# Digital Payment Campaign Awareness Program

Convention Hall

National Informatics Centre

27 Dec 2016

# Points of this Presentation

1. Background

2. Objectives

3. Digital Payments Framework

4. Benefits – Short Term & Long Term

5. Road Map

# Background

- India - 4th largest user of cash in the world

- Government of India has taken measures to promote a cashless economy through digital payments

- In the past, progress had been made, such as:

  ✓ Electronic banking in the 1990s

  ✓ In the following decade: 'Core banking' plus use of credit cards

  ✓ Popularization of digital payments in this decade - electronic wallets, swipe cards, debit cards etc.

- We need to take a leap forward towards a cashless economy

# Background

- Provides NIC with an opportunity to act as a **change agent** to promote cashless economy by means of digital payments

- Its role will be to enable the **IT fraternity** to adopt a cashless way of life with support of other stakeholders

- Other Stakeholders include State IT Department, Financial Bodies, IT Industry etc.

- About 3.7 million IT professionals in India, who form a powerful group to propagate this change, NIC being one of them.

- IT professionals can lead the way as **early adopters** of cashless transactions through digital payments

# Background

- **Cashless transactions may include (progressively):**

  - ✓ **Official receipts and payments**

  - ✓ **Purchase of costlier items (like vehicles, durables, holidays etc.)**

  - ✓ **Purchase of daily items (groceries, medicines etc.)**

- **IT fraternity needs to motivate their circles: friends, family members, shop keepers, domestic helps ….. to move in a similar manner**

- **All stakeholders can play a meaningful role to promote digital payments, as outlined in the next slide**

# Background

| Stakeholder | Role in Promoting Digital Payments |
|---|---|
| NIC and its field Units | To act as the Change Agent for IT Fraternity to adopt cashless economy through digital payments |
| MeitY & State IT Departments | Collaborate in the conduct of Training Programmes and workshops to spread awareness of cashless economy |
| Banks and Financial Bodies | Partnering the Electronic Payments and receipts with its endeavours |
| IT Industry | Adopt cashless transactions at office level<br>Encourage employees to adopt cashless transactions |
| IT Professionals | Adopt cashless transactions at personal level<br>Encourage others (friends, family, domestic assistants, shop keepers etc.) to act similarly |
| NIC + All Other Stakeholders | Connect to the lowest level POS (shops, vendors etc.) to spread awareness about digital payments |

# Aim & Objectives

- **To enrol and impart digital financial literacy to:**
    – 25 lakh merchants and
    – 1 Crore citizens
    – with the help of 2,00,000 Common Service Centres(CSCs)
    – across all 2,50,000 panchayats

- **CSCs to become Digital Financial Hubs, by:**
    o  hosting awareness sessions on government policies and digital finance options available for rural citizens
    o  supporting in use of various mechanisms of digital finance services such as Immediate Payment Service (IMPS), Unified Payments Interface (UPI), Bank PoS machines, etc. by various stakeholders.

- **To enable citizens to access and use electronic payment system (EPS); sensitizing and enabling merchants at Panchayat level to use EPS and creating awareness in rural India.**

# Current Scenario

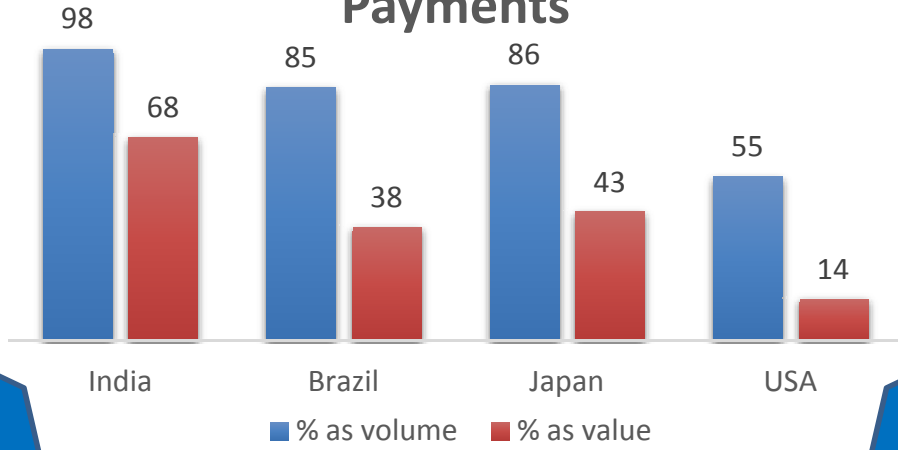**Only 5% of PCE in India is Digital**

**1 Billion+ Mobile Connections**

**Low Taxation Base**

**371+ Million Smartphones**

## Usage of Cash in Consumer Payments

| | India | Brazil | Japan | USA |
|---|---|---|---|---|
| % as volume | 98 | 85 | 86 | 55 |
| % as value | 68 | 38 | 43 | 14 |

■ % as volume  ■ % as value

**Large Informal Economy**

**25 Crore+ Jan Dhan Accounts Opened**

# Incentives to Promote Digital Payment

- 1 lakh Villages to be provided with 2 PoS machines

- Regional Rural Banks & Cooperative Banks to issue 4.32 crore "Rupay Kisan Cards"

- 10% discounts at fuel purchase, highway tolls, rail tickets and insurance premiums

- No service tax on all digital transaction upto Rs. 2000

- PSBs advised to reduce PoS rentals to Rs. 100 per month

- Free accident insurance cover of up to Rs. 10 lakh for online rail tickets

- No transaction fees for payments made through digital means by Central Government Departments and PSUs

# Go Digital, Get Benefits

Discount of 0.75% on digital payment at Central Gov. Petroleum PSUs

10% discount for Toll payment on National Highways using RFID Cards / Fast Tags in 2016-2017

Discount of 0.5% for Monthly or seasonal tickets on digital payments from 1st Jan 2017 on suburban Railway network.

Free Accident Insurance of upto 10 Lakh on buying online ticket in Railways.

No Service Tax on digital transactions / MDR upto Rs. 2000 per transaction.

Discount or Credit of upto 10% on the Insurance premium sold through the Customer portals of Public Sector Insurance Companies on digital payment.

Rural Regional Banks and Cooperative Banks to issue "RuPay Kissan Cards" to 4.32 crore Kissan Credit Card holders. Government will support this through NABARD.

2 POS devices will be deployed in 1 Lakh villages with population of less than 10,000. Government through NABARD will extend financial support.

Central Government Departments & PSUs to bear Transactions fee / MDR Charges on digital payments. State Governments being advised to do the same.

- **Implementation Strategy**

- NIC has embraced a role to work as a change agent, with the aim of enabling the IT fraternity to become early adopters of cashless and digital transactions

- The major implementation steps include:

  - ✓ Formation of IT Teams for Awareness Creation

  - ✓ Preparation & Dissemination of Awareness Materials

  - ✓ Training Programmes for Awareness Creation

  - ✓ Support & Guidance Cells at NIC State and District Centres

# DIMENSIONS OF THE OPPORTUNITY

| PARAMETER | VALUE | REMARKS |
|---|---|---|
| Population of India | 121.06 crore | Census of India 2011 |
| Notes in Circulation on 8th NOV 2016 | | MOS FINANCE IN RAJYA SABHA |
| (a) Rs. 1000 | 685.8 crore | |
| (b) Rs. 500 | 1716.5 crore | |
| BANK BRANCHES | 135,263 | RBI - ALL SCHEDULED COMMERCIAL BANKS (2nd Quarter of 2016-17) |
| ATM | 202,801 | RBI (AUGUST 2016) |
| MOBILE PHONES | 93.65 crore | TRAI – March 2016 (ACTIVE NOS.) |
| INTERNET USERS | 46.2 crore | Estimates for JUNE 2016 by IAMAI [37.1 crore – mobile Internet users] |

# Digital Payments

STEP BY STEP INSTRUCTIONS FOR VARIOUS MODES OF PAYMENT:

Cards, USSD, AEPS, UPI, Wallets

# Cards, PoS

Make basic payments at most places with your prepaid, debit or credit card

- Swipe your card
- Put in your pin
- Get a receipt

✅ It's done!

