

[National Payments Council of India](#) (NPCI) is using its network of [small finance banks](#) (SFBs) and [payments banks](#) to expand its [RuPay](#) card network to low income and rural individuals, say sources.

Both [SFBs](#) and [payments banks](#) were licensed by the Reserve Bank of India to drive greater financial inclusion. [RuPay](#) plans extensive incentive-based promotions to promote usage of cards, at both point-of-sale terminals and e-commerce portals.

[RuPay](#) is the government's response to global card companies such as Visa and MasterCard and to make debit cards more accessible for low income groups.

“[NPCI](#) is extensively promoting digital payments and has told us that it will be coming up with more such incentive-based initiatives at big organisations with consumer relevance,” said Vijay Balakrishnan, marketing head at Ujjivan Small [Finance](#). Previously, RuPay offered discounts for transactions made with its cards at retail chain Big Bazaar. The further incentive planned would be in value chain stores or local ticket booking portals, keeping in mind the targeted audience.

“It is the [SFBs](#) that approached [NPCI](#) for allowing them to issue RuPay cards. It is a win-win situation for both parties,” said a source.

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RuPay transactions for April were Rs 82.8 million in volume and Rs 78.5 billion in value. Transactions grew 136 per cent in volume during 2017-2018 over the previous year to Rs 667.7 million and 87 per cent in value to Rs 654.3 billion. The number of RuPay cards issued till date has crossed 500 million, said Prime Minister Narendra Modi last week.

The number issued by the 40 partner banks is 321 million, signifying that a lot of it is being driven from beyond the major banks.

NPCI's partner issuing banks includes eight [SFBs](#) and two [payments banks](#). “Payments banks and SFBs are now issuing RuPay to larger markets and customer segments. It is now available with international and credit variants and this will help it compete with Visa and MasterCard schemes across all customer segments,” said Shoorveer Shekhawat, head of products-liabilities at AU Small [Finance](#) Bank. AU's RuPay card issuance stood at 185,000 at end-May. ESAF, another small finance bank, had issued 2.5 million cards till end-May.

“Since transaction costs and size requirements for issuing banks are lower with RuPay, the entry barriers to issuing these to the unbanked and underbanked customer segments in an economically viable manner has been significantly lowered, as demonstrated by the success of PMJDY (the government's Jan-Dhan Yojana). This is a big lever for financial inclusion, which is aligned to the mission of SFBs like ours,” said Prakash Sundaram, chief strategy and digital innovation officer at Fincare Bank. It has issued close to 100,000 RuPay debit cards, “predominantly to our existing micro loan customers, to facilitate cashless disbursal”.

While RuPay is set to take over debit card payment, credit card offtake has been slow (50 million currently) due to the longer customer acquisition period. “The time for credit cards is

ripe,” recently said Dilip Asbe, managing director of [NPCL](#). The plan is to push this, he added.

GROWTH OF RUPAY RETAIL TRANSACTIONS

		PoS	eCom	Total RuPay retail transactions
FY 14-15	Volume (million)	5.25	0.85	6.1
	Value (₹ billion)	10.76	0.51	11.27
FY 15-16	Volume (million)	25.41	10.24	35.65
	Value (₹ billion)	44.74	5.76	50.5
FY 16-17	Volume (million)	195.22	87.56	282.78
	Value (₹ billion)	289.95	59.34	349.29
FY 17-18	Volume (million)	459.55	208.11	667.66
	Value (₹ billion)	488.23	166.09	654.32

Source : NPCI data