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UPI

UPI the instant real time payment system developed by NPCI for inter bank transactions has morphed into simple, uncomplicated mobile payments option.

With 6 billion transactions worth 10 lakh crore (May 2022) with 26 crore users UPI has become the best performing real time payments system in world.

Charging Criteria

Recently the RBI's research paper discussed the need to charge transactions involving UPI and many other payment system. UPI becomes important because it was brought in by the government with an idea of bringing financial

inclusion. According to RBI's Financial

Inclusion Index there has been

51 + CAGR in financial inclusion

since 2017. Users and merchants

find it convenient as they save money over a long term. But RBI also cautions that in the long term it will become a burden to sustain the cost incurred by government since it announced "zero transaction cost in 2020. Retail traders - 80% credit transfer volume and 23% value worth is occurring in UPI platform.

Way ahead
RBI can in future set limits for transaction volume above which charge can be levied. Or others can be given minimum monthly free transactions. I go with the view that its not the right time to levy charges when the country is progressing towards digital transformation.