

MPAI Newsletter

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RBI amends payments system rules – The Reserve Bank of India (RBI) [amended](#) the Payments Systems and Settlements Regulations, 2008. The amendments alter the licence requirements for operating payments businesses in India.

Licensees seeking to set up payment systems in India must disclose details about the process flow in their systems, the technology platform to be used, security and interoperability features etc.

The amendments also prescribe heightened compliance and reporting requirements for operators of payment systems.

‘OpenPPI’ to support interoperability of prepaid instruments – Indian fintech player JusPay [launched](#) “OpenPPI”, which helps Prepaid Instruments (PPI) like digital wallets implement and comply with the Reserve Bank of India’s (RBI’s) [Guidelines for Interoperability](#) for PPIs.

The guidelines lay down minimum interoperability requirements for PPIs’ issued both through UPI and card networks. The requirements cover aspects such as safety and security requirements, risk management and grievance redressal mechanisms and settlement practices.

Existing and prospective PPI players can use this solution to ensure interoperability through the United Payments Interface (UPI) system. In May 2021, RBI had issued a mandate requiring KYC-compliant prepaid

cards and wallets to be fully interoperable by March 31, 2022.

UPI in Nepal – According to a statement from the National Payments Corporation of India (NPCI), Nepa would [adopt](#) India’s UPI system for enabling fast payments in the country. NPCI International Payments Ltd. has joined hands with Gateway Payments Service, Nepal’s authorised payment system operator, to deploy UPI. Before Nepal, Singapore and Bhutan had [adopted](#) the UPI system.

MeitY’s draft data accessibility and use policy – The Ministry of Electronics and Information Technology (MeitY) [released](#) India’s draft Data Accessibility and Use Policy with an aim to unlock the potential of India’s data economy.

It intends to foster digital innovation by making high value data accessible through G2G, G2B, B2G and B2B channels, provide a responsible data governance policy framework and establish interoperable, consent based and secure architecture for seamless flow of data and capacity building.

Experts however [raised](#) concerns regarding the safe implementation of anonymisation and monetisation measures under the draft policy. They said that the Information Technology Act, 2000 only regulates private corporations’ use of personal data and that there is no data protection law that covers the government.

India’s Data Protection Bill – India may [draft](#) a completely new data protection law and put

aside the current version that has been in the making for five years, according to reports.

Minister of State for Electronics and IT, Rajeev Chandrashekhar [said](#) that it is important to come up with a new digital law that takes citizens' privacy into account, calling the Information Technology Act, 2000 "dated". He added that this new digital law can be a benchmark legislation for what global jurisprudence around the internet must look like. He said that such a law must not impose excessive compliance burdens on start-ups and remain flexible.

Reports also [suggest](#) that certain parts of the Data Protection Bill, 2021 may change. These include provisions related to regulating hardware and devices, retrospective localisation requirements and the need for regulatory approval every time there is a cross-border flow of data.

Cautious progress on retail CBDCs in India –

The RBI Deputy Governor, Michael Patra, [said](#) that the regulator will proceed "with great caution" in evolving retail applications of the Central Bank Digital Currency (CBDC). He said that several issues need to be worked out in determining retail usage, such as those related to privacy and monetary policy transmission. He said that the RBI will proceed very slowly and calibratedly move towards retail usage of CBDCs. He was speaking at the Asia Economic Dialogue 2022.