



Digital Transactions in India

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Over the past two years, i.e. since 2016, Digital payment transactions have registered tremendous growth in India.

- New payment modes – **Bharat Interface for Money-Unified Payments Interface (BHIM-UPI)**, **Aadhaar enabled Payment System (AePS)** and **National Electronic Toll Collection (NETC)** – have transformed digital payment ecosystem by increasing Person to Person (P2P) as well as Person to Merchant (P2M) payments.
- At the same time existing payment modes such as debit cards, credit cards, Immediate Payment Service (IMPS) and Pre Paid Instruments(PPI) have registered substantial growth.

Bharat Interface for Money-Unified Payments Interface (BHIM-UPI)

- BHIM is developed by the **National Payment Corporation of India (NPCI)**.
- It is an initiative to enable fast, secure, reliable cashless payments through the mobile phone. BHIM is based on **Unified Payment Interface (UPI)** to facilitate e-payments directly through bank.
- It is interoperable with other Unified Payment Interface (UPI) applications, and bank accounts. Unified Payment Interface(UPI) is an instant payment system **built over the Immediate Payment Service (IMPS) infrastructure** and allows instant transfer of money between any two parties bank accounts.

Aadhaar enabled Payment System (AePS)

- AePS is developed by the **National Payments Corporation of India (NPCI)** that allows people to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan.
- With the help of this payment system, funds can be transferred from one bank account to another simply through their Aadhaar numbers.

- This system adds another layer of security to financial transactions as **bank details would no longer be required** to be furnished while carrying out these transactions.

National Electronic Toll Collection (NETC)

- NETC was developed by **National Payments Corporation of India (NPCI)** in 2016 for electronic toll collection at toll plazas using FASTag.
- FASTag is a device that employs **Radio Frequency Identification (RFID)** technology for making toll payments directly while the vehicle is in motion.
- FASTag (RFID Tag) is affixed on the windscreen of the vehicle and enables a customer to make the toll payments directly from the account which is linked to FASTag.
- RFID (Radio Frequency Identification) tagging is a system that uses **small radio frequency detection devices** for identification and tracking purposes.

National Payments Corporation of India (NPCI)

- National Payments Corporation of India (NPCI), an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of **Reserve Bank of India (RBI) and Indian Banks' Association (IBA)** under the provisions of the **Payment and Settlement Systems Act, 2007**.
- It is a "**Not for Profit**" Company under the provisions of **Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013)**, with an intention to provide infrastructure to the entire Banking system in India for **physical** as well as **electronic** payment and settlement systems.

Unified Payment Interface (UPI)

- It is an **advanced version of Immediate Payment Service (IMPS)**- round-the-clock funds transfer service to make cashless payments **faster, easier and smoother**.
- This is a payment system that allows one to send money from bank account the way one sends an SMS or email.