoperable QR codes at present — UPI QR and Bharat QR. RBI said it will continue consultations over standardising and improving these interoperable QR codes, to enable beneficial features identified by the Phatak Committee. “The measures are expected to reinforce the acceptance infrastructure, provide better user convenience due to interoperability and enhance system efficiency,” RBI said.

Guidelines for SRO

RBI also finalised the guidelines for a self-regulatory organisation (SRO) for PSOs to encourage better compliance and to protect customers.

The SRO will be set up as a not-for-profit company under the companies Act, and RBI has asked interested groups and associations of PSOs to apply for this. “While self-regulation would release regulatory resources that can be better focused on issues of systemic importance, it would, by virtue of being developed by the industry itself, be more appropriate and encourage better compliance. As the industry is forced to think in terms of developing systems that conform to best international practices, it would enhance global competitiveness,” RBI said.

The board of the Business Correspondent Federation of India (BCFI), which represents companies working towards delivering financial services to underbanked and unbanked citizens, has moved to form a SRO, which is pending RBI’s approval.

The board has designated Sunil Kulkarni as the head of BCFI and CEO (designate) for the SRO.

RBI, in its guidelines, has said only regulated payment entities such as banks and non-bank PSOs can be members of the SRO, which will have clear bye-laws that will specify the criteria for admission of members and the functions it will discharge.