



## Digital Payment Systems

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### Why in News

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The **central banks of India and Singapore will link their respective fast digital payment systems** - Unified Payments Interface (UPI) and PayNow - for “**instant, low-cost, cross-border fund transfers**”.

The linkage is **targeted to be operationalised by July 2022**.

### Key Points

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- **About:**

- The **Unified Payments Interface (UPI)-PayNow linkage** is a significant milestone in the **development of infrastructure for cross-border payments** between India and Singapore, and closely **aligns with the G20's financial inclusion priorities** of driving faster, cheaper and more transparent cross-border payments.

India is **a member of G20.**

- The linkage builds upon the **earlier efforts of NPCI International Private Ltd (NIPL)** and Network for Electronic Transfers (NETS, Singapore) to foster cross-border interoperability of payments using cards and QR codes between India and Singapore and **will anchor trade, travel and remittance flows between the two countries.**

**NIPL is the subsidiary of NPCI to popularise domestic payments technologies** such as UPI and RuPay abroad and co-create payment technologies with other countries.

- The initiative is in line with its **vision of reviewing corridors and charges for inbound cross-border remittances** outlined in the **Payment Systems Vision Document 2019-21.**
- From an investing perspective, this will **incentivize more retail investors to access global markets.** Currently, they pay up to Rs.3,000 in inter-bank charges which are **over and above the Liberalised Remittance Scheme (LRS) processing fees** by banks.

**LRS** of the **Reserve Bank of India (RBI)** allows resident individuals to remit a certain amount of money during a financial year to another country for investment and expenditure.

- **UPI and Other Indian Payment Systems:**

- **Unified Payments Interface:**

- It is an **advanced version of Immediate Payment Service (IMPS)**- round-the-clock funds transfer service to make cashless payments faster, easier and smoother.
- UPI is a system that **powers multiple bank accounts** into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.
- **National Payments Corporation of India (NPCI)** launched UPI with 21 member banks in 2016.

- **National Electronic Funds Transfer:**

- NEFT is a nation-wide payment system facilitating one-to-one funds transfer. Under this Scheme, individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme.
- There is **no limit – either minimum or maximum** – on the amount of funds that could be transferred using NEFT.
- However, the **maximum amount per transaction is limited to Rs. 50,000/- for cash-based remittances within India and also for remittances to Nepal under the Indo-Nepal Remittance Facility Scheme.**

- **RuPay Card Scheme:**

- The name, derived from the words 'Rupee and 'Payment', emphasises that it is **India's very own initiative for Debit and Credit Card payments.**
- The card **can also be used for transactions in Singapore, Bhutan, UAE, Bahrain and Saudi Arabia.**

**Source: TH**