MPAI

Razorpay

Event Report

Operationalising UPI Autopay Interoperability: Readiness and Challenges

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Delhi - June 23, 2026 • Mumbai - June 25, 2026

MPAI

About Merchant Payment Alliance of India
Merchant Payment Alliance of India (MPAI) is a collective of merchants that accept digital payments in India. It serves as a platform for merchants to engage with regulators and upstream ecosystem participants, in order to advocate for merchant-friendly payment policies. It also promotes an efficient, secure, and innovative digital payments ecosystem through research, policy engagement, capacity development and thought leadership. For more information, visit: https://www.merchantpaymentsalliance.in/

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Razorpay

About Razorpay
Razorpay is an Indian fintech that provides payment gateway, payment aggregation, banking, and business financial services. It enables businesses to accept, process, and disburse payments through a comprehensive suite of digital payment and banking products. For more information, visit: https://razorpay.com/

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A

Context Overview

Unified Payments Interface (UPI) has emerged as the dominant digital payment option in India, accounting for approximately 85 percent[1] of all digital payment transactions in FY26. As merchants build subscription-based offerings, UPI AutoPay has become one of the fastest-growing recurring payment rails. By late 2025, it accounted for nearly 60 percent[2] of recurring payment transactions in the country.

Despite this growth, the underlying AutoPay infrastructure has been rigid since its inception. Once a mandate is registered via a merchant through a particular Payment Aggregator (PA) and Payment Gateway (PG), all subsequent debits are locked and processed via that combination. Merchants cannot reroute a failing debit to a better-performing gateway. This creates avoidable downtime-related failures, weak negotiating leverage for merchants, low retry efficiency, and high switching costs across the ecosystem.

In 2025, National Payments Corporation of India (NPCI) announced the launch of UPI AutoPay portability for users at the Global Fintech Festival and later issued a circular mandating ecosystem participants to make appropriate changes.[3] Under the aegis of the prevalent rationale for interoperability, in the case of UPI AutoPay, existing rails are being upgraded to enable merchants and PAs to route mandates and debits across multiple PGs. This is set to improve transaction success rates through intelligent routing, eliminate failures caused by PG downtimes, provide merchants flexibility to engage with multiple PGs, improve success rates and optimise costs.

It is against this backdrop, and in line with this transition window, that Razorpay and MPAI convened two roadshows to apprise merchants of these changes, provide necessary handholding support, encourage adoption, surface operational changes required, and gather feedback.

1 Objectives of the Interoperability Roadshows

- Explain the key product features of the interoperability framework which does away with the current combination of merchant and PA, share insights on mandate statistics across PAs and payments orchestration across recurring transactions based on payment gateway performance metrics.
- Set up a product-centric blueprint for complete UPI AutoPay mandate interoperability for digital merchants and consumer centric fintechs.

2 Conceptual Framework

The roadshow design was based on the underlying understanding that UPI AutoPay interoperability is a necessary requirement for operational continuity among subscription-reliant digital merchants. Ensuring mandate continuity across digital merchants ensures uninterrupted subscription continuity, optimises payment success rates, and provides a transparent, cross-PG interface for consumer mandate management.

3 Sessions were Centred on Two Tracks

- Examining incoming operational frameworks aimed at facilitating interoperability in UPI AutoPay mandates allowing merchants to orchestrate (route) mandates across PGs thereby reducing customer churn, improving success rates thereby promoting consumer welfare.
- Discussion on best-practices, system integration, Service Level Agreements and critical success factors related to interoperable UPI AutoPay mandates relevant for the payments and financial ecosystem

B

Roadshow Overview

MPAI and Razorpay organised the UPI AutoPay Interoperability roadshow in New Delhi and Mumbai.

In both cities, participation included payments and policy professionals from OTT, media and entertainment, travel bookings, sports streaming, music streaming, edutainment, subscription-led digital services, and financial services/ lending.[4] The roadshows had a core narrative: interoperability removes merchant lock-in to a single PA/PG combination, and is expected to lift success rates by giving merchants and PAs the ability to route a debit to whichever gateway performs best at that moment. It should over time, lower switching costs and encourage competition between providers.

Event Snapshots (New Delhi)

Event Snapshots (Mumbai)

C

UPI AutoPay Interoperability - The Core Construct

Razorpay presented its latest capability of enabling UPI AutoPay interoperability, previously operating across a combination of PA and PG that the mandate was initially registered with.

