

New umbrella entity for payments

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In News: RBI is going to set up a pan India umbrella entity to boost the retail payment in the country. These entities will be known as New Umbrella Entity, NUE.

About NUE

- RBI has proposed to set up a new pan-India new umbrella entity (NUE) or entities focussing on retail payment systems with a minimum paid-up capital of Rs 500 crore.
- The proposed entity will set up, manage and operate new payment systems especially in the retail space comprising ATMs, white label PoS, Aadhaar-based payments and remittance services, develop payment methods, standards and technologies, monitor related issues etc.
- No single promoter or promoter group should have more than 40 per cent investment in the capital of the entity.
- The promoters should upfront demonstrate capital contribution of not less than 10 per cent – Rs 50 crore – at the time of making an application for setting up of the entity.
- The promoter or the promoter group shareholding should be diluted to a minimum of 25 per cent after 5 years of the commencement of business. A minimum net worth of Rs 300 crore should be maintained.
- The entity eligible to apply as promoter or the promoter group for the NUE should be 'owned and controlled by residents' with 3 years' experience in the payments ecosystem as Payment System Operator (PSO) or Payment Service Provider (PSP) or Technology Service Provider (TSP).

What are NUEs

- Once established, these newly authorized entities will be able to operate their own clearing and settlement systems.
- Establish new standards and technologies; and develop innovative new payment systems that enhance customer access, convenience and safety.
- All NUEs will have to be interoperable with the National Payments Corporation of India (NPCI).
- NPCI would also be allowed to set themselves up as for-profit entities, and they will themselves be able to participate in RBI's payment and settlement systems.
- The NPCI is at the epicentre of digital payments in the country.