

NPCI/UPI/ OC No. 112 /2021-22

08th July, 2021

To,
All UPI Members,
Dear Sir/ Madam,

Subject: UPI Prepaid Voucher

UPI has evolved over the years and has continuously added new features and enhancements to benefit the consumers and the eco-system at large.

One-time use UPI prepaid voucher as introduced herein shall enable services such as COVID Vaccine, donations and gift vouchers, etc. and can be extended to other services including that of one-time benefits. UPI prepaid voucher has an immediate utility in the form of healthcare vouchers to work as a payment mechanism to support the COVID vaccination drive.

UPI Prepaid Voucher may be issued in two core categories i.e. Person-to-Person (P2P) and Business to Consumer (B2C). The circular outlines the scope and rules only for the B2C vouchers.

The end to end transaction involves below entities:

- a. **Issuer Bank (Issuer):** Bank who shall initiate request to create UPI Prepaid Voucher on UPI.
- b. **Sponsor** shall be Corporate, State and Union Government department, business customer of the bank who shall request bank for creation of UPI Prepaid Vouchers
- c. **PV (Prepaid Voucher) Beneficiary** shall be the person for whom the UPI Prepaid Voucher is issued. A PV Beneficiary may not be a UPI User or bank account holders.
- d. **Designated Merchant:** These are specific voucher acceptance points where voucher can be redeemed/used.
- e. **Acquiring Bank** shall be providing facility/capability to designated merchants to accept the UPI Prepaid Voucher (String/QR) for redemption.

A. Eligibility and Conditions:

1. UPI Prepaid Voucher can be issued only by banks authorized by RBI to issue Prepaid Payment Instruments (PPI) and who are participating as Payment Service Providers (PSP) in the UPI ecosystem (referred hereunder as the “**Issuer**”).
2. An Issuer should follow PPI directions (amended from time to time) as issued by RBI for the issuance and operations of UPI Prepaid Voucher.
3. Business, Corporates, State and Union Government departments etc. can be the account holder (the “**Sponsor**”) for issuance of UPI Prepaid Voucher.
4. Only a full KYC compliant account holders (the **Sponsor**) can request for creation of such UPI Prepaid Vouchers from their respective accounts.
5. Maximum limit of each UPI Prepaid Voucher shall not exceed INR 10,000 or as defined by regulator.
6. UPI Prepaid Voucher once issued, shall not be transferrable. The feasibility of UPI Prepaid Voucher transferability from technical, operational and regulatory stand point may be evaluated at later stage.
7. The Issuer shall ensure that the UPI Prepaid Voucher is for One-Time use only and non-reloadable in nature. The Issuer shall also host voucher management system, which should have the ability to validate the voucher parameter and block duplicate requests etc.
8. UPI Prepaid Voucher shall be permitted to be redeemed only for the purchase of goods and services from designated merchant bearing valid **Merchant Category Code (MCC)**, as may be defined by the Issuer at the time of issuance of UPI Prepaid Voucher.
9. UPI Prepaid Voucher shall not be permitted for cash out or cash back.
10. The features of UPI Prepaid Voucher shall be clearly communicated to the beneficiary (the “**PV Beneficiary**”) only by digital mode at the time distribution of such UPI Prepaid Voucher. **The Issuer and /or Sponsor** may decide the process for distribution of UPI Prepaid Vouchers through digital mode only.

B. UPI Prepaid Voucher Issuance:

An Issuer shall ensure to follow below broad guidelines at the time of issuance of UPI Prepaid voucher;

1. UPI Prepaid Voucher transactions shall have Purpose Code = 19 as an identifier.
2. MCC for redemption of the UPI Prepaid Voucher shall be specified at the time of its issuance. The Issuer shall use MCC # 8493 specifically for Covid-19 related healthcare

