

NPCI Introduces Credit, NFC-based Payments to Scale UPI Service

Our Bureau

Mumbai: National Payments Corporation of India (NPCI), which operates Unified Payments Interface (UPI) network, has launched new products to ensure more digital inclusivity of the payment service, even as it aims to scale the infrastructure to 100 billion monthly transactions.

The new offerings include — credit line on UPI, UPI Lite X for offline payments and near field communication (NFC)-enabled Tap & Pay feature; conversational payments through Hello! UPI as well as conversational bill payments BillPay Connect.

Infosys cofounder and non-executive chairman Nandan Nilekani was present at the launch.

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Credit Line, NFC Payments on UPI

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Nilekani added that the NPCI ecosystem will be transformational for the country as it moves from an offline, informal, low productivity economy to an online, formal hybrid economy as millions of people join the society with digital IDs and mobile connections.

“As they use additional credit, get access to capital and build businesses, we are going to see a huge formalisation of the country over the next 20 years,” said Nilekani. “And this could all be possible because of the digital public infrastructure,” he added.

CREDIT LINE ON UPI

Through the credit line on UPI, the payment service will allow users to pay for transactions through credit, by connecting pre-sanctioned digital credit lines from banks. Further, the payment flow will be the same as existing UPI transactions for the new feature.

According to NPCI, through ‘credit line on UPI’ the process of availing, connecting, and utilising credit lines will be significantly expedited.

This is also expected to give a leg-up to banks and financial institutions to directly provide credit to a wider base of customers, than depend on credit apps for distribution.

Third-party payment providers, Paytm, Google Pay and HDFC PayZapp will be the first to launch the ‘credit line on UPI’ service.

On Tuesday, Asbe said that India’s credit market will grow tenfold by the end of this decade. He

added that ‘sachetisation of credit’ is coming, and that the UPI operator is working with major banks such as HDFC Bank and ICICI Bank to ensure full digital onboarding.

“There is opportunity to make credit available real time and we are working on a service layer to empower customers to manage and use credit,” Asbe said earlier.



UPI LITE X AND TAP & PAY

The UPI system operator on Wednesday launched UPI Lite X for offline payments, which will allow users to both send and receive money while being completely offline, opening the use-case to even flights, underground metro stations and other merchant locations.

Last year, NPCI launched UPI Lite, which allowed users to make small-ticket transactions without entering the pin. UPI Lite X is an extension to this service.

Along with Lite X, NPCI also launched UPI Tap & Pay, which allows users to make near field communication (NFC)-based payments.

This comes as earlier this week rivals Pine Labs and Paytm both launched new variants of their point-of-sale (PoS) devices which allowed merchants to accept NFC-based merchants, opening the acceptance of the use-case.

CONVERSATIONAL PAYMENTS - HELLO! UPI & BILLPAY CONNECT

NPCI has also forayed into conversational payments with its UPI service launching Hello! UPI and BillPay Connect.

ET had first reported on August 10 that NPCI was building a voice bot sed interactive system for Indian consumers to make payments via UPI.

On Wednesday, the UPI-operator launched Hello! UPI which will allow users to make voice-enabled UPI payments via UPI Apps, telecom calls, and IoT (internet of things) devices in Hindi and English. It looks to launch the service in the regional languages as well.

With BillPay Connect, Bharat BillPay introduces a nationalized number for bill payments across India. Customers can now conveniently fetch and pay their bills on the messaging app. Along with this, customers without smartphones or immediate mobile data access will be able to pay bills by giving a missed call.

In August 2023, UPI achieved a significant milestone by recording over 10.5 billion transactions within a single month, up from 9.96 billion in July. The total value of transactions processed by the payments infrastructure last month touched ₹15.76 lakh crore.