

Payments Vision 2025

June 24, 2022

In news– The Reserve Bank of India (RBI) has unveiled the Payments Vision 2025 document recently.

What is Payments Vision 2025?

- It **proposes a host of innovative payment systems and regulation of BigTechs, fintechs, buy-now-pay-later (BNPL) systems**, and introduction of a central bank digital currency (CBDC).
- The operations that the central bank will do between now and 2025 have been **divided into five key goals** which are integrity, inclusivity, innovation, institutionalisation, and internationalisation.
- Additionally, **RBI wants to achieve 10 goals that include tripling the number of digital payment transactions, 50% annualised growth for the UPI, 20% growth for the Immediate Payment Service (IMPS)** and National Electronic Fund Transfer (NEFT), and debit card usage surpassing credit card usage.
- It **promises to further elevate our payment systems towards a realm of empowering users** with affordable payment options accessible anytime and anywhere with convenience.
- It has proposed **enabling the geotagging of digital payment infrastructure and transactions** and revisiting guidelines for prepaid payment instruments (PPIs), including closed system PPIs.
- It also proposed **a framework for regulation of all significant intermediaries in the payments ecosystem** and link credit cards and credit components of banking products to UPI.
- **Other proposals include bringing in enhancements to the Cheque Truncation System (CTS)**, including **One Nation One**

Grid clearing and settlement perspective, and creating a payment system for processing online merchant payments using internet and mobile banking.

- It also proposed **regulation of BigTechs and FinTechs in the payments space**.
- The vision document recommended that the **BNPL method should be examined**, and issuance of appropriate guidelines on payments involving BNPL should be explored.
- BNPL services have developed into a new payment mode alongside the existing payment modes like cards, UPI, and net banking.
- This channel, facilitated by a few payment aggregators, leverages the existing nodal account (escrow account after authorisation) to route payments between a BNPL customer and a merchant.
- **The Payments Vision 2025 has the core theme of E-payments for everyone, everywhere, everytime (4Es) and aims to provide every user with safe, secure, fast, convenient, accessible and affordable e-payment options.**
- The Payments Vision 2021 had envisaged to empower every Indian with access to a bouquet of e-payment options that is safe, secure, convenient, quick and affordable, and had set four goalposts of competition, cost, convenience and confidence with 36 specific action points and 12 expected outcomes.