

NPCI/UPI/OC No. 07 / 2016-17

19th of October 2016

To,

All Member Banks, Unified Payments Interface (UPI)

Dear Sir / Madam,

Subject: UPI - Usability enhancements

UPI was launched for Public effective August 25th 2016 and has since seen steady growth in volumes with 17 PSPs having uploaded their PSP Apps on the Google Playstore and 7 banks enabled as 'Issuers only' as on date. Most of the member banks that have gone live as Issuers only, intend to soon launch their UPI PSP Apps. During the last 45 days, member banks have come back with valuable input on certain aspects of UPI which are perceived to enhance the security and overall usability of the product from the end customer perspective.

In this regard, NPCI had placed specific suggestions and recommendations for approval before the IMPS/UPI Steering Committee in its meeting held on 19th of September 2016. Summarized here-under is the gist of approvals and the corresponding action items.

- i. **Banks to route all Meta APIs including 'On-us Transactions' to NPCI:** Brief transaction details were highlighted to the members including significant declines in the Meta API transactions owing to various Business & Technical decline reasons. It was agreed that in order to have complete details/MIS of the declines and for member banks & NPCI to work jointly in reducing these declines, it was of critical importance that member banks route all the Meta API transactions to NPCI - including the onus transactions, in addition to off-us transactions.

It was however deliberated internally and exception has been provided for the 'Balance Inquiry' Meta API - where banks may have to make changes in terms of their architecture towards using NPCI library.

(Action Item - Member Banks): Member banks to route all the Meta APIs, excepting the Balance Inquiry transaction to NPCI with immediate effect.

- ii. **Bank to change reference of MPIN to UPI PIN:** It was also evident basis data shared that there were significant customer led declines under "Incorrect PIN" category, owing to an ambiguity in terms of reference to the PIN. Post deliberations, members of the Steering Committee approved to change the term 'MPIN / PIN' to 'UPI PIN' to avoid any ambiguity for end -users.

(Action Item - Member Banks / NPCI) - NPCI will make requisite changes in the Common library to refer to the PIN as UPI PIN. Member banks are required to change all references to the Mpin/PIN to UPI PIN in the UPI APP and any other communication to the customers.

- iii. **QR Code - Scanning & Generation:** Members of the Steering Committee agreed that with Mobile phone becoming the most preferred option to make payments, enabling the bank UPI PSP app with both, generation and reading of dynamic QR code (amount included) would be a good feature.

(Action Item - Member Banks) - Member banks to enable the dynamic QR code reading/writing (generating) functionality in the PSP APPs.

- iv. **Whitelisting of large Merchants:** NPCI provides for a framework for the PSPs to whitelist the Merchants in the system. This can be done using the relevant APIs - "ReqListVae" and "ReqManageVae". This is critical to help ensure that the participating PSPs can whitelist the large merchants and customers can see the White listed Merchants as such. This also brings in more comfort to the end user.

(Action Item - Member Banks) - Member banks to utilize the Merchant White listing functionality with immediate effect, specifically for all the large merchants on-boarded on UPI.

- v. **Merchant category code - "Collections" & interchange for unreserved ticketing / LIC:**
- a. IMPS Circular No. 31 defines the specific Industry programs for which fixed interchange pricing exists viz. Insurance, Mutual Funds and Railways etc.

- vi. **Deemed Approved concept in UPI for credit timeout:** UPI framework provides for reversals (both credit & debit) in case of a beneficiary side response timeout. Member banks deliberated & approved the concept of 'Deemed Approved' in case of UPI transactions with the following construct:

In case of beneficiary response timeout (credit leg), transaction for P2P cases:

1. NPCI shall enable deemed approve concept for P2P response timeout transaction in cases where the Beneficiary bank is not able to respond back to the "credit reversal generated by UPI system".
2. In all cases, where the Beneficiary bank responds successfully to the Credit reversal, NPCI shall generate the Debit reversal to the Remitting bank.
3. All the conditions of T+1 credit and penalty for deemed acceptance cases shall be applicable as in case of IMPS.
4. Members in the UPI eco system shall comply with the less than 0.1% of deemed approved transactions at the entity level.

(Action Item - Member Banks) - To enable system level changes at their end along with Operational aspects to handle the Deemed approved transactions in UPI, along with immediate Reconciliation. Member Banks shall ensure to keep the deemed approved ratios to less than 0.1% in UPI.

- vii. **Separate Response codes for list Account:**

1. At present, member banks are not enabling the account fetch in cases where the same mobile number is updated with accounts under multiple Cust-Ids. Such Business declines are getting clubbed under the Response Code "XH" - Account does not exist category. This gives an incorrect indication to the end customer.
2. Members of the Steering Committee approved introduction of another Response code - "BR" for such cases. The PSP can accordingly display an appropriate message on the front end App for customer to contact branch/bank and correct the mobile number in other accounts.

(Action Items - Member Banks) - To Certify with NPCI on priority for the incremental response code 'BR'.

- viii. **Blocking spam collects functionality in PSP App:** A customer may repeatedly receive unwanted collect requests from illicit sources. Blocking of such requests is critical. When the number of such block requests clears a defined threshold limit, the initiator of such requests shall be blocked to provide for enhanced security. Blocking of such

illicit bodies shall not only be restricted to Virtual address but shall include other parameters.

(Action Item - Member Banks) - To take necessary steps for blocking of such Spam requests

- ix. **Alert for first time collect** - When the collect request is received first time on PSP App, a notification to alert the customer with the name/VPA to be made available highlighting that this request is being received for first time. This is to increase security by alerting the customer of any spurious requests coming in.

(Action Items - Member Banks) - Enable the alert on the UPI PSP App for the first time collect request being received by the recipient customer.

You are requested to acknowledge this communication and send in a line confirming the needful action at the earliest to the following:

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Yours faithfully,

Dilip Asbe
Chief Operating Officer