

MPAI Newsletter
(November 1 - November 15, 2021)

1. Recurring payments

The operationalization of new [e-mandate processing rules](#) have [impacted](#) subscription businesses and online merchants [across sizes](#).

MPAI View: Practically, compliance with the rules require all players in the digital payments chain to revamp their technical systems. This process is sequential i.e. card networks (eg. Visa, Mastercard) banks, and payment enablers (eg. PhonePe, Razorpay) have to first be ready with stable state API documentation following which merchants can integrate with the same.

While the rules were operationalized on October 01, 2021, the ecosystem is [still reeling](#) under their impact. As on November 08, 2021, several banks such as Punjab National Bank, Union Bank of India, Canara Bank, DBS Bank, HSBC Bank and Standard Chartered are not yet ready with e-mandate management systems.

Even banks, which were reportedly ready, were unable to seamlessly process payments for [all merchants](#). Thus, smaller businesses have [faced the brunt of](#) these rules.

2. Tokenization of customer card data

On November 02, 2021, PhonePe [launched](#) a card tokenization solution - 'PhonePe Safecard' for online debit and

credit card transactions. This solution supports major card networks such as Mastercard, Rupay and Visa.

Prior to this, the NPCI had announced the launch of the NPCI Tokenization System (NTS) to enable tokenization of RuPay cards

Prior to this [NPCI](#), [PayU](#) and [Razorpay](#) had launched similar tokenization solutions.

MPAI View: These solutions are welcome and indicate a positive shift towards a more secure digital payments environment.

However, the entire ecosystem is a [long way](#) from being ready. Ecosystem readiness is a sequential process of API integration. Step one is for card networks, banks and payment enablers to build and share API documentation for tokenization solutions. Only then can merchants build and test their internal APIs to work in tandem with existing solutions.

Even integrations with 'plug-and-play solutions' have a building and testing phase for merchants. Bug-fixes and updates to API specifications at any level cause further delays to the whole process.

With the lack of readiness at an ecosystem level, digital payments could once again be disrupted. Merchants will be unable to seamlessly process card-based transactions, provide refunds

and rewards, and perform other life-cycle management functions.

followed by data privacy and poor internet connectivity.

3. Shaktikanta Das as RBI Governor

The Central Government [reappointed](#) Shaktikanta Das as the Reserve Bank of India's (RBI) governor for three more years. The re-appointment is effective from December 10, or until further orders, whichever is earlier. The decision was approved by the Appointments Committee of the Cabinet.

4. Launch of e-RUPI

On November 11, 2021 the Hon'ble Prime Minister Narendra Modi [launched](#) the e-RUPI which has been built by the National Payments Corporation of India (NPCI). [e-RUPI](#) is akin to payment vouchers that a customer gets, as refunds and rewards from digital businesses. These vouchers will be redeemable at specific stores such as ration shops or shops selling LPG cylinders, subject to certain terms and conditions.

5. India embracing digital payments

A study conducted by YouGov and ACI Worldwide Inc. across India's major cities suggests that consumers [increasingly used digital payments](#) (including eWallets and UPI) for festive season purchases.

While concerns related to digital payments have dropped across the board, failed transactions remained a key worry,

6. Ban on Diners Club lifted

On November 09, 2021, the RBI [lifted](#) restrictions on Diners Club International Ltd. from on-boarding new domestic customers.

The restriction was initially imposed through an [order dated April 23, 2021](#), whereby American Express Banking Corp. and Diners Club International Ltd. were found to be non-compliant with data localisation rules as per RBI circular dated April 6, 2018 on [Storage of Payment System Data](#).