

Circular: NPCI/2016-17/AEPS/086

12th January 2017

To

All the member of Aadhaar Enabled Payment System

Implementation of Aadhaar based merchant payment transaction

1. It has been decided in consultation with banks to introduce Aadhaar based merchant payment transactions to promote digital transactions.
2. The solution is planned to be introduced in two phases. First Phase with limited functionalities i.e. **Purchase ONLY**. Second phase will include Refund/Cancellation & MCC Code etc. While Phase 1 has been planned to be rolled out in current month; Phase-2 is expected in March - April 2017.
3. This functionality will allow the customer to perform a purchase transaction using his/her Aadhaar number and biometric (Fingerprint/IRIS) upon the device of the merchant, the transaction will be interoperable in nature allowing any bank customer to transact on any bank terminal.
4. The transaction process flow will be similar to existing AePS OFFUS "Cash Withdrawal" transaction of NPCI with a new transaction type known as "purchase".
5. The Processing Code for this transaction type will be "00"
6. Switching Fee, MDR & Interchange has been kept at zero Up to March 31st, 2017. However, a revised structure in this regard will be evolved in consultation with stakeholders in due course and shall be made operational with introduction of Phase-2. Since, modifications to have a separate fee will have significant efforts both at banks' and NPCI end, we propose to keep it similar to cash Withdrawal transactions and one time manual

adjustment will be made for transactions up to March 2017 in the month of April 2017.

7. Bank has to undergo certification for Aadhaar based OFFUS Merchant payment transaction.
8. Aadhaar based OFFUS merchant payment transaction needs to be enabled on the devices complying with UIDAI/NPCI specifications.

Member entities to kindly take a note of the above.

With Warm Regards,



Pushpinder Singh

Head FI & New Business