

RuPay to Global Dimension

Banking Frontiers is planning a series of features on Indian payment systems, which will be a joint initiative with payment systems software provider ACI Payment Systems. In the first of this series, we discuss the Indian domestic card RuPay, which is all set to gain global presence in July:



Come July and the home-grown RuPay card will make its international debut thereby breaking the monopoly of international payment processing companies like MasterCard and Visa. This has been facilitated by the agreement between the National Payments Corporation of India (NPCI) and the US-based banking and payments services company Discover Financial Services (DFS), which in the first phase envisages access for Discover and Diners Club cardholders to some 85,000 ATMs in India. In the subsequent phase, two banks will issue RuPay international cards.

RuPay debit cards issued by various participating banks in the country are now accepted at merchant establishments across India. There are some 85,000 PoS terminals existing where RuPay cards are already accepted.

As part of the global foray, NPCI will be leveraging the EMV technology of DFS to issue the global cards. It has already released specs for the global cards on D-PAS.

Satish Kumar Gupta, chief project officer, RuPay, at NPCI, elaborates on the roadmap: "NPCI and DFS have already announced operationalization of acceptance of Discover and Diners' Club cards in India on NPCI's National Financial Switch network. Accordingly, Discover and Diners Club cards now are accepted at over 85,000 DFS ATMs across the country. In the coming months, RuPay global cards will be issued and accepted on the Discover, Diners Club International and PULSE networks for international purchases and cash access outside India. This will be followed by the acceptance of Discover and Diners Club cards access at PoS terminals for purchases in the country."

He says so far, 25 commercial banks, 25 regional rural banks and 30 urban cooperative banks have issued over 2 million RuPay cards.

E-COMMERCE PLATFORM

NPCI is also working to commission its



Satish Gupta talks about NPCI issuing EMV compliant RuPay cards



Pulak Sinha feels RuPay cards can bring value for RRBs

own e-commerce platform to enable RuPay cardholders make purchases online at websites like the Indian Railways.

NPCI is now well poised to support the growth of retail electronic payments in the country thereby creating a defined electronic payment ecosystem. It is working on innovative solutions like contactless cards to improve efficiency of the payment ecosystem and enhance the small ticket payments. This may indeed provide the necessary fillip to provide banking services in rural areas which are hitherto remained outside the banking system. The RuPay card is designed and evolved to offer complete inter-operability between various payments channels and products.

RRBS ON NFS

Gupta says following the amalgamation exercise of the RRBs, the total number of RRBs stands at 57 as on date and NPCI has designed flexible models for these RRBs to join the NFS network and thereby issue RuPay debit cards and RuPay Kisan cards to their customers. "Some 24 RRBs have completed the ATM certification and the rest are in advanced stages of engagement with NPCI. Over one lakh RuPay cards (both debit and kisan variants) have been issued with sizable number of transactions coming in. Five RRBs are currently getting ready for PoS certification. We intend to play a pivotal role to introduce the RuPay debit and kisan cards to the rural populace and play a vital part in financial inclusion," he adds.

In its payment system endeavors, NPCI banks on its own ATM switching infrastructure - the National Financial Switch, which at present works only for ATMs and biometric micro ATMs.

Gupta adds that NPCI is envisaging to issue EMV compliant RuPay cards in July 2013, while contactless products are in pipeline and are expected to be available 12-18 months post the EMV product. Similarly the RuPay credit card will be launched sometime in 2015.

NEW INTERFACE

Meanwhile, global payment systems software provider ACI Payment Systems is developing a ready to use product that allows existing BASE24 users to interface with the RuPay network. The company's customers will benefit by acquiring a standard off the shelf product and ACI will provide ongoing mandates that will accommodate changes that NPCI will announce from time to time. The product is built on BASE24-eps, which is the latest generation payment engine and can inter-operate with existing BASE24 installations seamlessly. The implementation of RuPay allows existing customers to experience the power of BASE24-eps while ensuring business continuity. It immediately covers PoS acquiring and issuing of RuPay cards. It is also designed to accommodate ATM, e-commerce and miometric/ UID data.

ACI says all Indian customers will benefit from this as there is no need for ongoing individual customizations to accommodate incoming changes. The initiative will allow a broad access to all Indian customers across the country and dramatically increase the acceptability of RuPay cards.

Shekhar Ganapathy, general manager-South Asia, ACI Payment Systems, says the company sees India as one of the exciting growth markets in payments and is increasingly investing in its products to make it relevant to the Indian market's needs. "The NPCI initiative on launching a domestic card scheme in RuPay is an extremely important contribution to the health of the country's payments infrastructure and ACI is delighted to be able to work in strengthening the same," he adds.

SEMI-URBAN MARKET

Pulak Sinha, general manager, Payment Systems, State Bank of India, says the RuPay card can bring in results in tier 2 and tier 3 cities, especially in rural markets. "However, there is low awareness level for the product. Customers in metros are aware of the RuPay Card and also its competitors. For RuPay to be adopted on a massive scale there are two important things. One is that it has to be mandated by the RBI or the Government of India, and the second is that it should be a choice for the people. The first point is missing, hence we are looking at gaining people's interest," he says.

Sinha also said SBI is ready for any partnership with NPCI in launching RuPay cards, especially in the light of NPCI recently tying up with Discover Financial Services.



Lalit Sinha believes RuPay will be a formidable competitor for global players



Shekhar Ganapathy reveals BASE24 interface for RuPay platform

As regards the question whether RuPay with its reduced service charges can impact global players, Sinha mentions that there are two constraints - one time and the other competition. "Mobile and mobile based financial inclusion is being considered as a competitor to cards. So if RuPay is able to compete against time, then surely in the long run it will impact global players and technology," he says.

RuPay cards can bring value for regional rural banks as they would have a better portfolio of service to their customers, adds Sinha.

AGAINST VISA/MASTERCARD

Lalit Sinha, general manager, Alternate Channels and New Initiatives at Union Bank of India, mentions that the bank will be seriously looking at issuing RuPay cards to the existing Visa/Mastercard holders once their card validity expires and the cardholders do not aspire for an international card. "RuPay Cards will serve an excellent purpose for meeting the requirement of domestic only cards," says he.

He points out that Union Bank of India delivered the first RuPay prepaid card for NPCI with AEPS capability. Also RuPay Kisan card is now a mandate for all agri loans. "I foresee a huge potential of growth for both RuPay prepaid and Kisan cards to meet the financial inclusion objectives," he adds.

Lalit Sinha also reveals that Union Bank of India has enabled all its ATMS for DFS/Diners card acceptance in view of the strategic tie up between NPCI and Diners Financial Services. However, the bank does not have plans to issue DFS cards at the moment.

"I am quite optimistic that RuPay in future will be a formidable competitor for global players like Visa/Mastercard. Low inter change and global reach will make this possible. We have the example of ChinaPay Card before us," says he.

Central Bank of India too has ambitious program to roll out RuPay cards, says Mohit Kodnani, DGM, Transaction Banking. He says more than 60% of the bank's branches are in semi-urban and rural areas and RuPay card will be an easy reach for the customers. The bank is planning to roll out some 8 lakh Kisan Credit cards to eligible customers on the RuPay platform apart from RuPay debit cards.

He says the bank will definitely offer RuPay to existing Visa/Mastercard card holders of the bank if they mention their preference for this card.

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