You can even transact with your card online!

# BANK CARDS – Options Available

## Cards issued by Banks may be of following types:

| | |
|---|---|
| **DEBIT CARD** | Issued by the Bank where you have an account. Any expenditure made is immediately debited to user's account. User can use this card to withdraw cash up to the limit available in his/her bank account. |
| **CREDIT CARD** | These are issued by banks / other entities approved by RBI. Unlike debit cards, in case of credit cards, a customer can also withdraw beyond the amount of money present in his bank account. But there is a limit for each credit card up to which extra money can be withdrawn |
| **PRE-PAID CARD** | These are pre-loaded from a customer's bank account. Can be used for limited amount of transaction. These can be recharged like mobile recharge. Safe to use. |

# RuPay - As good as Cash

**India's own card.**
**Accepted at all merchants and online sites**

- Ask for RuPay Debit Card and PIN from your bank branch.
- Memorise your ATM PIN and never share it with anyone.
- Activate your debit card at the ATM by doing a simple transaction, viz. checking your account balance.
- Hand over your card to the merchant/shopkeeper at the time of bill payment.
- The merchant/shopkeeper will swipe/insert your card on his POS machine.
- Enter your ATM PIN securely on the POS machine.
- Collect the printed receipt upon successful payment.
- Check the "Payment Successful" SMS on your mobile phone.

# Unstructured Supplementary Service Data (USSD) based Mobile Banking

*99# - National Unified USSD Platform (NUUP)

## USSD
### (Unstructured Supplementary Service Data)

It is as easy as checking your prepaid balance from your phone! It is possible to transact even on a normal mobile phone

- Link your mobile number to your bank account
- Dial *99# from your phone
- Fill in the first 3 letters of your bank against Short Name OR first 4 letters of IFSC
- Choose "Fund Transfer-MMID" option
- Enter the payee's mobile number and MMID
- Enter the amount and your MPIN, leave a space and enter the last 4 digits of your account number

✓ You have just transferred your money!

# Unstructured Supplementary Service Data

- **Unstructured Supplementary Service Data** (USSD), sometimes referred to as "Quick Codes" or "Feature codes", is a protocol used by GSM cellular telephones to communicate with the service provider's computers. USSD can be used for Wireless Application Protocol (**WAP**) browsing, prepaid callback service, mobile-money services, location-based content services, menu-based information services, and as part of configuring the phone on the network.

- USSD messages are up to 182 alphanumeric characters long. Unlike Short Message Service (SMS) messages, USSD messages create a real-time connection during a USSD session. The connection remains open, allowing a two-way exchange of a sequence of data. This makes USSD more responsive than services that use SMS.

# Unstructured Supplementary Service Data

- Can be used on a Feature Phone for those users who do not have a Smart Phone.

- Unstructured Supplementary Service Data (USSD) aims to take banking services to the common man or woman

- USSD enables a person to access banking services with a single number

- It is offered through a National Unified USSD Platform (NUUP) on a short code *99#.

- Can be used for payments up to Rs. 5000 per day per customer.

- Instant Money Transfer

- Round the clock service (even on weekends and Holidays)

# Unstructured Supplementary  Service Data

- **Needed:**
  - ✓ **Bank Account**
  - ✓ **Any Mobile Phone on GSM Network**
  - ✓ **Registering mobile phone number against account with the Bank**

- **How to get it**
  - ✓ **Visit Bank Branch to link Mobile Number with Bank Account – can be done on-line**
  - ✓ **Get MPIN (Mobile PIN) & MMID (Mobile Money Identifier)**
  - ✓ **Remember the above … MPIN & MMID**

# Unstructured Supplementary  Service Data

Available across all handsets – basic & smartphone

Send money even on bank holidays

Dial *99# and bank from your mobile phone

Register your mobile number with your bank or at any ATM

Use in English, Hindi and 10 Indian languages

Works in all 10 GSM network: Airtel, Vodafone, Idea, BSNL, MTNL etc

# Unstructured Supplementary  Service Data

## STEPS FOR MONEY TRANSFER

| Step | Screen Message |
|---|---|
| Dial after typing *99# | Welcome to NUUP<br>TYPE 3 Letters of Bank short name OR first 4 Letters of Bank IFSC |
| Type 'SBI' or 'SBIN' (or as per your Bank) | Enter your option<br>1. Account Balance<br>2. Mini Statement<br>3. Send Money using MMID<br>4. Send Money using IFSC<br>5. Fund Transfer – AADHAR<br>6. Show MMID<br>7. MPIN<br>8. Generate OTP |

| Step | Screen Message |
|---|---|
| Type '3'<br>(to send Money using MMID) | Enter Beneficiary Mobile Number |
| Type '97060 XX908' | Enter Beneficiary MMID |
| Type 'MMID' of Beneficiary | Enter Amount separated by space and Remarks (Optional) |
| 500 RENT | Want to transfer Rs 500 to Beneficiary with Mobile No 97060 XX908 and MMID XXXX For RENT<br>ENTER YOUR M-PIN (space) last four digits of account No. |
| ABCD 02577 | Your Account No XXXXXXXX02577 is debited for Rs 500 on 12-11-2016 and a/c linked with mobile 97060 XX40908 credited (IMPS Ref No XXXXXXXXXXXX) |

**FUND can be transferred either by:**

✓ **Inputting MMID and Mobile Number of Beneficiary (Option 3)**

✓ **Inputting IFSC and Account Number of Beneficiary (Option 4)**

# Unstructured Supplementary  Service Data

## OTHER SERVICES

- ✓ BALANCE ENQUIRY of Bank Account linked with Mobile Number

- ✓ MINI STATEMENT of above Account

- ✓ KNOW MMID – User can know the Mobile Money Identifier (MMID) allotted by Bank to Account during the mobile banking registration

- ✓ GENERATE / CHANGE MPIN

# Aadhaar
## Enabled Payment System

Why rely on your bank, when you can bank on Aadhaar! Now link your Aadhaar card with your bank account You can then carry out:

- Funds Transfer
- Balance Enquiry
- Cash Deposit or Withdrawal
- Inter-bank transactions

✔ You can avail of this service at shops too

# AADHAR Enabled Payment System

- AADHAR Enabled Payment System is a payment service empowering a bank customer to use AADHAR as his/her identity to access his/ her respective AADHAR enabled bank account and perform basic banking transactions.

- 367 Mn. Aadhaar mapped in NPCI's Aadhaar Mapper.

- It allows bank-to-bank transaction at PoS (MicroATM) with the help of Banking Correspondent (BC)/Village Level Entrepreneur (VLE).

- The user has to seed his/her account with their AADHAR number at bank or with the help of BC/VLE.

- User can do as many transactions at any AEPS point without any PIN or password.

