



## 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)**

**Source: IE**

PDF Reference URL: <https://www.drishtias.com/printpdf/interchange-charge-on-ppi-merchant-transactions>

