

# **PAYMENT SYSTEMS IN INDIA VISION 2012-15**



# Vision 2012-15

- **To proactively encourage electronic payment systems for ushering in a less-cash society in India and to ensure payment and settlement systems in the country are safe, efficient, interoperable, authorised, accessible, inclusive and compliant with international standards**

- To accomplish the vision of a less-cash society
  - the key elements which would impact are 7A's
    - Accessibility, Availability, Awareness, Acceptability, Affordability, Assurance and Appropriateness

# Efficient and integrated payment system

- Efficiency and effectiveness enhancement in the payment systems
  - CTS implementation; Automated Clearing House (ACH) for bulk transactions; implement GIRO system; settlement in central bank money; review the domestic money transfer guidelines; white label PoS
- Standardisation, portability and inter-operability
  - standardising the payment instruments, message format, payment instructions in consultation with stakeholders; messaging format like ISO 20022 for adoption across payment systems; interoperability and portability in all payment systems; Aadhaar based payment systems; feasibility of adoption of IBAN/BBAN for standardisation of account numbers
  - forming a standard setting body under the overall guidance of RBI
  - IT architecture which will eliminate point to point interfaces for various payment products through a “Payment Hub
- Development of infrastructure and integrated payment system
  - Provide linkages between Payment systems infrastructures to encourage convergence, portability and interoperability
  - building a skilled pool of human resources through workshops, seminars, summits,
  - trade repository consistent with international best practices

# Risk Management and Oversight

- **Risks in payment systems**
  - Prepare roadmap for FMIs for adhering to the new FMI standards; appropriate risk management framework; funds settlement in RBI's books of accounts ; Introduce settlement guarantee mechanism for the DNS systems; Adopt new technology and standards to mitigate concentration risk; focus on quasi payment systems and their risk management processes
- **Compliance with international standards through oversight**
  - Draw up exit criteria for authorised payment system operators; authorising intermediaries based on their turn-over and other parameters; resolution framework for Financial Market Infrastructures; SWIFT– oversight framework in-line with the international co-operative framework; Operationalise the system for receipt of on-line data/information flow through the ORFS channel. (

# Access, Availability and Awareness

- **Promote access and inclusion**
  - Use of e-KYC service by UIDAI; explore the feasibility of a single, rationalised norm for semi-closed prepaid payment instruments; strategy for the creation of an acceptance eco system for electronic products ; fulfill the G-20 initiatives on financial inclusion and electronification of government receipts and payments; encourage Electronic Benefit Transfer and Direct Transfer of Subsidy payments as envisaged by the Government
- **Payment system literacy and visibility**
  - Review the pricing structure in card payments; dialogue with stakeholders for making direct cost of transacting in electronic payments as attractive as transacting with cash; pricing strategy that would encourage use of electronic products; simplify the pricing structure
- **Literacy and visibility**
  - Design and implementation of e-BAAT for access, inclusion and awareness

# Move towards a less-cash society

- **Innovation and new product developments**
  - adoption of mobile banking and NFC in payment systems; open standard for all contactless/ NFC transactions / systems independent of the payment system operators; promote mobile PoS; using Aadhaar as authentication tool for all payment transactions; engage with the Government in promoting non-cash mode benefit transfers;
- **Move towards a less-cash society**
  - availability and acceptability of alternate payment instruments in lieu of cash; incentivise payments to be made electronically; put in place a transaction limit for payments made by cash and/or cheques; customer protection for all electronic payments including a “Zero Liability” framework; dialogue with the Government for providing tax incentive for merchants and customers to promote electronification of payment transactions

- The concept of a “payment hub” has been perceived.
- to allow consolidation of multiple payment systems into one centrally managed mid-office payment system.
- requirement of standardized message formats
- uniform routing codes..