



Interchange Charge ON PPI Merchant Transactions

Why in News?

Recently, [National Payments Corporation of India \(NPCI\)](#) clarified that there are **no charges for bank account - to - bank account based UPI payments.**

- NPCI stated that an **interchange charge of 1.1% has been introduced on UPI transactions made through PPI instruments** above Rs 2,000, and there is **no charge to customers.**
 - Also, NPCI has permitted the **PPI wallets to be part of interoperable UPI ecosystem.**

What are Prepaid Payment Instruments?

- The RBI defines **PPIs as payment instruments that facilitate the buying of goods and services**, including the transfer of funds, financial services, and remittances, against the value stored within or on the instrument.
 - PPIs are in the form of **payment wallets (like Paytm Wallet, Amazon Pay Wallet, PhonePe Wallet, etc.)**, smart cards, mobile wallets, magnetic chips, vouchers, etc. As per the regulations, **banks and NBFCs can issue PPIs.**

What is National Payments Corporation of India?

- **About:**
 - NPCI is an **umbrella organisation for all retail payments systems** in India. Its primary objective is to provide **safe, secure, and efficient retail payment systems in India.**
 - It aims to promote [digital payments](#) and [financial inclusion](#) in the country.
- **Establishment:**
 - NPCI was established in **2008** under the guidance and support of [Reserve Bank of India \(RBI\)](#) and [Indian Banks' Association \(IBA\)](#).
- **Ownership:**
 - NPCI is a **not-for-profit company**, and its ownership is shared by a **consortium of major banks in India.**
- **Products and Services:**
 - NPCI offers a range of products and services, including **Unified Payments Interface (UPI)**, [National Electronic Funds Transfer \(NEFT\)](#), [Immediate Payment Service \(IMPS\)](#), [Bharat Bill Payment System \(BBPS\)](#), [RuPay card](#), and others.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q1. Which one of the following links all the ATMs in India? (2018)

- (a) Indian Banks' Association
- (b) National Securities Depository Limited
- (c) National Payments Corporation of India

(d) Reserve Bank of India

Ans: (c)

Q2. Consider the following statements: (2017)

1. National Payments Corporation of India (NPCI) helps in promoting the financial inclusion in the country.
2. NPCI has launched RuPay, a card payment scheme.

Which of the statements given above is/are correct?

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

Ans: (c)

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