NPCI /UPI/OC No.56/2018-19   **August 14, 2018**

To,

All Member Banks - Unified Payments Interface (UPI)

Dear Sir/Madam,

Subject: Roll out of the features of Unified Payments Interface (UPI) 2.0

1) One time mandate with block functionality:

With this feature, consumer can pre-authorise a transaction and block the funds in his account for a debit to be initiated later. UPI Mandate can be used in scenarios where money is to be paid later after obtaining the service; however the money in the account gets blocked instantaneously. The customer's account shall get debited when the UPI Mandate is executed by the merchant or payee. The mandate is digitally signed and stored at customer's account holding bank and also with customer's PSP bank (app providing bank). During the debit, the customer's account holding bank and customer's PSP bank need to validate the digital signature and verify the parameters.

Details:

- The mandate shall have key parameters such as "purpose code", "from & to date", "amount" & "frequency" (set to 'One time').
- Customer can authorize one time use mandates to different or same payee's at the same time.
- UPI mandate can be created by push or pull transactions i.e. QR, Intent, Collect or by create mandate option in UPI App. The mandate cannot be initiated by Payee for Person to Person (P2P) transaction.
- A UPI Mandate creation is fully authorized by the consumer by two factor authentication using 'what you know' (UPI Pin) and 'what you have' (Device binding).
- User/Merchant can Create, Modify or revoke the UPI Mandate as per defined rules. For some use cases the modification may not be allowed or allowed only up to specific date.
- UPI mandate can be executed up to the amount authorized by the consumer. Once executed and if partial, the remaining amount is returned to the customer's account. The customer's bank shall remove the block after expiry of the mandate.
- Till the time mandate is executed, the funds remain in blocked condition in customer's account and he/she continues to earn an interest depending on the type of underlying account.
- All existing UPI dispute management rules shall apply for the transactions.
- The notification to customer on both stages, i.e. block and mandate execution (debit) is mandatory.

- In case of revocation (wherever permissible), the block on the money should be released immediately reinstating the money to the customer's account. The revocation date should be prior to the execution date/ expiry date.
- The bank providing mandate with block functionality shall return 2 amounts on balance inquiry i.e. available and actual/usable balance or Sanctioned Limit and Drawing Power. All UPI Apps need to display the same[1].

2) **Over-Draft (OD) account as an underlying account in UPI**

Currently savings and Current account addition is permissible in UPI. Now, with this additional feature, the user can also link an overdraft account provided he/she is found eligible to avail an OD by his/her bank.

For any OD accounts, whenever a customer needs to check balance of his OD account, customer's bank shall return 2 balances i.e. available & actual/usable balance. All UPI Apps need to display the same[1].

Details:

- UPI acts as a digital channel for accessing the OD account. On-boarding and registration processes for OD account remains same as the existing CASA accounts.
- Customer discovers/fetches the existing OD account and links to UPI for transaction.
- Customer has a choice to set new UPI ID/UPI Pin or use existing UPI ID/UPI Pin (used for current linked UPI account), as decided by his/her bank.
- A transaction to OD linked UPI ID would mean a repayment of OD by the customer.
- P2P & P2M transactions are allowed from a secured OD account. However for unsecured OD accounts, only P2M transactions are permissible (excluding the categories prohibited by any regulator).
- Bank is responsible to get agreement on terms and conditions agreed with the customer.
- All existing UPI dispute management rules shall apply for the transactions.
- The OD providing bank must take the required consumer consent and make him aware about the terms and conditions of taking OD from the bank.

The OD providing banks must communicate to the customer the due dates, outstanding amount, interest charges or any such information required at regular basis.

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[1] The customer account balances cannot be stored or used by PSP Bank or 3rd party app provider for any purpose as 'Customer Sensitive payment data'. Members may refer UPI circular no NPCI/UPI/OC No. 44/2017-18 dated January 11th 2018. This applies to UPI 2.0 equally.

3) **Invoice in the Inbox (View attachment & pay)**

Using this feature customer can check/verify the invoice or attachment prior to authorizing the payment via a secure link received in the collect/intent message. To start with, the facility can be availed by verified merchants.

Details:

- This creates a provision by which the merchants can share Invoices with customers before the transaction is authorized.
- This provision requires all UPI Apps to display an option -'Click on attachment to view details' or equivalent and open the same in a browser or equivalent display with the facility of 'Return' back to the main app, to the user.
- This option is feasible for collect, intent and QR code based transactions.
- Transaction history details should also reflect the link under which the Invoice was presented and the same should be retained for at least 2 months by the merchant.

4) **Signed Intent / QR**

Signing of Intent / QR provides more security while making payment by the customer. Member banks shall convert software based UPI QR codes (dynamic and static) by December 31, 2018 and physical UPI QR codes (static) by March 31, 2019.

5) **UPI per transaction cap moved to 2 L**

User can now use higher amount on transaction for specific use cases as agreed by the steering committee of UPI.

For any clarifications on the features you may please contact the following:

➢ Upi.product@npci.org.in

Yours faithfully,

Vishal Anand Kanvaty
SVP and Head – Products and Innovations