

To,

**All Member Banks – RuPay & UPI**

Dear Sir/Madam,

**Subject: Operating circular for RuPay Credit Cards linked to UPI**

The credit card industry has witnessed significant growth in the last few years in the country; spends have grown by ~30%, while the transactions have grown by ~15% CAGR in the last 3 years. However, Indian credit card industry is still underpenetrated (<~6% of the Indian population). The pandemic has given a stimulus to digital transactions in the country, this has led to higher credit card issuance and usage. Issuers are keen to expand credit cards to the new users, while acquirers are looking forward enabling card acceptance across merchants in India that are not part of the credit ecosystem.

RuPay Credit Card is operational for last 4 years and all major banks (private and public sector) are enabled and are issuing incremental cards for both commercial and retail segments.

RBI has approved linking of RuPay Credit Cards to UPI, which will provide a seamless, digitally enabled credit card lifecycle experience for the customers. Customers will benefit from the ease and the increased opportunity to use their credit cards. Merchants will benefit from the increase in consumption by being part of the credit ecosystem with acceptance of credit cards using asset lite QR codes. Credit cards can now be linked to a Virtual Payment Address (VPA) i.e., UPI ID (credit card number cannot be part of this), thus directly enabling safe, and secure payment transactions.

To enable linking of credit card on UPI, the ecosystem will have to enhance their tech platforms. While the issuers will enable linking of credit card accounts at customer's end, the acquirers will enable the acceptance of linked credit card at merchant's end. The initial phase of operationalisation will provide learnings and critical inputs, that can be used to fine tune the proposition in later phases to scale up the usage. NPCI shall continue to refine the rules and processes based on market feedback.

To operationalize the same, following shall be the construct:

- Customer will be able to discover credit card accounts from the issuer, based on registered mobile number and will be able to link to a VPA (existing or new) on any UPI enabled app. Inward payments to this VPA (when new, and exclusive to a specific credit card account) paid by debiting a current or savings account will be treated as credit card bill payment. AutoPay can be a valuable service platform for the payment of credit card dues, especially since the recurring transactions below ₹15,000 will be processed without AFA.
- Apps will be able to link credit cards and offer credit card lifecycle related functionalities to enhance the customer experience.
- Customer will be able to authenticate the payment, using second factor authentication (UPI PIN). All the existing device binding controls shall be applicable.
- Credit card disputes shall be resolved through Online Dispute Resolution (UDIR). All other relevant features shall be enabled for the credit card from the time of card linking.
- Credit card transactions shall be settled as per existing UPI settlement process
- Credit card issuers shall comply with extant regulatory guidelines and only authorized credit card issuers shall be permitted

To operationalize the same following are the rules:

1. During credit card on-boarding on the apps, the device binding and UPI PIN setting process shall include and be construed as customer consent for credit card enablement for all types of transactions. For international transaction enablement, the existing process from the app shall apply to credit cards too.
2. Acquirers<sup>1</sup> shall ensure that cash withdrawal at merchants shall not be permitted.
3. Apps, PSP and Issuers<sup>2</sup> shall ensure P2P, P2PM, card to card payments shall not be permitted.
4. In the initial phase, RuPay interchange charges as per NPCI circular NPCI/2018-19/RuPay/024 dated 31<sup>st</sup> August 2018 would be applicable. In addition to RuPay interchange, the acquirer shall also reimburse 8 basis points to the PSP & the app provider each.
5. Acquirers shall categorize Small Offline Merchant as per the RBI circular RBI/2017-18/105 DPSS.CO.PD No. 1633/02.14.003/2017-18 dated 6<sup>th</sup> December 2017. Nil MDR (no interchange, PSP & app provider charges) shall apply for this category up to the transaction amount less than and equal to Rs. 2,000.
6. Acquirers shall ensure overall compliance, monitoring and hygiene for merchant ecosystem such as tagging of MCC, online/ offline merchants as per the regulatory compliance and outlined in the

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<sup>1</sup> Acquirer – Payee PSP bank

<sup>2</sup> Issuer – Remitter bank

NPCI circular NPCI/UPI/RuPay/OC-118/2021-2022 dated 8<sup>th</sup> September 2021. Members shall not permit transactions for all the restricted categories as per the extant regulations.

7. Acquirers will inform and educate merchants, to enable all merchants for credit cards and overdraft through UPI acceptance. Acquirers shall ensure transparency to merchants as per RBI circular RBI/2016-17/59 DPSS.CO.PD No.639/02.14.003/2016-17 dated 1<sup>st</sup> September 2016.
8. Members shall follow standard transaction limits as defined in NPCI circular NPCI/UPI/OC-120/2021 dated 24<sup>th</sup> September 2021, and as updated from time to time.
9. Apps shall ensure complete transparency on transactions made by customer using credit card, by means of easily accessible transaction history (preferably also in downloadable format) and clearly visible user interface, while making the payment. Credit card issuers and apps shall send appropriate notifications / communications to the customer, during each event of credit card lifecycle for such transactions.
10. The customer shall be able to set the default option between multiple linked accounts (including credit / CASA<sup>3</sup> / overdraft / prepaid) for merchant transactions.
11. While making a payment to a merchant, if customer has not set up a default debit account, app shall provide option for customer to select any of their linked accounts with account type to be debited.
12. Merchant shall get an instant notification that the transaction carried out using linked credit card account.
13. Apps and issuers shall provide functionality to check available balance, total outstanding on real time basis.
14. Members shall be enabled on UDIR for online resolution of customer complaints.
15. Refunds/ Reversals shall be directly credited into the credit card account.
16. Apps can provide below services to the customer through the linked CASA account:
  - a. One-time credit card bill repayment
  - b. AutoPay services for credit card bill repayment, can be enabled during or post credit card linking, or during bill repayment process.
  - c. Upon payments, the dues shall be cleared on real-time basis and on making balance inquiry transaction the customer should be able to verify the reflected / changed amount instantly.
17. In the next phase, following functionality to be enabled at the app and issuer shall:
  - a. Allow customers to avail value added services such as EMI conversion, limits management, reward update, redemption, spend analysis etc. on app.

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<sup>3</sup> CASA – Current / Savings account

- b. Maintain separate mobile number attached to an addon card, for the card holder to link it with an app.
- c. Provide due date, minimum amount due and total amount due, for credit card bill repayment
- d. Allow customers to check billed and unbilled amount, limit blocked basis pre-auth in real-time on app.

This circular is applicable from the issuance date and members are requested to take note and bring the contents of this circular to the notice of the relevant stakeholders.

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Kunal Kalawatia  
Chief of Products