



# UPU to Assess UPI for Cross-Border Remittances

[Source: PIB](#)

## Why in News?

The [Universal Postal Union \(UPU\)](#) has announced plans to **evaluate the integration of the [Unified Payment Interface \(UPI\)](#)** with **cross-border remittances** using the global postal network.

- This evaluation aims to explore the potential of UPI in facilitating secure and efficient international money transfers.

## What are the Benefits of Integrating UPI with UPU?

- UPI offers a **secure, convenient, and real-time payment experience**, making it a promising platform for **cross-border remittances**.
- Leveraging the global postal network, which has **extensive reach and infrastructure**, can further **expand the reach of UPI-enabled remittances**.
- The integration of **UPI with postal channels can provide a reliable and accessible remittance** solution for individuals, particularly in **remote areas where traditional banking services may be limited**.
- This initiative aligns with **UPU's goal of promoting efficient and inclusive postal services globally**.

## What is Universal Postal Union (UPU)?

- **About:**
  - The UPU is a [United Nations](#) specialized agency and the **postal sector's primary forum for international cooperation**.
  - **UPU is the second oldest international organization.**
- **Establishment and Structure:**
  - The **UPU was established in 1874 through the Treaty of Bern**.
  - UPU's headquarters are **located in Bern, Switzerland**.
  - The organization consists of four bodies: **Congress, the Council of Administration (CA), the Postal Operations Council (POC), and the International Bureau (IB)**.
  - It also oversees the **Telematics and Express Mail Service (EMS) cooperatives**.
- **Membership:**
  - Any member country of the **United Nations can become a member of the UPU**.
  - Non-member countries of the United Nations **can join the UPU if approved by at least two-thirds of the member countries**.
  - The UPU has now **192 member countries**.
    - India joined the **UPU in 1876**.
- **Role and Functions:**
  - UPU coordinates **postal policies among member nations** and the global postal system.
  - The union sets rules for international mail exchanges and makes recommendations to stimulate **growth in mail, parcel, and financial services volumes**.
  - It aims to improve the quality of service for customers and promote efficiency in international postal operations.

## What is 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.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Prelims

**Q1. With reference to digital payments, consider the following statements: (2018)**

1. BHIM app allows the user to transfer money to anyone with a UPI-enabled bank account.
2. While a chip-pin debit card has four factors of authentication, BHIM app has only two factors of authentication.

**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: (a)**

**Q2. Which of the following is a most likely consequence of implementing the 'Unified Payments Interface (UPI)'? (2017)**

- (a) Mobile wallets will not be necessary for online payments.
- (b) Digital currency will totally replace the physical currency in about two decades.
- (c) FDI inflows will drastically increase.
- (d) Direct transfer of subsidies to poor people will become very effective.

**Ans: (a)**