



# Unified Payments Interface – A Giant in the Digital Payments Space

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## *UPI – A Giant in the Digital Payments Space*





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## **Executive Summary**

Unified Payments Interface (UPI) is a mobile based digital payments system that has revolutionised the payments space in India. Ensuring ease for transferring funds from one (bank) account to another, it provides a secure mode of person-to-person (P2P) and person-to-merchant (P2M) payments. The following report analyses the trends and progress of UPI, the economics of providing this payments service and the associated regulatory interventions.

The source data for the report has been collected from the online data repository of National Payments Corporation of India (NPCI) and Reserve Bank of India (RBI).

We make some remarks on the future of UPI that already stands as a giant in the payment-ecosystem. The report provides year-on-year growths for UPI and RuPay Debit card transactions. Furthermore, the Indian government's intervention to provide



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monetary support to the banks to run the UPI platform is assessed. Extent of actual support for the 12-month period April 2021 to March 2022 is estimated based on the ticket size distribution provided by NPCI for the 6-month period October 2021 to March 2022.

The major takeaways of this report are:

- UPI transactions have shown a tremendous growth, consistently maintaining over 100% year-on-year growth.
- 13% of the overall P2M UPI transaction values have ticket size Rs 0-500, while 17% have ticket sizes are in the range of Rs 501-2000.
- It is estimated that for the 12-month period April 2021 to March 2022 the banks were to receive Rs 10.15 Billion for the P2M UPI transactions with ticket sizes in the range Rs 0-2000.
- It is inferred that the financial support is at the rate of  $10.15/45.97 = \text{Rs } 0.22$ , for every UPI transaction (P2P or P2M) in the period April 2021 to March 2022.
- However, the banking industry missed on receiving nearly Rs 500 Million towards UPI reimbursements (which is 5% of the computed net incentive) since they could not achieve the required 10% growth for the RuPay Debit card merchant transactions.
- With the increasing trend of smart phones, one can expect more and more people being enabled on UPI. In this scenario, as seen in the quarter January-March 2022, it is unlikely to see in the future a 10% y-o-y growth for RuPay Debit card transactions.
- It recommended that the Indian government revisits the incentive reimbursement clause of a 10% y-o-y growth for RuPay Debit card transactions.



## **1. Introduction**

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 and merchant payments into one hood. In the 2<sup>nd</sup> half on 2016, India introduced the UPI to the world. UPI is steered by the National Payments Corporation of India (NPCI), who acts as the switch provider. In the past six years, UPI has grown into a giant. As per UPI data disseminated by NPCI, July 2022 saw nearly 6.3 Billion UPI transactions adding to over Rs 10.6 Trillion in value terms (“UPI Product Statistics. NPCI.” (n.d.)). UPI has become one of the most inclusive digital payment methods in India. Many countries, seeing the success of UPI in India, have adopted UPI systems for their domestic use. We refer to (“Unified Payments Interface. From Wikipedia, the free encyclopedia.” (n.d.)) for some more details on UPI. Also, to assess the status of UPI as compared to other retail digital payment modes, we see the comparative trends in transaction volumes and values provided by RBI (“Pictorial Representation of Trends in Payment Systems: Monthly Payment System Indicators – June 2022. RBI.” (n.d.)). In a recent paper, Muralidhara et al. (2021) describes some of the challenges in UPI towards its role in managing funds.

### **1.1 Key features of UPI**

NPCI in their website has provided the key features of the payment product, the UPI. The key features are:

- Immediate money transfer through mobile device round the clock 24-by-7 and 365 days.
- Single mobile application for accessing different bank accounts.
- 2-Factor Authentication (providing a very strong feature of seamless single click payment).
- Virtual address of the customer for Pull and Push (providing for incremental security with the customer not required to enter the details such as Card number, Account number, routing number, etc.).



- Utility Bill Payments, Over the Counter Payments, QR Code (Scan and Pay) based merchant payments.

In India, the UPI platform has enabled all major banks through their respective UPI-Apps to make digital payments using mobile phones. The UPI-Apps provide a secure interoperable unified fund transfer facility between two bank accounts on users' mobile phones. UPI provides significant ease for person-to-person (P2P) and person-to-merchant (P2M) transactions. In addition to the standard push feature (payer initiated) to make payments, UPI has also incorporated the pull feature (payee-initiated) payments, making it attractive for merchant transactions. Worldwide, it not only has the potential to replace paper based (cash/cheques) transactions but debit cards at POS/e-commerce.