# AADHAR Enabled Payment System

- **Linking of Bank Account:**

  ✓ Type *99*99# from your Mobile. It will ask for Aadhaar Number, enter Aadhaar No and press OK and then press 1. You will get Bank name linked with Aadhaar Card.

- **Needed:**

  ✓ IIN (Identifying the Bank to which the customer is associated)

  ✓ AADHAAR Number

  ✓ Fingerprint captured during their enrolment

- **Services:**

  ✓ Balance Enquiry

  ✓ Cash Withdrawal or Deposit

  ✓ Purchase at Fair Price Shop

  ✓ Transfer of Funds to/ from another AADHAR Account

# Key Steps for AEPS Transaction



```
┌──────────────┐      ┌──────────────┐      ┌──────────────┐
│  GO TO A     │      │  PROVIDE     │      │  CHOOSE      │
│  MICROATM    │ ───► │  YOUR BANK   │ ───► │  WHICH       │
│  OR BANKING  │      │  NAME AND    │      │  TRANSACTION │
│  CORRESPOND  │      │  AADHAAR     │      │  TO DO       │
│  ENT         │      │              │      │              │
└──────────────┘      └──────────────┘      └──────────────┘
                                                    │
                                                    ▼
┌──────────────┐      ┌──────────────┐      ┌──────────────┐
│  PROCESS     │      │  ON          │      │  PROVIDE     │
│  COMPLETED   │ ◄─── │  SUCCESSFUL  │ ◄─── │  FINGER PRINT│
│              │      │  TRANSACTION │      │  ON SCANNER  │
│              │      │  , TAKE THE  │      │              │
│              │      │  PRINT SLIP  │      │              │
└──────────────┘      └──────────────┘      └──────────────┘
```
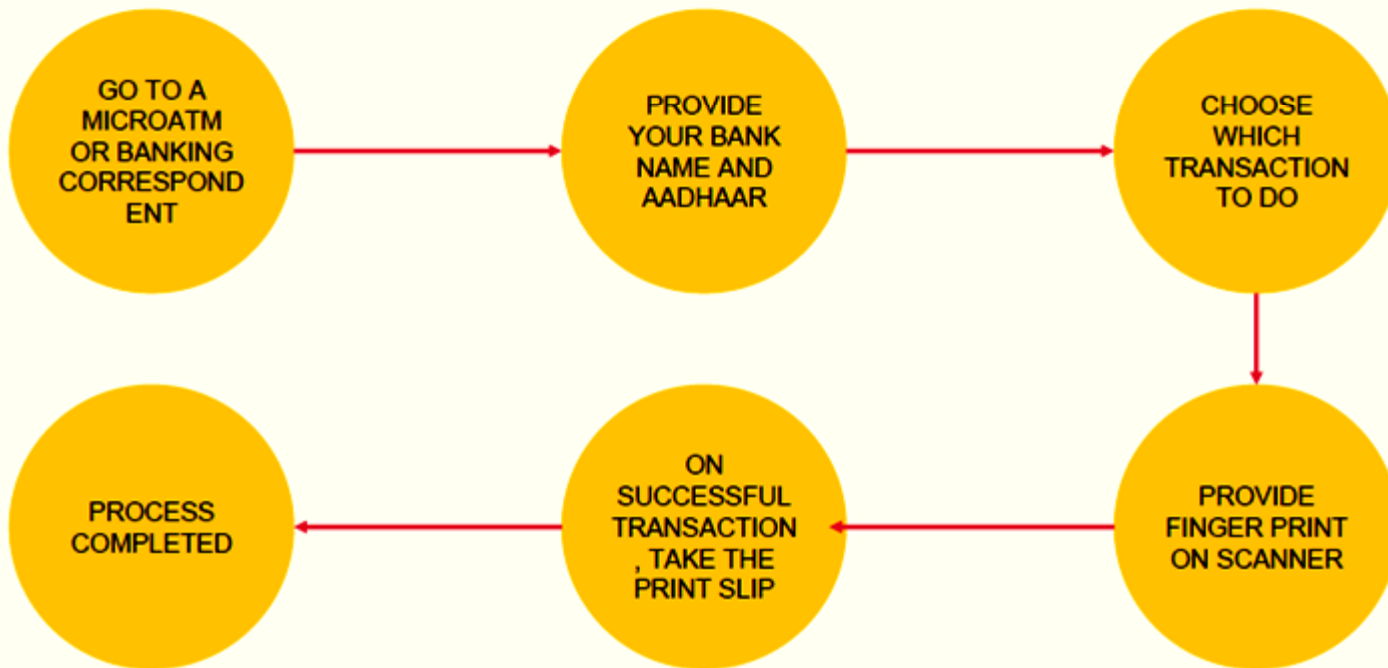
# e-Wallet

It's as easy as sending photos through your phone! Through the E-Wallet money transactions are possible with Mobile or Computer:

- Many e-wallets are available in the market
- Download a wallet like SBI Buddy
- Register with your mobile number
- Link this with your debit or credit card or through net banking

✓ Your phone is now your Wallet!

# Payments Wallet

- **Digital versions of traditional wallets that someone would carry in their pockets.**

- **Offer payment services through which individuals/business can receive/send money via mobile devices.**

- **They can hold digital information about Credit and debit cards with which it can be linked for making payment.**

- **Store coupons and loyalty programs, pecific information about personal identity and more.**

# FEATURES OF PAYMENT WALLET:



Type of pre-paid account in which a user can store his/her money for any future online transaction

Protected with password

User can make payments for groceries, online purchases, and flight tickets etc.
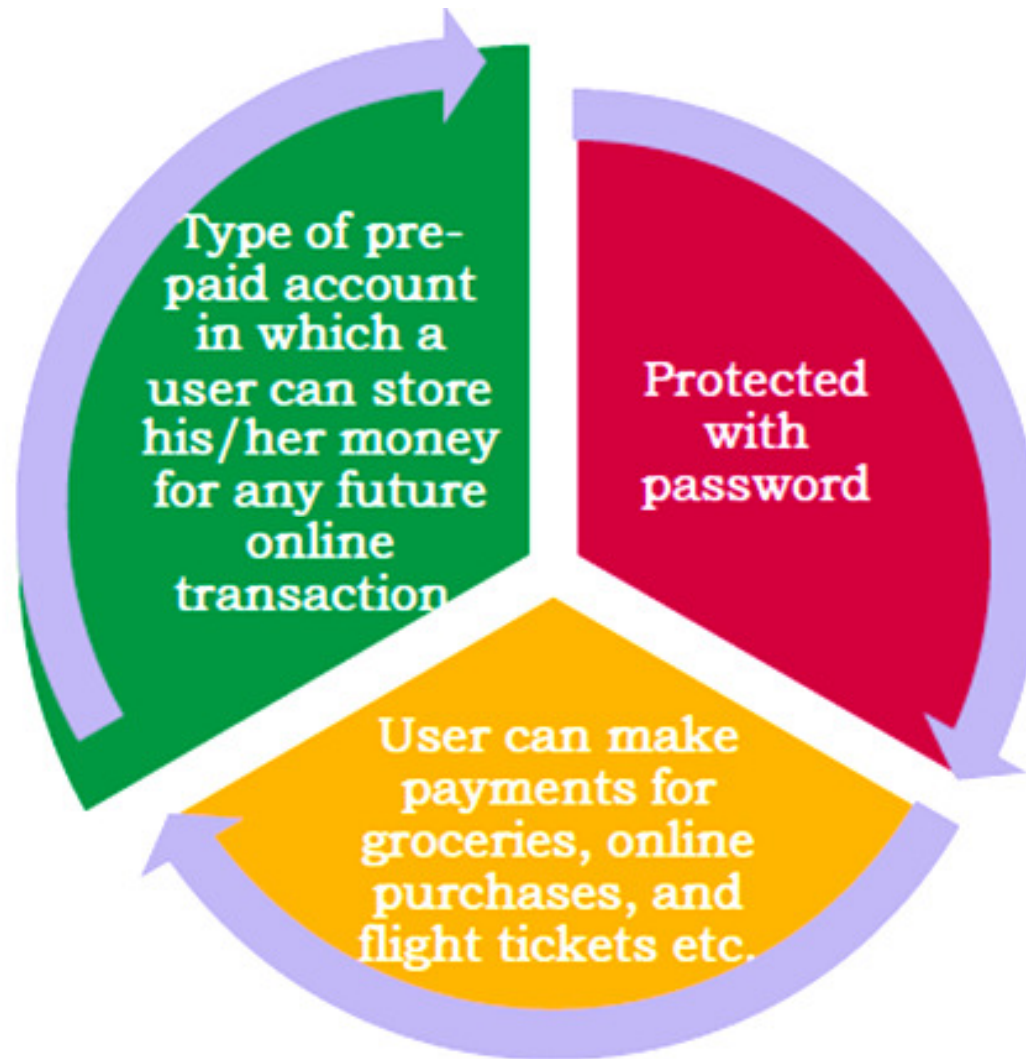
# e-WALLET

