

Reserve Bank of India

New set of rules for QR codes to help change the digital payments in India

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Background

- The Reserve Bank on October 22 barred Payment System Operators (PSOs) from launching any new proprietary QR code for payment transactions and asked them to switch to at least one interoperable QR code, so that the same QR code can across multiple payment applications
- RBI's latest directive is to improve the digital payment infrastructure in the country

What is the need?

- A closed-loop QR system only accepts payments from the mobile application of its deployer
- This is against the principle of interoperability agreement between third-party payment applications and banks that governs the Unified Payment Interface (UPI) ecosystem
- Furthermore, payment companies and banks are now also using QR technology for the acceptance of contactless card payments using Bharat QR, which is a mutually derived solution among NPCI, Visa and Mastercard to pay bills without sharing credentials to merchants

Making Digital Payments in India efficient

- These decisions, the RBI said, are expected to reinforce the acceptance infrastructure, provide better user convenience due to interoperability and enhance system efficiency
- In India, QR Code Payment Systems broadly support three different types of QR code payments -- Bharat QR, UPI QR, and Proprietary QR
- UPI QR and Bharat QR shall continue as at present, the central bank said in a notification

References

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