- services such as vaccination, medical test etc. For other use cases, Issuer shall ensure redemption of Prepaid Voucher for appropriate MCCs as applicable.
3. Upto 10 UPI Prepaid Vouchers can be issued on single mobile number for Covid -19 & related health care services. However, the requirement of issuing multiple UPI Prepaid Voucher on single mobile number shall be configurable as per the scheme requirements.
 4. UPI Prepaid Voucher shall have defined validity as per the use case. This Validity shall not be permitted beyond one year from the date of issuance. Validity for UPI Prepaid Vouchers Issued for Covid-19 Vaccination and related health care services purpose shall be 31st March 2022. The Issuer /Sponsor cannot have an option to change the validity date for Covid-19 Vaccination and related health care services purpose.
 5. UPI Prepaid Voucher shall be shared with the PV Beneficiary only in digital format i.e. QR code or SMS String (no print / paper format permitted).
 6. Issuer/Sponsor shall also ensure to communicate terms & conditions including expiry, redemption process etc., digitally, to the PV Beneficiary.
 7. Issuer shall ensure validation of MCC, amount, expiry date, duplicate requests, purpose code etc. at the time of redemption.
 8. Issuer shall be responsible for the voucher reconciliation process with regular MIS and reporting to the Sponsor. Unused amount or upon expiry of UPI Prepaid Voucher, the Issuer shall credit back the Sponsor's account within T+3 days (where T is date of expiry of the prepaid voucher).
 9. Issuer and the Sponsor shall support dispute handling / customer grievance redressal mechanisms for the Beneficiary.
 10. Upon receiving the validation ID (mobile number or other ID's as permitted from the Sponsor), the same shall be used by the Issuer for the UPI Prepaid Voucher creation. For the purpose of Covid-19 related healthcare services, Issuer shall mandatorily use mobile number as validation ID for creation of UPI Prepaid Voucher.
 11. Issuer shall ensure proper handling cancelation/surrender process of UPI Prepaid Voucher between PV Beneficiary and Sponsor. Sponsor shall inform Issuer about cancellation/surrender of UPI Prepaid Voucher to be updated in Issuer's system. Issuer shall in turn ensure to decline redemption request on such UPI Prepaid Vouchers.

C. UPI Prepaid Voucher Redemption

UPI Prepaid Voucher can be redeemed at a merchant location (“**Merchant**”) which can be acquired to accept a UPI Prepaid Voucher by a UPI acquiring bank (referred to as the “**Acquiring Bank**”).

Acquiring Bank shall ensure to follow below broad guidelines for the acceptance of UPI Prepaid Voucher:-

1. A PV Beneficiary can redeem the UPI Prepaid Voucher at any Merchant location falling under the merchant category as may be defined at the time of issuance of such voucher.
2. Once a redemption request is received, the Acquiring Bank shall check for the correct Merchant Category Code (MCC) and purpose code. Acquiring Bank shall use MCC # 8493 for Covid-19 related healthcare services such as vaccination, medical test etc.
3. Acquiring Bank shall provide app or capability to merchant to scan the UPI Prepaid Voucher or SMS string as displayed by Beneficiary.
4. The facility to redeem UPI Prepaid Voucher shall be provided only to qualified Merchants as defined for the scheme by the Acquiring Bank.
5. At the time of redemption, the Acquiring Bank shall initiate validation request of the UPI Prepaid Voucher to NPCI UPI system.
6. Acquiring Bank shall ensure that the PV Beneficiary must be validated by an appropriate ID Validation process at the time of redemption to ensure that the UPI Prepaid Voucher is not misused.
7. On receiving the success response of validation request from UPI, the Acquiring Bank shall validate the PV Beneficiary by means of validating the mobile number using Verification Code or other possible offline method as may be prescribed by NPCI. For the purpose of Covid-19 related healthcare services, Acquiring Bank shall mandatorily use Verification Code for PV Beneficiary validation.
8. Acquiring Bank shall ensure that service shall be provided happen only after the UPI Prepaid Voucher has been successfully authorized by Issuer.
9. Acquiring Bank shall be responsible for the reconciliation and settlement process with the Merchant as defined by NPCI.
10. The Issuer/Sponsor shall ensure to send SMS/email to intended PV Beneficiary on creation and redemption of UPI Prepaid Vouchers.

D. User Awareness and Controls

Below are the broad level controls to be followed by participating member

1. Awareness and communication across all possible channels shall be done by Issuer/Sponsor to ensure that PV Beneficiary is fully aware of the redemption process.
2. Issuer and Acquirer shall follow unique branding and design of UPI Prepaid Voucher as defined by NPCI in case of QR code as delivery and acceptance mechanism.
3. Issuer and Acquirer shall ensure to deploy adequate checks including validating the UPI Prepaid Voucher parameters during the validation and redemption to ensure that UPI Prepaid Voucher are not misused.

The applicable pricing for UPI Prepaid Voucher (B2C) shall be informed separately.

Member may bring the contents of the circular to the notice of their constituents concerned.

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Yours faithfully,
Praveena Rai
Chief Operating Officer