

# National Payments Corporation of India (NPCI)

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## In News

- WhatsApp (a unit of Facebook) has introduced payments services in India following approval by the National Payments Corporation of India (NPCI).

## What is NPCI?

- The National Payments Corporation of India (NPCI) serves as an umbrella body for the operation of retail payment in India. This organisation was established by the Reserve Bank of India along with the Indian Bank's Association. NPCI was incorporated in December 2008 and was centrally promoted by the Reserve Bank of India. The Certificate of Commencement of Business was issued in April 2009.
  - It is an umbrella organisation for all retail payments systems in India.
  - It was set up with the guidance and support of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA).
- **Objectives**
    - To consolidate and integrate the existing multiple systems into a nation-wide uniform and standard business process for all retail payment systems.
    - To facilitate an affordable payment mechanism to benefit the common man across the country and propel financial inclusion.
  - **Presently, NPCI is promoted by ten major promoter banks:**

- State Bank of India
- Punjab National Bank
- Canara Bank
- Bank of Baroda
- Union Bank of India
- Bank of India
- ICICI Bank
- HDFC Bank
- Citibank
- HSBC

### **NPCI Regulation of UPI**

- NPCI owns and operates the Unified Payments Interface (UPI) platform
- NPCI prescribes rules, regulations, guidelines, and the respective roles, responsibilities and liabilities of the participants, with respect to UPI. This also includes transaction processing and settlement, dispute management and clearing cut-offs for settlement
- NPCI approves the participation of Issuer Banks, PSP Banks, Third Party Application Providers (TPAP) and Prepaid Payment Instrument issuers (PPIs) in UPI
- NPCI provides a safe, secure and efficient UPI system and network
- NPCI provides online transaction routing, processing and settlement services to members participating in UPI
- NPCI can, either directly or through a third party, conduct audit on UPI participants and call for data, information and records, in relation to their participation in UPI
- NPCI provides the banks participating in UPI access to a system where they can download reports, raise chargebacks, update the status of UPI transactions etc.

### **Products of NPCI**

- **RuPay**: It is a domestic card scheme of India that has a

magnetic stripe along with an EMV chip. The card is now accepted at all ATMs and has been issued by 300 cooperative banks and Regional Rural Banks (RRBs) in India. (Get the list of RRBs in India in the linked article.)

- **National Common Mobility Card:** Also known as Rupay Contactless card, it is a contactless payment technology which allows the cardholders to use their card in the contactless payment terminals without the need to physically swipe or insert the card.
- **Bharat Interface for Money (BHIM):** Bharat Interface for Money (BHIM) is a mobile payments application based on NPCI's Unified Payments Interface (UPI). It provides the facility to easily send or receive money from other customers using the UPI. To know more in detail on BHIM, refer to the linked article.
- **Unified Payments Interface (UPI):** Unified Payments Interface (UPI) was introduced on 11th April 2016 as an instant interbank payment system. This payment system was developed to provide a mobile platform for instant transfer of funds between two bank accounts. To know more about Unified Payments Interface, refer to the linked article.

**Bharat Bill Payment System:** The Bharat Bill Payment System is an initiative taken by NPCI along with the Reserve Bank of India (RBI) for payment of all bills which will provide an interoperable and accessible bill payment service to its customers.

### **Unified Payments Interface (UPI)**

- It was launched in April 2016 and in the last two years, the platform has emerged as a popular choice among users for sending and receiving money.
- UPI is a payment system that allows money transfer between any two bank accounts by using a smartphone.
- UPI allows a customer to pay directly from a bank

account to different merchants, both online and offline, without the hassle of typing credit card details, IFSC code, or net banking/wallet passwords.

- It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.