# UPI-PayNow Integration

Why in News?

Recently, India's **Unified Payments Interface (UPI)** and Singapore's PayNow have been integrated to **enable faster** Remittances **between the two countries.**

- Singapore has become the first country with which **cross-border Person to Person (P2P) payment facilities have been launched.**
- The UPI-PayNow partnership marks the **world's first to feature cloud-based infrastructure** and participation by non-bank financial institutions.
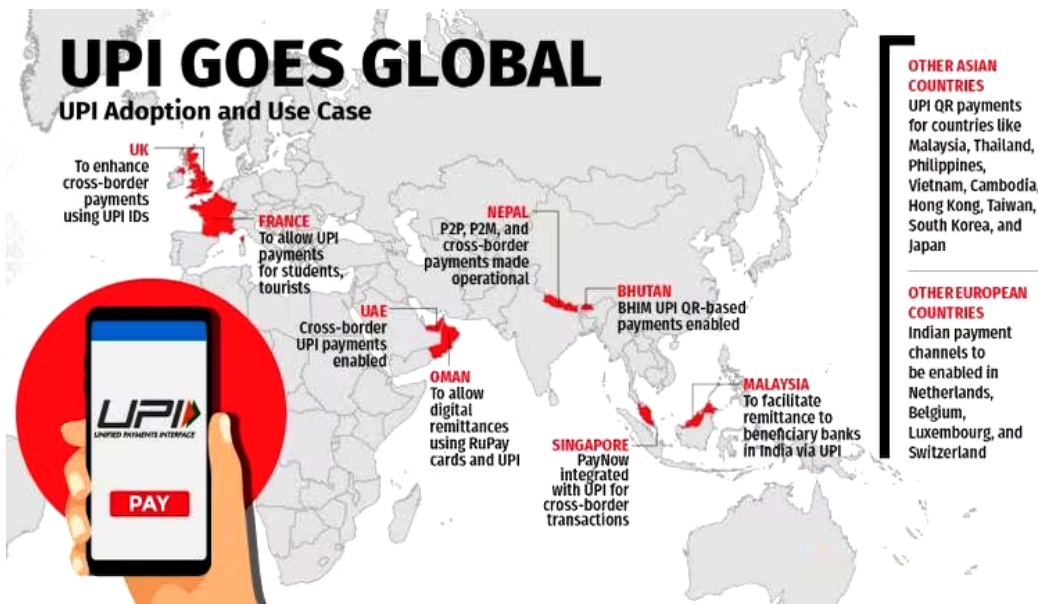
What is UPI and PayNow?

- **UPI:**
  - UPI is India's **mobile-based fast payment system**, which facilitates customers to make round-the-clock payments instantly, using a **Virtual Payment Address (VPA)** created by the customer.
    - **VPA is a unique identifier** assigned to an individual to facilitate the transfer of funds through a digital payments system. It is a user-created identifier that can be used **instead of providing sensitive bank account details** while making payments.
  - It eliminates the **risk of sharing bank account details by the remitter.** UPI supports both Person-to-Person (P2P) and Person-to-Merchant (P2M) payments and it also enables a user to send or receive money.
- **PayNow:**
  - PayNow is a fast payment system in Singapore. It enables **peer-to-peer funds transfer service**, available to retail customers through participating banks and Non-Bank Financial Institutions (NFIs) in Singapore.

- It allows users to send and **receive instant funds from one bank or e-wallet account to another in Singapore** by using just their mobile number, Singapore National Registration Identity Card (NRIC)/Foreign Identification Number (FIN), or VPA.
  - **Linkage:**
    - With this facility, funds held in bank accounts or **e-wallets** can be transferred to /from India using just the UPI ID, mobile number, or VPA.
    - This facility will **eliminate the need for entering the details of beneficiaries**, such as bank account numbers, bank codes etc.

What is the Significance of the Move?

- The project is expected to greatly **benefit the Indian diaspora, especially migrant workers and students,** in Singapore as it **allows faster and cost-efficient funds transfer** across both countries without the mandate of getting onboard the other payment system.
  - As per the ministry of external affairs (MEA) document Population of Overseas Indians (2022), there are **approximately 6.5 lakh Indians,** including **non-resident Indians** and persons of Indian origin, currently residing in Singapore.
  - Of the total inward remittances to India in 2020-21, the share of Singapore stood at 5.7%, according to the **RBI (Reserve Bank of India)** Remittance Survey, 2021.
- Integration of the system will bring down the **cost of sending remittances** by as much as 10%.
- By reducing the cost and inefficiencies of remittances between Singapore and India, the PayNow-UPI linkage will **directly benefit individuals and businesses in Singapore and India** that greatly rely on this mode of payment.

(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Ans: (c)

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