Source: Image from internet

## **1.2 The UPI product**

As mentioned in Das (2018), the UPI architecture envisages a bank to provide the frontend UPI-App and all communications are necessarily routed through the bank whose UPI-App has been installed by a customer. The business model for such a design is similar to that of ATMs. Whenever UPI-App of bank X is used by a customer of bank Y, bank X gets a commission from bank Y for serving their customer. The UPI structure necessitate a bank to identify itself with its UPI-App and its App-user routes transactions through this bank even if he may not be banking with it, but instead banking with a different bank. In regard to security analysis of UPI and payment Apps in India, Kumar et al. (2020) provide some thorough insights.



Additionally, NPCI has also brought out its own UPI-App called the Bharat Interface for Money (BHIM), where NPCI acts as a switch to communicate messages directly between the payer and the payee. At the backend, under the UPI platform, NPCI communicates between the two banks for the financial leg of the transactions. The brand BHIM helped the banks promote their UPI-Apps. BHIM contributed significantly in enabling digital payments and creating an ecosystem that has helped mobile based digital transactions in India. Currently, the prominent UPI-Apps that have cannibalised the payments space in India are PhonePe, Google Pay, and Paytm Payments Bank App.



Source: Image from internet

### **1.3 Enabling UPI internationally**

NPCI's group company, NPCI International Payments Limited (NIPL) is steering to introduce UPI based QR code payment system in Singapore, Malaysia, Thailand, Philippines, Vietnam, Bhutan, Nepal, Cambodia, Hong Kong, Taiwan, South Korea, UAE and Japan. It is also working towards linking UPI with Bana Payment Platform that is connected with the central banks and financial institutions from Arab region.

## **2. Objectives and the Methodology**

The following report analyses the trends and progress of UPI, the economics of providing this payments service and the associated regulatory interventions. The source data for the report has been collected from the online data repository of NPCI and Reserve Bank of India (RBI).



To provide insights as to how a payment mode like the UPI has contributed towards the payment means of the Indian consumers' and businesses', we compile and analyse a comprehensive data set related to UPI transactions.

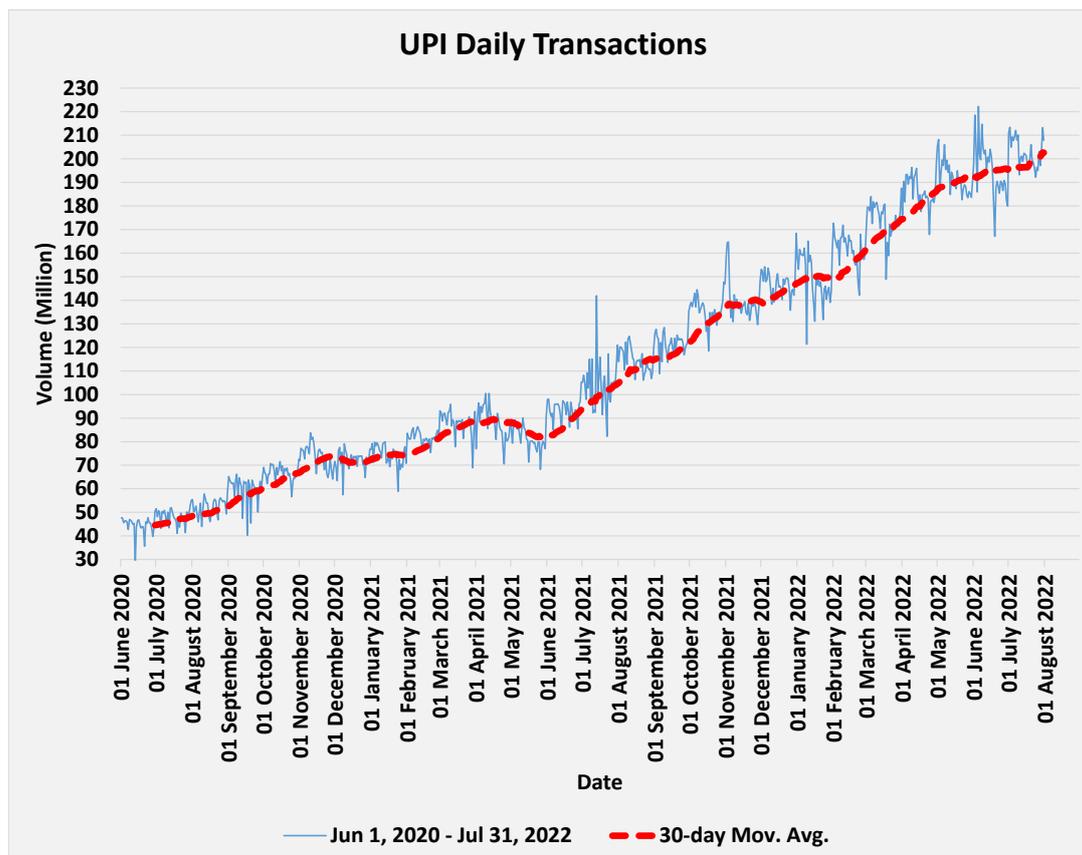
The general methodology involves a combination of the UPI data and its analysis. The report uses daily data collected from June 2020 to derive trend lines using moving averages. Monthly data are compared to understand how the trends have evolved. Year-on-year comparisons are also considered for every month for the period January 2019 to July 2022. Extent of actual support for the 12-month period April 2021 to March 2022 is estimated based on the ticket size distribution generated by NPCI for the 6-month period October 2021 to March 2022. Interpolation is used to fill data gaps and to provide detailed insights.