Problem identified: When a merchant sets up a subscription mandate with a customer, the debit request has to travel through a fixed chain: Merchant → PA (e.g. Razorpay) → downstream Payment Gateway/Acquirer → Third Party Application Providers (TPAP) → remitter bank → NPCI. Whichever gateway processed the registration is the one allowed to process every subsequent debit, even if that gateway is down or underperforming. These failures can occur for several reasons, such as insufficient funds or technical downtime, but the current system cannot distinguish between them or handle them differently. NPCI also caps retries at three attempts on that same fixed route. This results in avoidable failures (from downtime), no ability to switch providers, high switching costs, and slower innovation since PAs spend effort on plumbing rather than added benefits. These issues need to be addressed to reduce risks across the ecosystem.

The core shift: Currently, a debit is stuck replaying the same PA→PG→Bank chain it was registered on. If that gateway is down, the merchant has no recourse beyond three capped retries. Merchants are looking for an improvement in success rates with interoperability.[5] Either the merchant can route on its own or the merchant can depend on the PA to dynamically pick whichever gateway has the best real-time success rate for that debit, without customer interference, and at no extra cost to the merchant.

The process requires every stakeholder in the chain (PA, PG, TPAP, remitter bank) to support a new NPCI purpose code and drop a validation check that currently ties a mandate to one specific PA/acquirer combination. The rollout will be phased. New mandates will be interoperable by default once the ecosystem is ready, existing mandates must be migrated progressively.

D

Industry Feedback

1 **Ecosystem Readiness and the Dependency Stack**

The most recurring concern was the number of parties that must be ready simultaneously for interoperability to work end-to-end. Remitter banks, acquiring banks, PAs, PGs, and TPAPs need to recognise and support the new interoperable purpose code. Merchants pointed out that while large PAs and PGs are likely to be ready quickly, a meaningful share of mandates sit with Tier 2 banks and cooperative or regional banks whose readiness timelines are far less certain.

2 **Cost Structure and Fee Ambiguity**

Merchants sought clarity on whether interoperability would introduce double-charging. For instance, whether a mandate management fee and a separate execution fee could be charged when a debit is routed through a second PA. The current understanding is that non-financial operations such as mandate updates and payer migration do not attract charges. Participants noted that while the stated NPCI position is that merchants pay only for the execution that actually happens, not all PAs currently follow NPCI’s fee guidelines uniformly. Merchants require predictability since interoperability is supposed to provide competitive cost structures.

3 **Migration and Operational Control**

Merchants routing significant volumes through a single PG questioned whether incumbent providers would cooperate once merchants began routing transactions elsewhere, given the potential revenue loss. Razorpay acknowledged this challenge, noting that adoption would be gradual, with some players moving faster than others. However, they expressed confidence that NPCI's push, along with commitments from PAs and TPAPs, would bring the ecosystem to a broad level of readiness by September 2026.

4 **Apprehension on Privacy, Data and Stability**

Participants expressed similar views concerning data protection and cross-entity data sharing, customer consent requirements, mandate synchronisation, the stability of the new architecture, and uncertainty over how costs would be shared between PAs and PGs. It was also questioned whether the benefits of interoperability would be fully realised if adoption across the ecosystem was uneven, and highlighted the need for clear communication to end consumers during the transition.

5 Consumer Awareness

The explicit design intent is that customer experience remains unchanged upon implementing interoperability. However, participants raised questions on whether and how consumers should be informed when the execution partner behind the mandate changes. Merchants also noted that many users have limited awareness of how AutoPay mandates and cancellations work. A common misconception is that cancelling a subscription with a merchant also cancels the underlying UPI mandate, when in fact it does not. This distinction is not yet widely understood.

Presenters also highlighted a broader design challenge. Merchants are expected to make cancellations simple in line with the RBI's consumer protection objectives, while also offering retention incentives at the point of cancellation. Balancing these two objectives without compromising the creating a poor user customer experience is a key challenge.

6 Technical and Timeline Feasibility

Participants probed whether the 24-hour pre-debit notifications (PDN) requirement would continue under interoperability. Razorpay confirmed that it will and that the notification must be re-issued before every retry. Participants also asked whether an additional routing layer could create new points of failure. Razorpay argued that previous orchestration layers, such as banks to PAs, have improvised success rates and that interoperability is expected to follow a similar path.

