

RBI allows pre-sanctioned credit lines via UPI

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The Reserve Bank of India (RBI) has allowed scheduled commercial banks to issue credit lines through Unified Payments Interface (UPI).

Earlier, only the deposited amount could be transacted through the UPI System. Currently, savings accounts, overdraft accounts, prepaid wallets, and credit cards can be linked to UPI. In April, the RBI proposed to expand the scope



of UPI by enabling transfer to and from pre-sanctioned credit lines at banks. The regulator said banks might, according to

their board-approved policy, stipulate terms and conditions of use of such credit lines. These would include credit limit, period of credit, rate of interest, and so on.

“Under this facility, payments through a pre-sanctioned credit line issued by a scheduled commercial bank to individuals, with prior consent of the individual customer, are enabled for transactions using the UPI system,” the RBI said in a notification on Monday.

This can reduce the cost and

help in the development of unique products for Indian markets.

At present, UPI handles 75 per cent of the retail digital payments volume in India. Recently, RuPay credit cards were permitted to be linked to UPI. UPI transactions are enabled between deposit accounts at banks, sometimes intermediated by pre-paid instruments including wallets.

The number of UPI transactions in July was 9.96 billion and 9.33 billion in June.

SBI announces introduction of UPI interoperability on CBDC

State Bank of India (SBI) on Monday said it implemented UPI interoperability in its Central Bank Digital Currency (CBDC).

With this move, the bank aims to deliver unprecedented convenience and accessibility to its customers, SBI said in a statement. This cutting-edge feature, accessible through the 'eRupee by SBI' application will empower SBI CBDC users to effortlessly scan any merchant UPI QR code for swift and secure transactions, it said. SBI was among the first few banks to participate in the RBI's retail digital e-rupee project in 2022. "The seamless integration of CBDC with UPI marks a significant leap for the bank, enhancing the acceptance and utilisation of digital currencies in everyday transactions," it said.

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