### **3. Analysis of the Trends and Progress of UPI**

Since the outbreak of Covid-19, there has been a significant boost in the usage of UPI. As one avoided the use of cash, or even a PIN based debit card for merchant transactions, a shift towards a more hygienic and personalised digital payments mode was seen in UPI. Moreover, the Indian government's new law disallowed any form of direct- or indirect-charges imposed on users of the UPI system. This promoted the general public to embrace UPI in lieu of cash, cheques, and debit cards for their day-to-day payment transaction requirements.

#### **3.1 Moving averages for daily volumes**

RBI and NPCI provides high velocity data in form of daily UPI transaction volumes and values. Apart from plotting the daily data since June 2020, we also show the 30-day moving averages. The trend lines show that the transaction volumes double in every 12 months (Fig. 1). ("RBI publishes daily data of select payment systems. RBI." Jun 04, 2020). A similar figure was arrived at by Sharma and Das (2021) using the daily data up until September 2021.



Source: UPI Daily Data from RBI

Figure 1: UPI daily transaction volumes

### 3.2 y-o-y growth

We carry out year-on-year comparisons of the UPI volumes (i.e., comparing January 2020 over January 2019, and so on for other months). This is done for every month starting January 2020 (Table 1).

Table 1: Monthly UPI transactions and y-o-y percentage growth

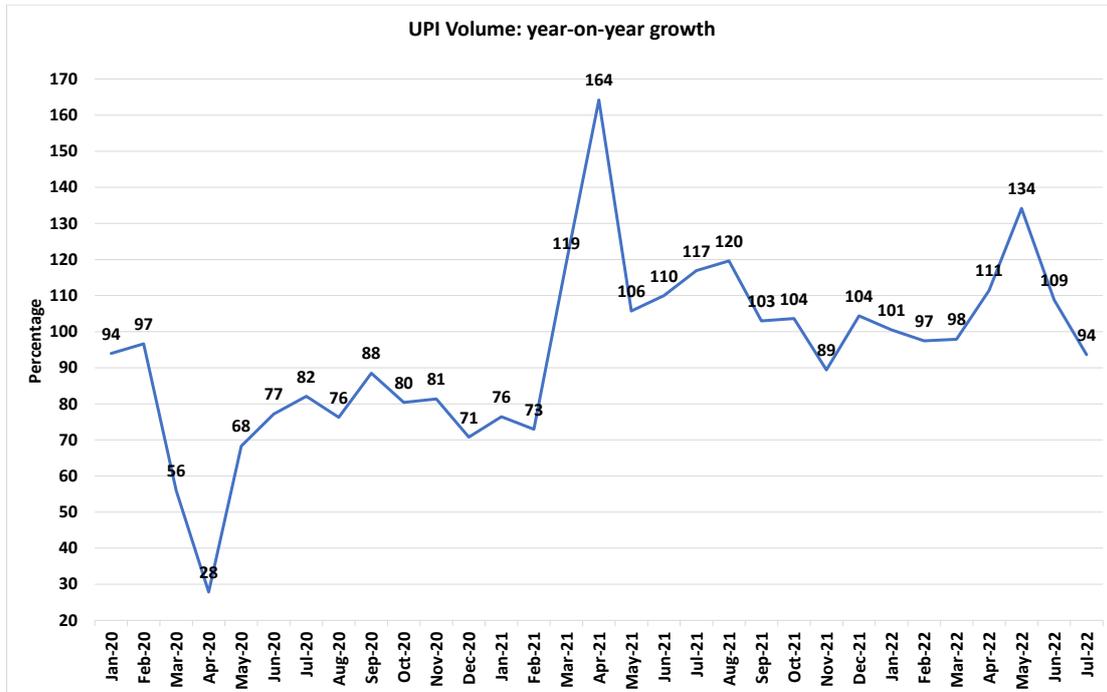
Month	Volume (Mn)	UPI y-o-y growth	Month	Volume (Mn)	UPI y-o-y growth	Month	Volume (Mn)	UPI y-o-y growth
Jan-19	673		Jan-20	1305	94	Jan-21	2303	76
Feb-19	674		Feb-20	1326	97	Feb-21	2293	73
Mar-19	800		Mar-20	1247	56	Mar-21	2732	119
Apr-19	782		Apr-20	1000	28	Apr-21	2641	164
May-19	734		May-20	1235	68	May-21	2540	106
