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RESERVE BANK OF INDIA

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**RBI Seeks Feedback on Concept Paper on
Card Acceptance Infrastructure**

The Reserve Bank of India has today placed on its website the [Concept Paper on Card Acceptance Infrastructure](#). Comments may be [emailed](#) or sent by post to the Chief General Manager, Department of Payment and Settlement Systems, Reserve Bank of India, Central Office, 14th Floor, Shahid Bhagat Singh Marg, Mumbai - 400001 on or before April 15, 2016.

Background

The Reserve Bank's over-arching Vision for Payment Systems in recent years has been the encouragement of electronic payments and migration to a "less-cash" society. The policy focus of the Reserve Bank has been to facilitate the growth in electronic payment services and also ensuring safety and security of such transactions. Recent Government announcements support and reinforce the need to migrate from cash payments and to promote card and other electronic payments.

With increasing customer confidence and concerted effort of all stakeholders, a growing trend in retail electronic payments has been observed. However, there is a concern that the commensurate growth in infrastructure, particularly those that facilitate electronic payment for purchase of goods and services, has not kept pace with the requirements of all segments of users across all geographical locations. Regulatory intervention in the form of rationalization of merchant discount rate (MDR) a few years earlier has also not had the desired catalytic effect. Growth in card acceptance infrastructure at merchant locations has been slow.

The "economics" of card payments plays an important role in ensuring greater and wider participation of all stakeholders involved in the card payments value chain and, as such, any strategy geared towards expansion of the infrastructure in a "managed" way has to also address these issues. There is, therefore, a need to examine holistically the relevant issues that come in the way of acceptance of card payments and deployment of infrastructure for the same so as to ensure continued and accelerated growth in card acceptance.

This concept paper has been prepared taking into account the inputs gathered during various interactions with the stakeholders. The paper outlines strategic options for addressing the issue of both expansion of card acceptance infrastructure as well as rationalisation of MDR.

To this end, the Reserve Bank has invited views and suggestions on the Concept Paper on Card Acceptance Infrastructure. Specific and actionable feedback would be highly valued.