

RBI's Vision 2019-21 A Game Changer: PCI

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Mumbai, 20th May, 2019: Payments Council of India (PCI), the body representing digital payments entities in India, finds the RBI's vision for 19-21 progressive and expects it to be a game changer.

Payment systems form a vital part of any financial system they underpin the services that enable funds to be transferred between people and institutions and RBI's thoughtfulness of extending availability of NEFT on a 24x7 basis to facilitate beyond the banking hours is praiseworthy. As suggested in the report by committee on digital payments headed by Shri Ratan Watal of which PCI was a part, the availability of payment system around the clock will accelerate economic growth, if a business gets an opportunity to transfer funds at any time, it will be able to speed up its cash conversion cycle, generate necessary working capital, and reduce its need for expensive short-term financing.

The RBI vision specifically calls out interoperability and enhancement of standardisation and the use of universally accepted standards could be a potential game changer for the industry, said PCI.

This vision is pro- industry and aims at opening opportunities for the industry and innovators to play and contribute towards the growth of digital infrastructure. It also discusses opportunities for deeper involvement and contribution of non-banks in both interoperability and settlement systems. The previous RBI vision was more focused on effective supervision of existing regulations responsibly with building compatible digital infrastructure.

The Council was also positive on the push for USSD based payment services through review of customer cost and enhanced usage through participation, as identified by RBI in its vision document.

Mr. Vishwas Patel, Chairman, PCI and Director, Infibeam Avenues acknowledged that "The customer satisfaction must be a priority and in those lines the enhancement in investor grievance redressal mechanisms in the vision document is a great step. RBI's initiative on framework for collecting data on frauds in payment systems is really praiseworthy and he believes that with the joint efforts and common objective of reducing the losses to the economy and individual institutions by few percentages in next couple of years, this proposal shall definitely thrive." He also said that "PCI shows the great support to the idea of constituting Self-Regulatory Organisations (SROs) where PCI has also been actively involved in that direction, to cover the entire gamut of digital financial business. The SROs will inspire the industry to work towards designing safe, secure, convenient, quick and affordable products in the digital financial space."

In light of the existing state of regulations, a centralised KYC bureau, and enablement of Digital KYC along with simplification of existing KYC methods was also expected by the industry to be covered in this vision document. However, the release of the circular by government, enlisting the process for application of using Aadhar E-authentication by non-banks which includes approval from respective regulators, has brought some relief to the industry on the KYC front.

“It’s an extremely welcoming document and really an exceptional one on multiple counts. There are many positive points and just to mention some of them which at PCI we have been consistently discussing with the RBI, includes access of PoS acquiring to larger industry eco-systems including non-banks; consideration of deeper involvement of non-bank payment players in both interoperable payment as well as settlement system; payment SRO initiative which PCI has been leading from forefront already for Prepaid Payment Instrument (PPI) Issuers as well as payment aggregators besides centralized helpline which was managed by PCI during demonetization days; e-mandates and standing standards which are very critical for growth of credit players; inter-regulatory and intra-regulatory coordination which is extremely critical in dynamic environment such as payments; adoption of DLT (Blockchain) in payment system is critical from future proofing Indian payment systems and players along with the risk-based supervision. Simplification of existing policies to enable NBFCs to issue credit cards seem to have been missed for which we are very hopeful to be considered by RBI”, said **Mr. Navin Surya, Chairman Emeritus, Payments Council of India and Chairman, FinTech Convergence Council**

The industry welcomes this document and it inspires the entire industry to work towards designing safe, secure, convenient, quick and affordable products in the digital financial space and in jointly achieving the desired outcomes or reducing volume of cheque-based payments by 2% of retail electronic transactions by 2021 and increasing the number of digital transactions more than four times from 2,069 crore in December 2018 to 8,707 crore in December 2021, as stated by the RBI in its vision for the payments industry.

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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