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What is this, 'UPI'?

Unified Payments Interface

Dream of Digital India is based on foundation of JAM trinity (Jan Dhan, Aadhaar and Mobile). 'Jan-dhan' attempts to give bank accounts to all, Aadhaar gives identity to all where as Mobile, being ubiquitous, gives access to all.

One of the core objective of Digital India is to achieve "Faceless, Paperless, Cashless" status.

UPI thrives to achieve it in case of payments.

But, 'What is this, 'UPI'?'

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the "Peer to Peer" collect request which can be scheduled and paid as per requirement and convenience [1].

Following sketchnote gives a brief overview of UPI:

UPI

Unified Payments Interface

Financial inclusion on Steroids

Basis : JAM

J : Jan-dhan - bank for all
A : Aadhaar - identity for all
M : Mobile - access for all

Vision for Payments (5 Cs)

Coverage ⟷, Convinience
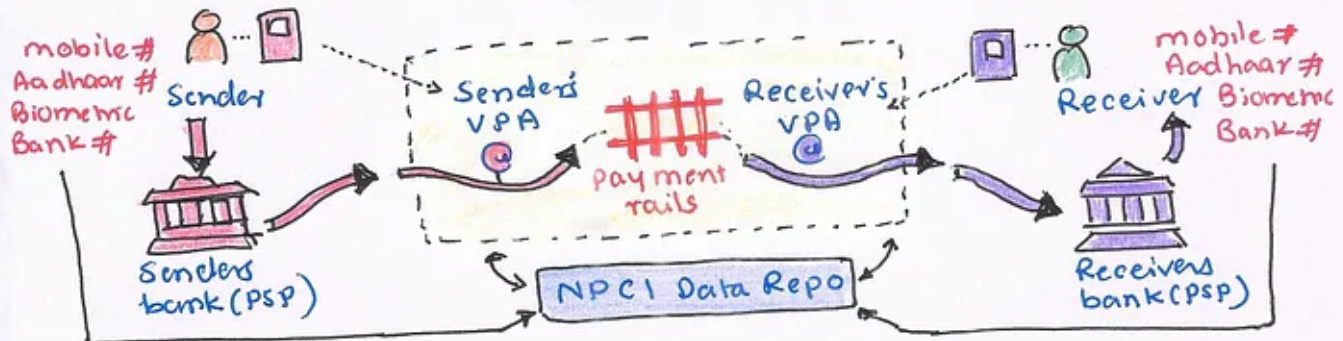Confidence (Integrity, Security)
Cost and Coverage

Cash payment

Sender → Receiver — Easy but physical

As we have diverse payments, payment modes, banks, post offices, mobile providers public + private ??!!

Solution ⇩ UPI

UPI payment — Easy and online

mobile #
Aadhaar #   Sender
Biometric
Bank #

Sender's VPA → Payment rails → Receiver's VPA

mobile #
Aadhaar #
Receiver Biometric
Bank #

Senders bank (PSP) → NPCI Data Repo ← Receivers bank (PSP)

Advantages

- (almost) immediate transfer
  🕐 24×7 ✉ 365 days
- Single App many banks → ICICI → HDFC → ...

Innovations

- Separate consent collection from Banks. BHIM collects consent
- Two-factor authentication
- Guaranteed delivery, not like

- Affordable, fast, secure interoperable, 3rd party Apps

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Recently, UPI and Singapore's PayNow have been integrated, facilitating faster, efficient and transparent cross-border transactions relating to trade, travel and remittances between the two countries.

Of course, that wont be the final goal. UPI needs to go places. There are 'miles to go before I sleep'.

References

[1] UPI NCPI
[2] Your Guide to UPI
[3] Founder of iSPIRT, Sharad Sharma at India Cloud Summit 2017: Understanding IndiaStack

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