

MPAI Newsletter

(January 1, 2022 - January 15, 2022)

Framework for offline Digital payments – The Reserve Bank of India (RBI) recently announced a [framework](#) for allowing payments up to ₹ 200 per transaction in the offline mode. Offline transactions are subject to an overall limit of ₹ 2,000. Under the framework, payments can be carried out face-to-face (proximity mode) using any channel or instrument like cards, wallets, and mobile devices. Payment instruments shall be enabled for offline transactions based on explicit consent of the customer. However, the transactions themselves will not require an additional factor of authentication (AFA) and users would receive transaction alerts (by way of SMS and e-mail) upon completion. The framework incorporates feedback received from the pilot experiments on offline transactions conducted in different parts of the country.

RBI sets up fintech department – The RBI [announced](#) a separate fintech department in view of the sector's rapidly changing landscape. This department will subsume the fintech division of the Department of Payment and Settlement Systems and be administratively attached to the centralised administrative division (CAD) of the central office. In an internal circular, RBI said it decided to set up this department to focus on and facilitate innovation in the Indian fintech sector. In addition, the department will identify challenges and opportunities associated with fintech and address them in a timely manner. Further, it will provide a framework for further research on the subject that could aid policy interventions by RBI. The fintech department is likely to be headed by

one of RBI's Executive Directors, Ajay Kumar Choudhary.

New Umbrella Entities (NUE) in digital payments – The NUE is envisaged to establish competitors to the National Payments Corporation of India (NPCI). Six consortia formed by various banks, card networks and corporate groups are reported to have put in applications to set up NUEs. The RBI recently [said](#) that disclosing the names of applicants for the NUE licences will hurt their competitive positions. It added that it has no information on comments or feedback from stakeholders on the framework for authorising NUEs, or any suggestions from the Ministry of Finance on the licensing process.

NPCI CEO: Push for one billion transactions per day – NPCI CEO Dilip Asbe recently [said](#) that NPCI is aiming to achieve a milestone of one billion transactions per day over the United Payments Interface (UPI) in the next three to five years. He said that the entire ecosystem must rally behind this goal. He said that there should be no payment charges to customers, as it may end up creating resistance. He added that following an "economies of scale" approach to payment charges will help the ecosystem grow. This comes soon after reports that RBI will float a discussion paper looking into all aspects of charges in digital payments.