Another identified concern was the risk of double debits when merchants manage routing instead of relying on PAs. It was clarified that retries should only occur after a confirmed failure and merchants that handle routing themselves would also be responsible for managing this risk.

E

Key Recommendations

1 **Shift merchant focus from acquisition to retention**: Participants at both sessions stated that retaining an existing subscriber is more lucrative to merchants than repeat acquisitions.[6] Merchants are encouraged to invest in engagement with customers between billing cycles to maintain their interest levels and continuity of payments.

2 **Choose routing partners for capability**: A second PG adds value if it can genuinely retry and route intelligently within UPI AutoPay's rails. Merchants are keen to seek out other PAs which can route mandates for better UPI AutoPay performance.[7] They are advised to evaluate potential partners based on routing intelligence and retry capabilities. They should also prefer partners (PAs) that own the full payments stack as fragmented solutions limit the benefit of interoperability. Partners should stay current with evolving UPI AutoPay standards and regulatory changes to ensure performance and compliance.

3 **Push for coordinated, timely ecosystem readiness**: Interoperability depends on every layer: merchants, remitter banks, acquiring banks, PAs, PGs and TPAPs. Merchants are encouraged to actively nudge their PAs and sponsor banks towards readiness to support interoperability within stipulated deadlines. The proactive response may be further strengthened by introducing NPCI-led migration deadlines.

4 **Insist on cost transparency**: QMC (Quarterly Mandate Charge) is the fee that a PA charges a merchant for maintaining an active UPI AutoPay mandate during a quarter. Under NPCI guidelines, it is charged per mandate per quarter, with NPCI prescribing a maximum permissible QMC. However, some PAs continue to charge merchants on a per-debit basis instead. Merchants should confirm with their PAs that a mandate is not charged twice when it is serviced by multiple PAs during the same quarter. The QMC should be prorated based on the period each PA services the mandate, while keeping the total charge within NPCI's prescribed maximum and ensuring transparent, consistent pricing.

5 **Link subscription and mandate cancellation**: A large share of user disputes stem from customers assuming that cancelling a subscription with a merchant also cancels the underlying UPI mandate. Merchants and PAs should work toward linking the two, and continue to invest in basic user education on how AutoPay mandates work.

6 **Invest in unified mandate visibility**: Infrastructure such as SI Hub and MandateHQ already exists but they remain difficult for consumers to access as they are built behind issuer-bank portals. Ecosystem players should prioritise making mandate dashboards accessible for easy mandate management.

7 **Build safeguards against double-debit risk**: Payment retries should only be initiated after a transaction failure is confirmed. The PG manages this process on the merchant's behalf across multiple gateways and helps prevent duplicate debits. If merchants choose to manage routing themselves, the responsibility for avoiding double debits shifts to them. Therefore, merchants are advised to subscribe to transaction alerts and Application Programming Interface (API) callbacks to receive real-time payment status updates before triggering a retry.

8 **Explore new engagement and payment channels**: Audience provided ideas during the discussions, such as WhatsApp/voice-linked PDNs, cancellation-interception offers, balance-aware retries, and missed-call-based micro-payments. These represent practical, near-term opportunities to reduce churn and expand reach.

9 **Track fast-moving regulation closely**: Reserve Bank of India (RBI) and NPCI made revocable mandates a requirement (including for lending), the 24-hour PDN is a requirement, and dark-pattern enforcement is live and evolving. Merchants should monitor these developments and involve at the policy level through fora such as MPAI.

Endnotes

1 "UPI completes 10 glorious years, Emerges as World's Largest Real-Time Payments Platform, Anchoring India's Digital Economy", Press Information Bureau (Available here).

2 "Why merchants prefer UPI AutoPay despite a lower success rate than cards", Moneycontrol (Available here).

3 NPCI UPI AutoPay Interoperability Launch Announcement, X (Available here); OC 223 - Enhancement of UPI AutoPay (Available here)

4 As per a live poll conducted by the organisers during the two events.

5 As per a live poll conducted by the organisers during the two events.

6 As per a live poll conducted by the organisers during the two events.

7 As per a live poll conducted by the organisers during the two events.

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