

MPAI Newsletter
(December 15 - December 31, 2021)

RBI extends card tokenization deadline by 6 months - The Reserve Bank of India (RBI) decided to [extend](#) the deadline for merchants and Payment Aggregators / Payment Gateways (PA/PGs) to store customer card data by six months, i.e., till June 30, 2022.

Earlier, merchants and PA/PGs were required to purge all customer card data and migrate to a card-on-file (CoF) tokenization framework by January 1, 2022.

This move comes in light of various representations received from industry stakeholders and interest groups such as the [Alliance of Digital India Foundation](#) (ADIF), MPAI, [NASSCOM](#) and others. According to these stakeholders, while the RBI's objective of ensuring security and reducing fraud from the payment ecosystem is a step in the right direction, there existed several operational challenges, particularly around the readiness of banks and card networks to fulfill tokenized transactions, that would hinder the transition to the token-based payments ecosystem.

Tokenization facility for RuPay - The National Payments Corporation of India (NPCI) [joined](#) hands with brands and aggregators such as JioPay, Paytm, PhonePe and others to introduce a tokenization facility for RuPay card users. The facility will be supported by the recently launched NPCI Tokenization System (NTS). In a statement, NPCI said that this facility will help millions of customers maintain the security of their card financial data for online transactions.

Incentive scheme for RuPay cards & UPI payments - The Union Cabinet [approved](#) an incentive scheme worth INR 1,300 crore for the promotion of RuPay Debit Cards and low-value BHIM-United Payments Interface interactions (person to merchants) in the country. The scheme will facilitate acquiring banks in building a robust digital payment ecosystem, and promoting RuPay Debit card and BHIM-UPI digital transactions across all sectors of the population. The incentive scheme is expected to spur research and development in fintech, and help in deepening digital payments penetration.

Data Protection Bill - The Joint Parliamentary Committee (JPC) on the Personal Data Protection Bill, 2019 recently tabled its report in both Houses of the Parliament. Apart from regulation of personal and non-personal data, revisions of penalties and fresh consent requirements for processing of children's data, [key recommendations include:](#)

- (i) data localisation norms - ensuring that a mirror copy of all sensitive and critical personal data available with foreign entities are mandatorily brought to India in a time bound manner;
- (ii) enhanced scrutiny over social media intermediaries;
- (iii) regulation of IoT devices - framing of separate regulations for hardware manufacturers and related entities and an official body for monitoring, testing and certification of hardware and software in computing devices.