- **Needed:**

    ✓ **BANK ACCOUNT**

    ✓ **SMART PHONE**

    ✓ **2G / 3G / 4G CONNECTION**

    ✓ **E-WALLET APP**

- **ALSO:**

    ✓ **Need to register Mobile No. with Bank for SMS on transactions**

    ✓ **Never share PIN**

    ✓ **Use at trusted Merchants only**

# USING E-WALLET

1. Choose the wallet services available in the market.
2. Download the application of wallet as chosen.
3. Complete the Registration process by providing details like Name, e-Mail ID, Mobile No.
4. Mobile No. verification code is sent by the wallet company to verify the mobile no.
5. Input the verification code during the registration process as requested by application.
6. Payment wallet is created and can be used once loaded with some amount for its use for shopping.
7. Payment wallet can be loaded using Credit Card, Debit Card, Net Banking, ATM Card & IMPS.
8. Once Payment wallet is loaded, it can be used for Fund Transfer, Shopping and other transactions.

# Using Wallets

**Consumer Wallet Limits: Rs.20,000/month for all. Rs.1 lakh/month with KYC**

CONSUMER DOWNLOADS THE APP ON SMARTPHONE → SIGN UP USING MOBILE → LOAD MONEY USING DEBIT CARD/CREDIT CARD OF NETBANKING → START USING WALLET TO MAKE PAYMENTS
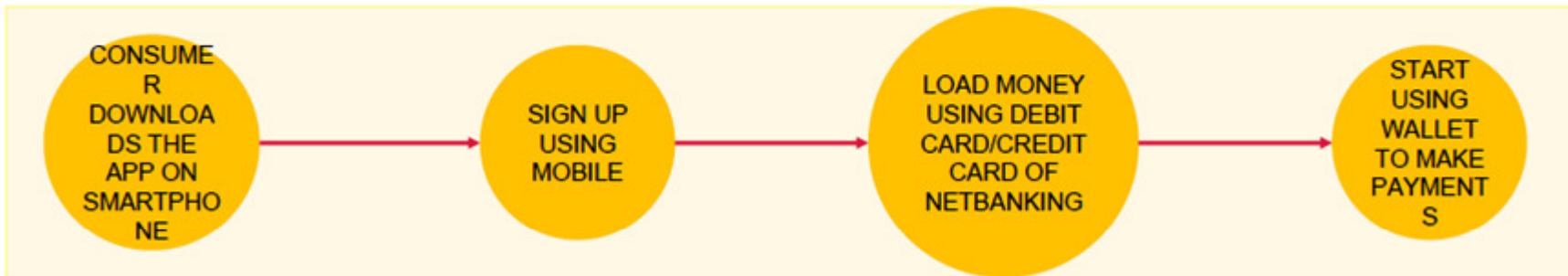
**Merchant Wallet Limits: Rs.50,000/month with Self Declaration. Rs.1 lakh/month with KYC**

SHOPKEEPER/SERVICE PROVIDER DOWNLOADS THE APP → SIGN UP USING MOBILE → SELF DECLARE ITSELF AS A MERCHANT → START ACCEPTING PAYMENT
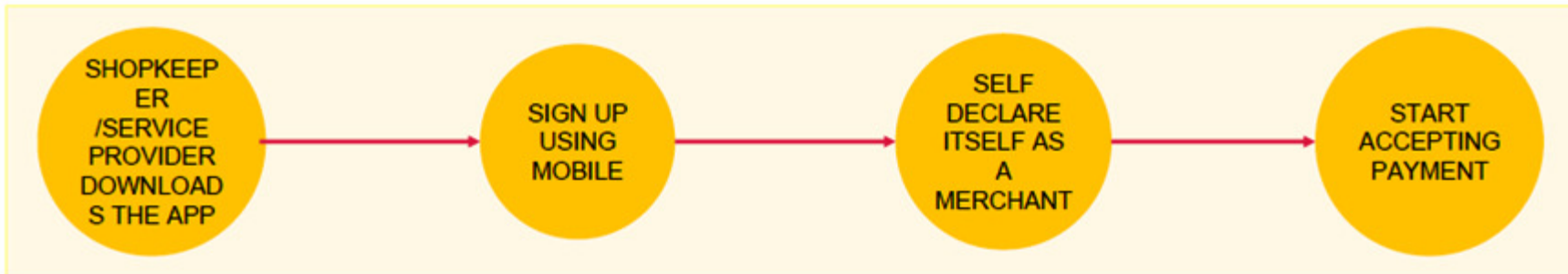
# UPI
## (Unified Payments Interface)

It's as easy as sending a message from your phone! Every bank has its own mobile app – so it's now possible to transact on your smart phone

- Register your mobile number at Bank/ATM
- Download the UPI app on your mobile
- Make your unique ID
- Set your UPI pin

✅ You can now transact from anywhere!
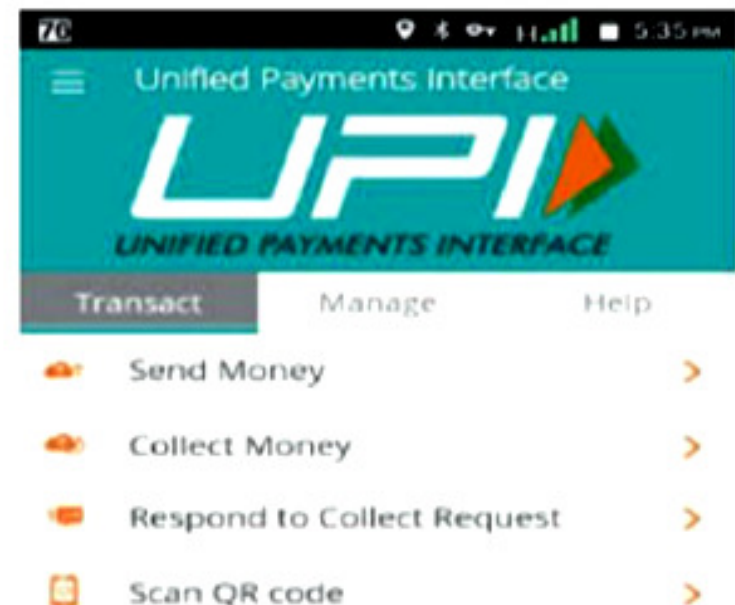
# UNIFIED PAYMENTS INTERFACE (UPI)
## The Future of Payments

- UPI is a system for instant, electronic payments through user's smart phone.

