

RBI initiatives helping cross-border trade, payments: Malhotra

‘Fast-payment systems align with public policy objectives’

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The Reserve Bank of India (RBI) is advancing cross-border collaboration in digital payments through multiple initiatives, including linking India's Unified Payments Interface (UPI) with other countries' fast-payment systems, according to Governor Sanjay Malhotra.

This will enable merchant payments abroad via UPI QR codes, and support partner nations in deploying UPI-like sovereign payment platforms, he added.

Malhotra was speaking earlier this week at the “High-Level Dialogue on Forging Economic Resilience through Digital Public Platforms” in Washington, D.C.

When it comes to linking UPI with other fast-payment systems, the India-Singapore (UPI-PayNow) linkage is live, the governor said, adding that work with several other countries, bilaterally and multilaterally, was underway. Cross-border merchant payments are live in a few countries, with efforts on to enable such payments in additional markets, he said.

“India is an excellent example of how digital public platforms (DPPs) can impart tangible economic benefits and materially improve the lives of our citizens,” said Malhotra, adding that India's DPPs constituted a well-structured, multilayered system of interconnected digital building blocks, including digital identity through Aadhaar, instant payment systems via UPI, and



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secure data sharing through the Data Empowerment and Protection Architecture.

“For us, the guiding principle has been to build such platforms in the public sector as a public good with suitable guardrails, and without a profit motive. Public and private-sector entities can then leverage these platforms to develop applications across credit, health, social protection, agriculture, and several other domains.”

Malhotra also highlighted initiatives taken by India to build DPPs.

Aadhaar, the unique identity platform, has over 1.3 billion users. Using this identity platform, over 566 million bank accounts have been opened, and 316 million of these belong to women. It has enabled direct benefit transfer, bypassing cash-based subsidy distribution and crediting subsidies. Over \$500 billion has been transferred directly to beneficiaries, significantly reducing

fraud and leakage.

Around 85 per cent of digital-payment transactions in India today are done through UPI. About 20 billion transactions are made using UPI every month, representing a value equivalent to more than \$280 billion.

Malhotra said central banks not only served as the ultimate guardians of economic resilience, in many countries they were responsible for enhancing financial inclusion and operating and regulating critical payments and settlement infrastructure.

“Development of fast-payment systems aligns with key public policy objectives, including creation of safe and efficient payment systems for everyone, reducing cash dependence, and supporting digitalisation. Fast payment systems continue to grow in both number and usage, having been established in more than 70 jurisdictions across the world,” he said.