

**NPCI/UPI/OC No. 108/2021-22**

**May 28<sup>th</sup>, 2021**

To,  
All Members - Unified Payments Interface  
Dear Sir/Madam,

**UPI OD accounts for merchant acceptance – Terms and Awareness**

UPI has emerged as a popular payment mode in India, and it possesses flexibilities to deepen and emerge as preferred payment mode among Businesses/Merchants. To facilitate the same, UPI 2.0 was launched, with one of the features that allowed linking of OverDraft as the underlying account in UPI (called OD).

In order to deepen enablement for OD linked transactions & to bring greater transparency in merchant level charges, it is advised that the merchant acquirer banks, their partners & aggregators shall ensure following

1. Inform & educate the merchants regarding the UPI linked to OD transactions, and the terms associated with Overdraft account on UPI for existing as well as new merchants.
2. Clearly outline to merchants, the charges for OD accounts in UPI.
3. If Merchant is not enabled for OD transactions for any reasons, the end customer to be notified accordingly & the responsibility lies with all the UPI banks and TPAPs apps.

NPCI had issued circular **NPCI/UPI/OC No. 62/2018-19** dated December 4, 2018 and **NPCI/UPI/OC No. 79/2020-21** dated 21<sup>st</sup> February 2020, for the communication of application OD interchange of 1.5% of the transaction value for the Unsecured OD account (UOD) in UPI. The banks, TPAP's should pass the OD account flag in end to end transactions, and include in the notifications appropriately.

This circular references circular **RBI/2016-17/59 DPSS.CO.PD No.639/02.14.003/2016-17** issued by Reserve Bank of India on September 1, 2016.

Member banks should provision Overdraft Accounts in UPI.

SD/-

Regards,  
Praveena Rai  
Chief Operating Officer