- It is an advanced version of Immediate Payment Service (IMPS) which was used to transfer money between bank accounts. Like IMPS, UPI will facilitate round-the-clock funds transfer service.

- It authenticates the identity of the user like a debit card does using the phone as a tool instead of a separate card.

- It works 24x7, 365 days.

# UNIFIED PAYMENTS INTERFACE (UPI)

- UPI eliminates the need to share User's name, bank account number, IFSC code, or bank branch.

- UPI also eliminates the use of physical tools like debit cards.

- No need to use multi-step processes like net-banking, which are prone to phishing due to insecure frameworks.

- Very simple application and can be used by anyone.

- Instant and secure authentication and can be initiated anywhere.

- Opens up the pathway for a completely cashless digital society.

- Can be used to send a request for money, like an invoice.

- Customers can also use UPI to make online payments of utility bills and school fees.

# Requirements for registration on UPI

## REQUIREMENTS

Smartphone with internet facility

Bank Account details (only for registration)

## AVAILABLE APPS (28 BANK APPS)

SBI app, PNB UPI, UPI Collect (ICICI), Axis Pay, Canara Bank UPI, UCO UPI, Union Bank UPI, OBC UPI and 20 other banks
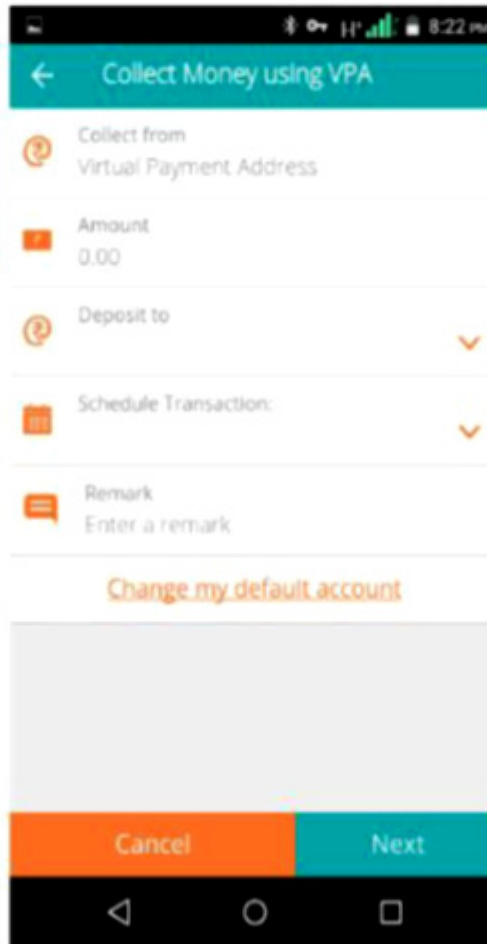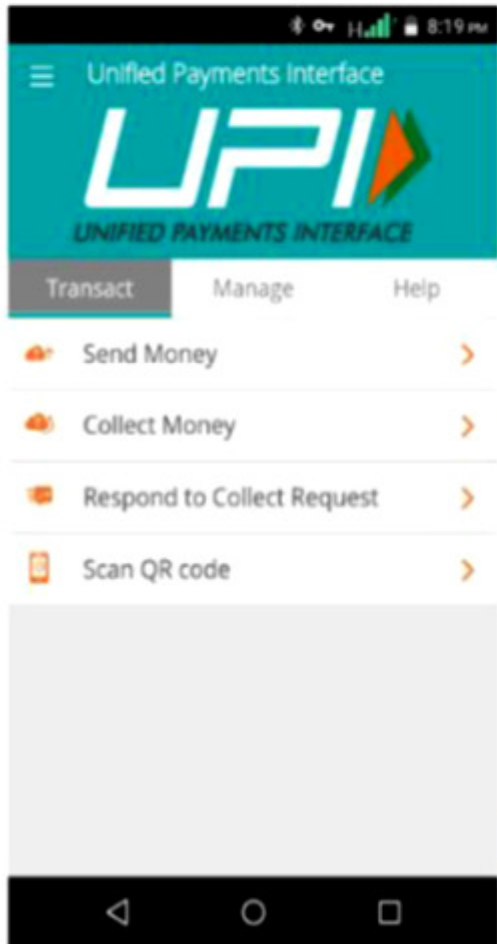
# UPI Registration Process
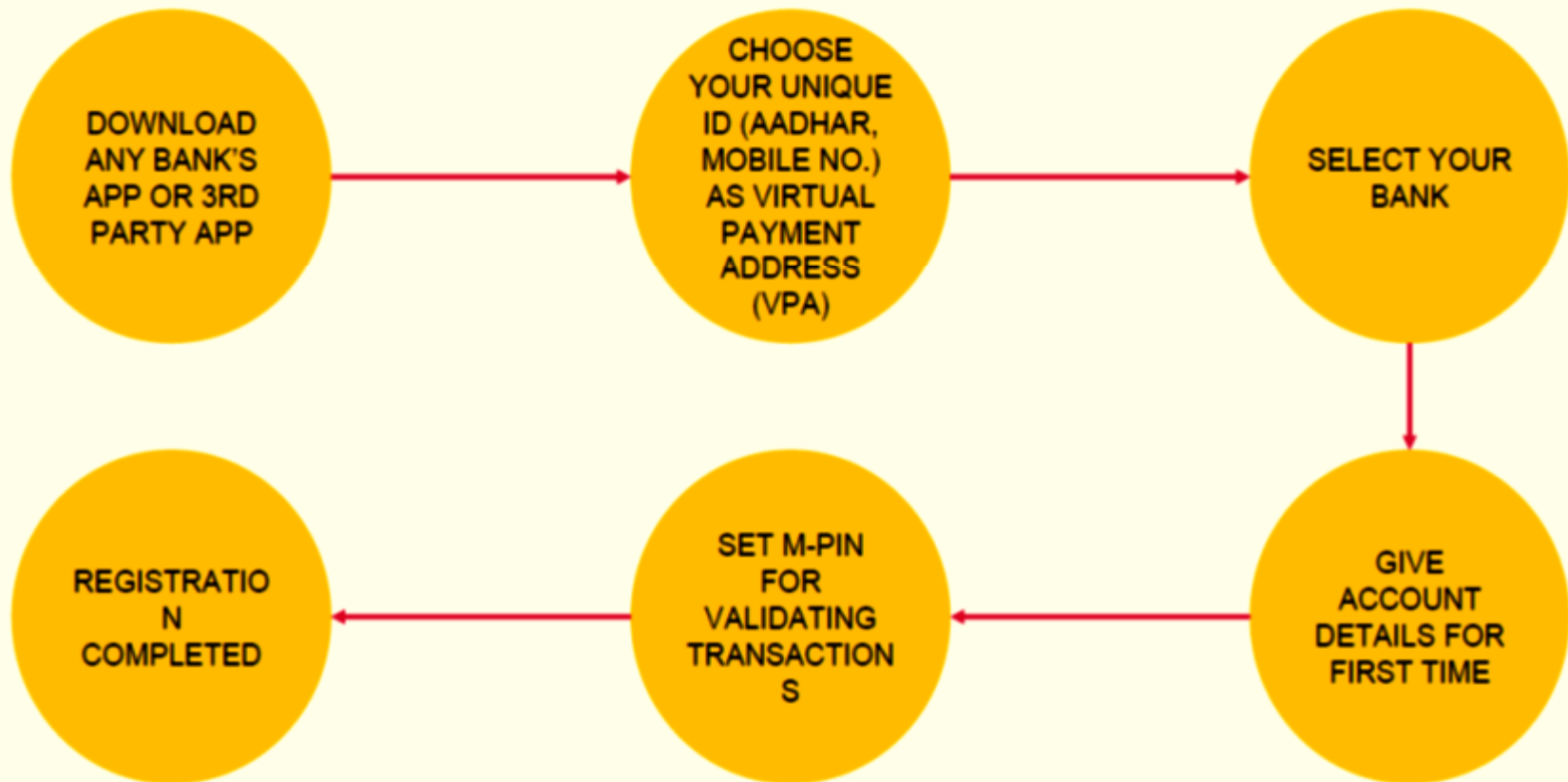
