

MPAI Newsletter
(December 01 - December 15, 2021)

Tokenization of card data - Banks, payment companies and merchants have been [working](#) on implementing the Reserve Bank of India's (RBI) card tokenization for a while. However, a smooth transition is unlikely as many merchants may not be able to meet the January 1, 2022 deadline. Industry players and experts believe that merchants may need more time for tech integration.

While large card networks such as Visa are prepared, some issuing banks are still not ready. Further, merchants may require time to obtain the express permission of their customers to tokenize card data. Chairman of the Payments Council of India (PCI), Vishwas Patel, said that PCI is in the process of sending feedback to RBI. The Alliance of Digital India Foundation is planning to send another recommendation. It said that it has concerns about readiness.

NASSCOM: phased enforcement of CoFT - The National Association of Software and Service Companies (NASSCOM) [said](#) that RBI should enforce card-on-file-tokenization (CoFT) in a tiered manner to ensure the adoption is smooth and merchants and customers are not impacted. It implored RBI to allow bulk tokenization of card data of existing customers who have already given consent to store such data with merchants. The suggestions are based on feedback provided by card networks, payment aggregators and merchants in a closed-door meeting with NASSCOM on December 7.

NASSCOM said that the industry is still recovering from the disruption caused by the rollout of the new rules on recurring

transactions in October. It said that a viable solution for merchants is that banks issuing 80 percent of the cards integrate and test the CoFT solution with the networks. It added that stable Application Programming Interfaces (APIs) must be made available to merchants, so that they can test and integrate themselves with the CoFT solutions. NASSCOM said that without this, merchants will end up purging card data from their systems without having access to tokenized data.

Visa Inc: Payment nationalism not a negative - Vice-Chairman of Visa, Vasant Prabhu, recently [said](#) that governmental involvement in digital payments is not a negative and has instead helped grow the pie. He said that when governments get involved, they build infrastructure, encourage people to use digital payments and encourage merchants to accept the same, which leads to market growth. He said that this has been seen in India, where the market has grown despite the growth of United Payments Interface (UPI). He was speaking at the UBS Global TMT Virtual Conference.

These remarks mark a reversal from the company's latest annual report, where it said that certain countries (including India) have taken actions that could be detrimental to Visa's prospects. The annual report cited regulations favouring domestic providers, local ownership requirements on processors and data localisation requirements as examples of the same. Earlier, Visa had also told the US government that India's promotion of RuPay has impacted its growth.

RBI panel on digital payments - RBI is set to [form](#) a panel to study the charges on digital payments, which signals that it is not comfortable with the current structure. It said that it will release a discussion paper on various charges levied by banks and institutions for digital transactions through credit cards, debit cards, wallets and UPI. It said that the idea is to gain a holistic view of the issues involved and mitigate concerns to make digital transactions more affordable. Separately, RBI said that it will launch UPI-based payment products for feature phone users.

NPCI Payments stack for the world - Dilip Asbe, CEO, National Payments Corporation (NPCI) [said](#) that India is reaching out to as many as 50–60 countries to leverage the stack it has built so that it can be used for the public good of the world. He said that NPCI is working with the Bank for International Settlements (BIS), the World Bank. He said that there has to be a local or domestic stack because every country has its own complexities and diversities. He also spoke about the Open Network for Digital Commerce (ONDC), saying that the governance layer that includes the formation of the public goods company is in the works.

Pushback on JPC's suggestions on the Data Protection Bill - Leading technology firms and internet companies may [approach](#) courts to challenge certain provisions in the Data Protection Bill, if all the suggestions of the Joint Parliamentary Committee (JPC) on the Bill are accepted and inserted in the law.

The biggest point of contention is the proposal to classify social media platforms as publishers, which could impact safe harbour under the Information Technology Act, 2000.

Other clauses such as the inclusion of non-personal data, provisions for certifying hardware devices and the local storage of sensitive and critical personal data are also stoking concern.

Revenue sharing and accountability for social media platforms - Minister for Electronics and Information Technology, Ashwini Vaishnaw, [said](#) that the government is moving in that direction in which the content creators/publishers get a fair share in the revenue from the social media platforms. He said that countries around the world are stressing the need for accountability for whatever is posted on social media, and adequate remuneration of content. He added that the Joint Parliamentary Committee on the Data Protection Bill has recommended verifying social media handles. However, Minister of State for Electronics and IT, Rajeev Chandrashekar, [said](#) that there is no plan yet to draft a law to make social media platforms pay for news.