

PCI supports the Nandan Nilekani committee recommendations and urges for its time bound implementation

Mumbai, 4th June 2019: The Reserve Bank of India (RBI) constituted the five-member committee in January 2019 to review the status of digitization of payments, identify gaps in the ecosystem, and suggest ways of plugging them. It was tasked to suggest a medium-term strategy for deepening digital payments and measures to strengthen safety and security.

On the release of the report of the committee, the Payments Council of India (PCI) chairman and Director at Infibeam Avenues, Vishwas Patel, congratulated the Committee on Deepening Digital Payments (CDDP) and the entire digital payments industry for such a comprehensive report covering almost all the aspects to encourage digital payments in the country. Welcoming the report, he said that the committee's recommendation to remove friction during the payment process and to expand the acceptance infrastructure across the country is appreciated. The recommendations to correct the cost structures that currently, inhibit acquirers and merchants are an important one which if implemented, will go a long way in growing merchant's acceptance across our country.

The Chairman, PCI, is of the view that the proposals for allowing the creation of a limited wallet with no KYC on the NCMC card, increase in acquisition infrastructure, fixing interchange fees on card networks, interchange on card payments be reduced to by 15 basis points, additional 5 basis points to be placed in an acceptance development fund by the issuer, setting up of an acceptance development fund which may be used to develop new merchants in poorly served areas, creation of Digital Payments Action Network (DIPAYAN) fund from out of the savings for incentivizing digital transactions by Jan Dhan account holders, installation of PoS at Government utility payment points, cash back in respect of small value C2G payments, etc. should be implemented, as soon as possible. This may open the competitive environment for all and may help digital payments easily reach to the corners of the country.

Moreover, he says that the committee's acknowledgment that transition to a digital economy will require all payments acceptance systems to move to digital as the default option and on the bank side, digital transactions must be a part of serving the customer with the suggestion that no additional charges to be levied on the consumer for such transactions seems to carry much more potential leading to the development of digital payments eco-system in the near future.

Supporting the report by the committee, Mr. Navin Surya, Chairman Emeritus, Payments Council of India. Chairman, Fintech Convergence Council said, "We welcome recommendations of 'High-Level Committee on Deepening of Digital Payments' under Chairmanship of Shri Nandan Nilekani. We support macro recommendations to shift focus from issuance to merchant acquisition, simplified KYC for wallets and other instruments and allowing sharing of KYC with PMLA amendment across regulated entities, overall risk-based light touch regulation. The target of 10x growth in three years is definitely achievable if all these recommendations are implemented in time bound fashion. It would be an industry request to continue this committee over three years to supervise the implementation of these recommendations on a quarterly basis."

A representative body of over 100 members of various industry players in the payments and settlements systems, PCI made several medium to long-term recommendations to accelerate the growth of the digital payments ecosystem in the month of February. Many of the recommendations made by the Payments Council of India through in person representation has duly been considered

by the committee and forms an integral part of the report and encourages the industry to continue their digitization efforts.

The committee has acknowledged that enabling high volume use cases like recurring payments, such as equal monthly installments, bill payments, subscriptions, and systematic investment plans along with the high frequency use cases such as mobility and transit payments, ticketing (mobility and events), low-value transactions at small merchants, which, if digitized, could help change user behaviour and enable India to become a digital nation.

For better protection from fraud and risk, the step taken by the committee recommending that the payment systems use the machine-driven, online dispute resolution mechanisms to handle complaints and further to manage frauds, the creation of shared fraud registries to grade each payment transaction for risk is appreciated by PCI.

PCI commends the recommendation of the use of risk-based, light touch regulation, allowing greater freedom for the regulated players to serve the customer in a viable manner, and to allow the markets to determine the right price points for these services. The committee's acknowledgment of the contribution of non-banks to the growth of payments system and suggestions to the RBI and government to encourage the participation of non-banks in potential areas such as RTGS and membership to card networks is appreciated and will definitely lead to greater digital financial inclusion, according to PCI.

About Payments Council of India (PCI)

Payments Council of India (PCI) is a part of Internet and Mobile Association of India (IAMAI) and represents more than 100 players in the payments and settlement systems. Its objective is to address and help resolve various industry level issues and barriers which require discussion and action. The important stakeholders are prepaid payment issuers, payments banks, merchant aggregators and acquirers, payments networks, BBPOUs, UPI facilitators and international remittances facilitators

About IAMAI

The Internet and Mobile Association of India [IAMAI] is a young and vibrant association with ambitions of representing the entire gamut of digital businesses in India. It was established in 2004 by the leading online publishers, and in the last 15 years has come to effectively address the challenges facing the digital and online industry including mobile content and services, online publishing, mobile advertising, online advertising, ecommerce and mobile & digital payments among others.

Fifteen years after its establishment, the association is still the only professional industry body representing the online industry in India. The association is registered under the Societies Act and is a recognized charity in Maharashtra. With a membership of nearly 300 Indian and overseas companies, and with offices in Delhi, Mumbai, Bengaluru and Kolkata, the association is well placed to work towards charting a growth path for the digital industry in India.

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