# Registering on UPI
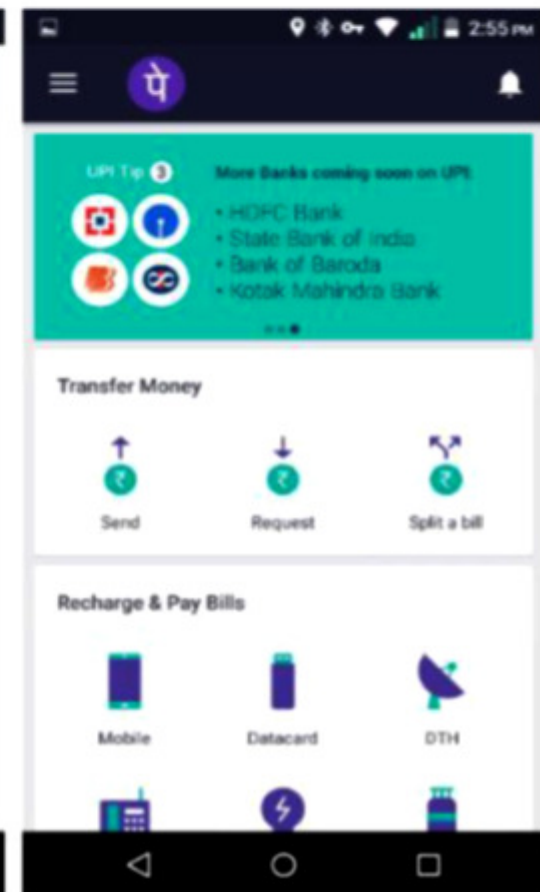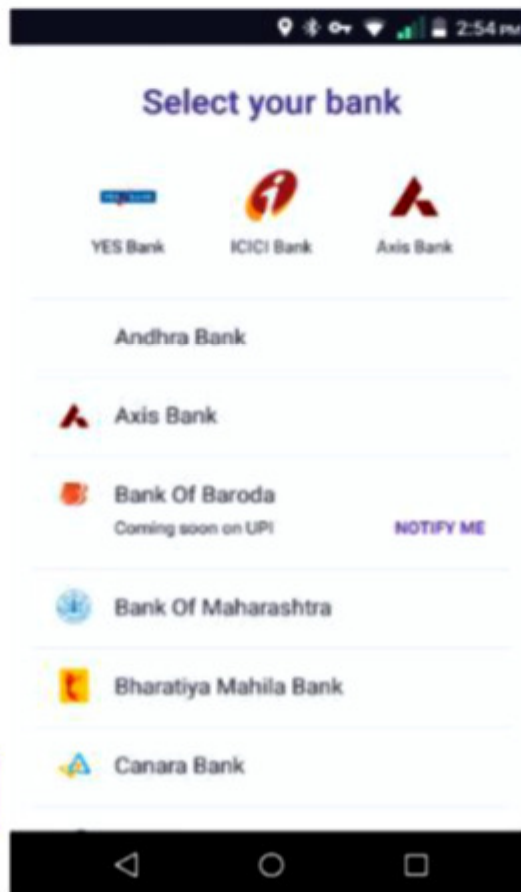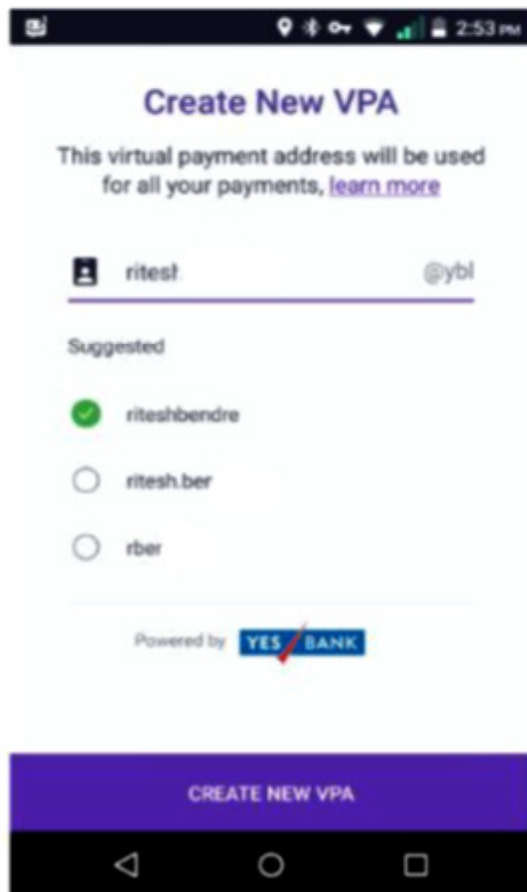
# Sending Money on UPI
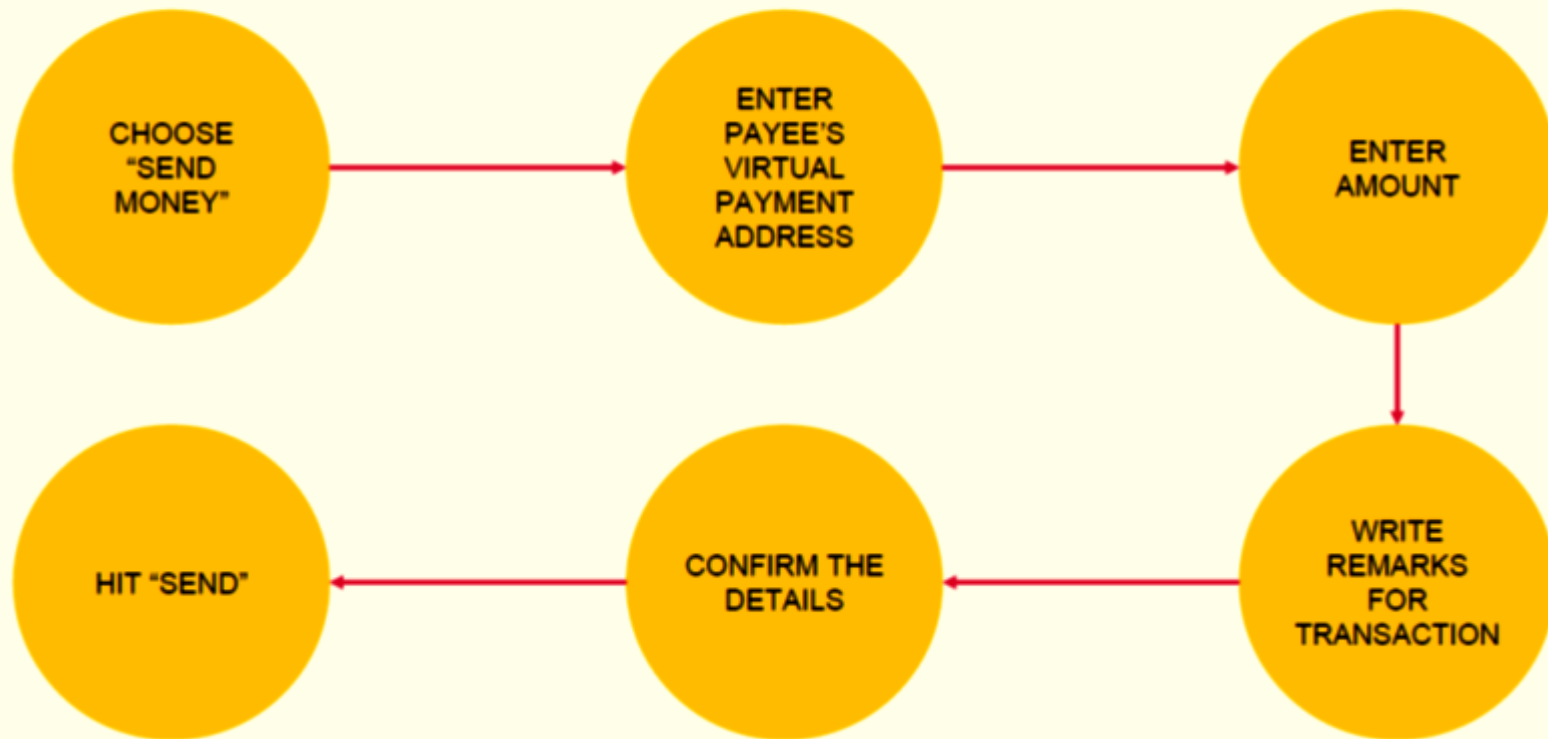
# Sending Money
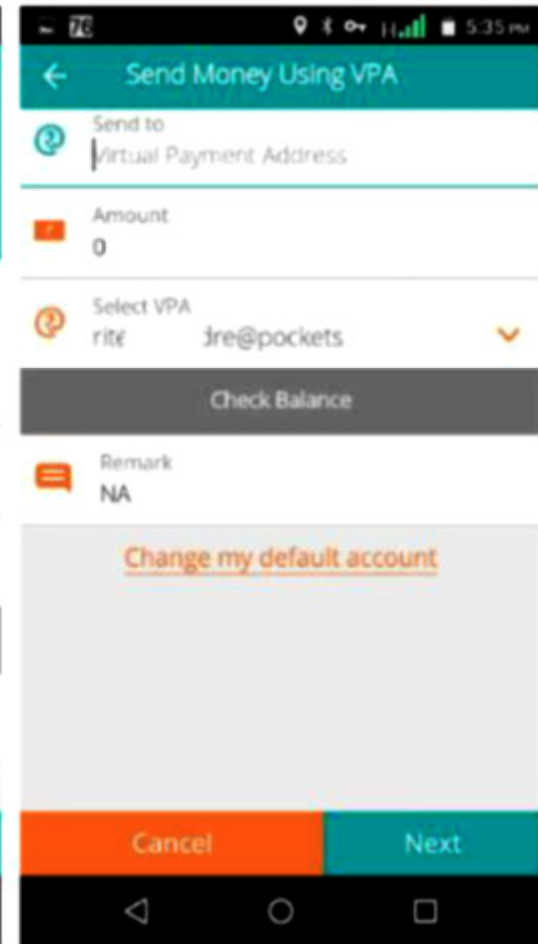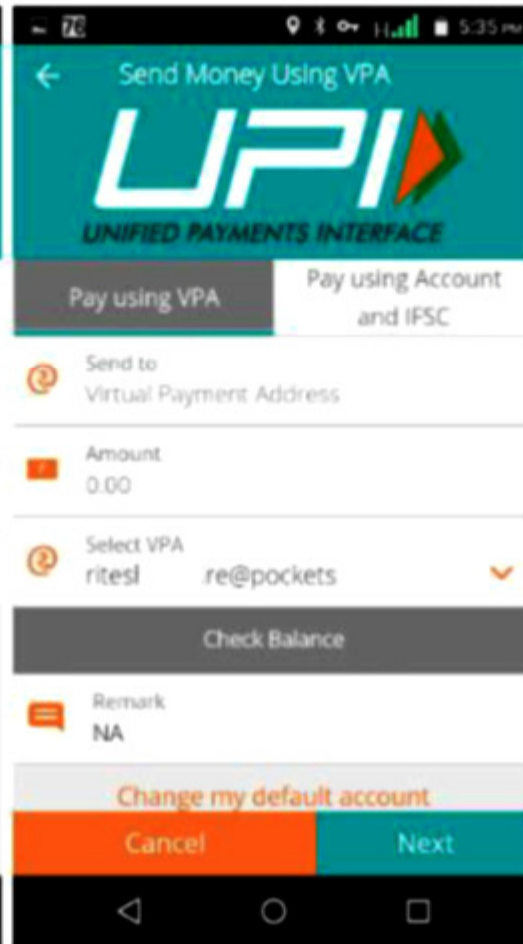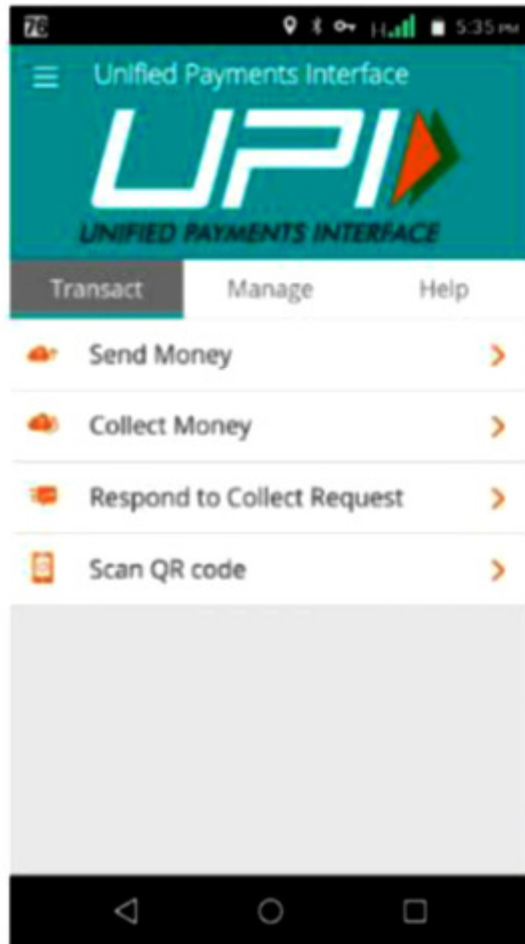
# Collecting Money (raise a demand) on UPI
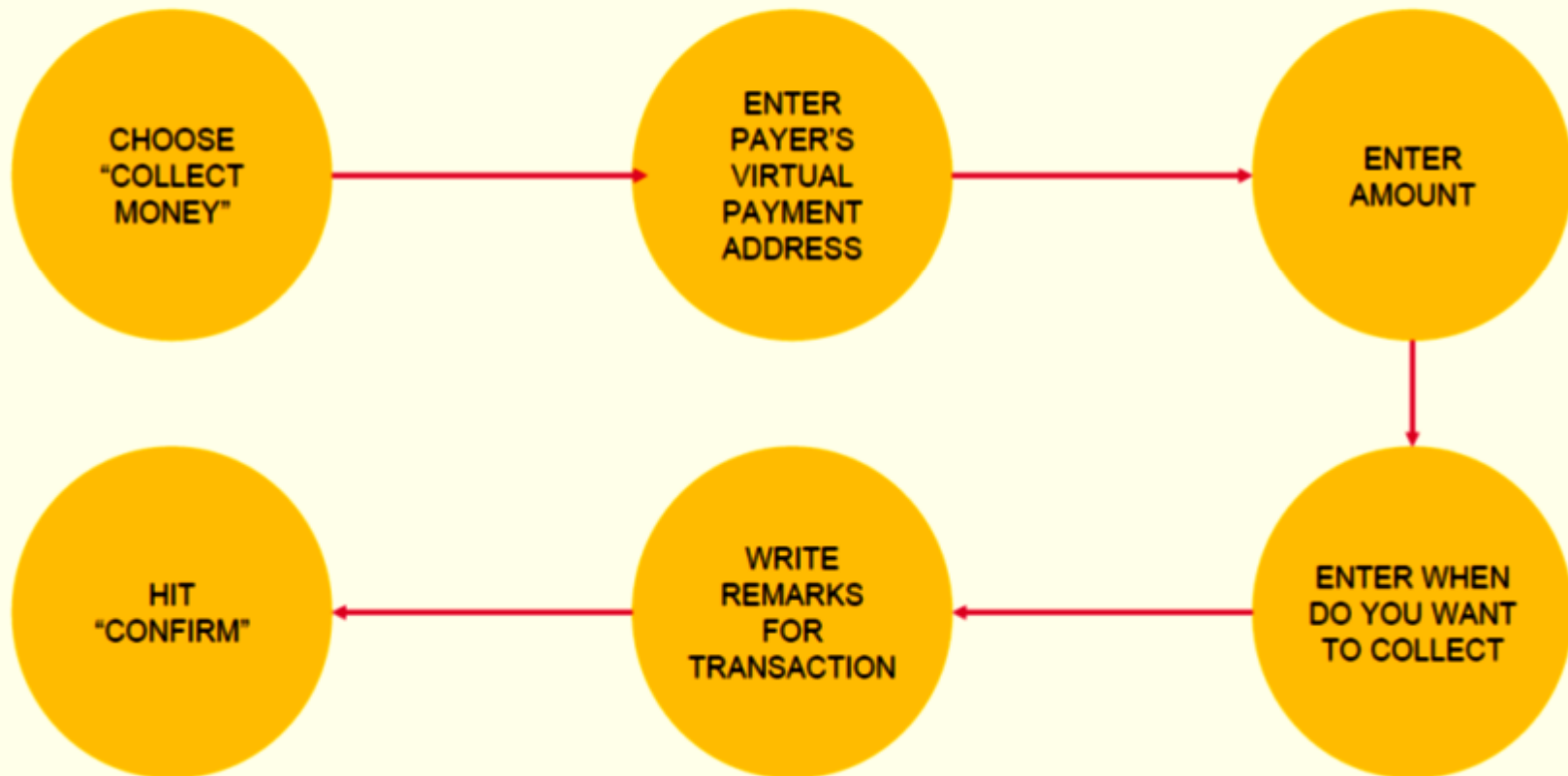
# Collecting Money
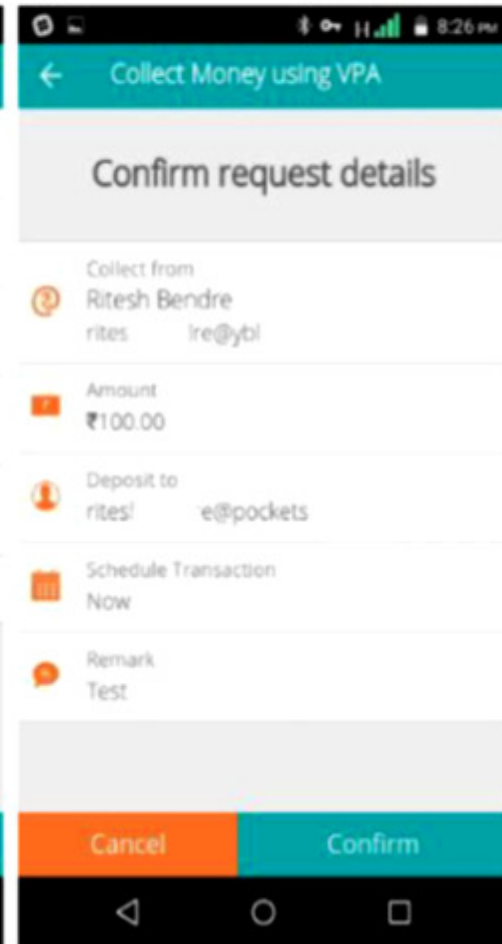
Immediate Payment Service (**IMPS**) is an instant interbank electronic fund transfer service through mobile phones. It is also being extended through other channels such as ATM, Internet Banking, etc.

