



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.

UPSC Civil Services Examination, Previous Year Question (PYQ)

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)

Q3. 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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