**Major Features:**

- **Real-time domestic fund transfer**
- **24 X 7 X 365 availability**
- **Simple, fast and easy to use**
- **Fast, Inexpensive, Safe and secure**
- **Channel Independent (INET, Mob, ATM, Branch, USSD, SMS)**
- **AADHAAR No. based transaction enabled**
- **Debit & Credit confirmation by SMS to remitter and beneficiary**

# POINT OF SALE (POS)

## Types of PoS



**PHYSICAL POS**

Physical Card Swiping – PTSN with landline / GPRS enabled

**MPOS**

Phone connected with external POS device through jack / Bluetooth

**V-POS**

Virtual E-payment Gateway

# DBT Framework

- Transactions through account & aadhaar based

- 1,232 live banks – (864 - APB / 1,225 – ACH)

- Aadhaar numbers seeded - 3,677 lakhs

- 6 settlements in a day

- Aadhaar based DBT – 999.30 lakhs (Jan,16 to Nov,16)

- Account based DBT – 2,359.43 lakhs (Jan,16 to Nov,16)

# Bharat Bill Payment System (BBPS)

An integrated bill payment system that offers accessibility, convenience and enhances consumer trust

"Anytime anywhere" Interoperable Bill Payment System

Will set common standards across the country

Allows Multiple Payment Modes

Instant Confirmation of Payments

## Two Tier Structure

| | |
|---|---|
| **BBPCU (NPCI)** | Bharat Bill Payment Central Unit (BBPCU) will be the single authorized entity operating the BBPS |
| **BBPOUs (Banks and Non-Bank Entities)** | Bharat Bill Payment Operating Units (BBPOUs) will be the authorised operational units |

# Must Do Practices

Register your mobile number at bank for regular information by SMS for every transaction

Never share your PIN to anyone

Transact at only trusted merchants

While at ATM, ensure no one is looking over your shoulders

# BENEFITS – Long Term & Short Term

- Convenience and ease of transaction and is more secure compared to making transactions involving cash withdrawal.

- Drive the development and modernisation of the payment system, promote transparency and accountability, reduce transaction costs, and decrease the size of the grey or informal economy.

- Help business people grow their customer base and resource pool, far beyond the limitations of their immediate geographic area.

- Adds up to environment as no tree will be cut for printing paper money

- Reduces Corruption

# Towards a Cashless India



# THANK YOU

For more information visit http://tinyurl.com/digitalpayments