Jun-19	755		Jun-20	1337	77	Jun-21	2808	110
Jul-19	822		Jul-20	1497	82	Jul-21	3248	117
Aug-19	918		Aug-20	1619	76	Aug-21	3556	120
Sep-19	955		Sep-20	1800	88	Sep-21	3654	103
Oct-19	1148		Oct-20	2072	80	Oct-21	4219	104
Nov-19	1219		Nov-20	2210	81	Nov-21	4186	89
Dec-19	1308		Dec-20	2234	71	Dec-21	4566	104
						Jan-22	4617	101
						Feb-22	4527	97
						Mar-22	5406	98
						Apr-22	5584	111
						May-22	5946	134
						Jun-22	5863	109
						Jul-22	6289	94

Source: UPI Product Statistics of NPCI



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A chart showing the year-on-year growths indicate that on an average there is over 100% year-on-year growth for the UPI transactions in the year 2021 (Fig. 2). In the current year, the trend has been retained. A retention of the same trend would mean that by January 2023, we would see over 9 Billion UPI transactions.



Source: UPI Monthly Data from NPCI

Figure 2: y-o-y growth of UPI transaction volumes

### 3.3 P2P and P2M UPI transactions

A UPI transaction is either a P2P or P2M. NPCI has provided a bifurcated data on UPI Volumes and Values with respect to P2P and P2M transactions (Table 2). (“UPI Ecosystem Statistics. NPCI.” (n.d.)).



Table 2: Monthly UPI transactions for P2P and P2M

Month	Total		P2P		P2M	
	Volume (Mn)	Value (Rs Bn)	Volume (Mn)	Value (Rs Bn)	Volume (Mn)	Value (Rs Bn)
Apr'21	2641.06	4936.64	1448.53	4118.27	1192.53	818.36
May'21	2539.57	4906.39	1396.99	4038.85	1142.58	867.54
June'21	2807.51	5473.73	1550.08	4477.76	1257.43	995.98
July'21	3247.82	6062.81	1781.79	4936.64	1466.03	1126.17
Aug'21	3555.55	6391.17	1945.80	5162.07	1609.74	1229.10
Sep'21	3654.30	6543.52	1981.03	5289.73	1673.26	1253.78
Oct'21	4218.65	7714.45	2507.12	6214.01	1711.53	1500.44
Nov'21	4186.48	7684.36	2547.94	6181.02	1638.54	1503.35
Dec'21	4566.30	8268.48	2812.00	6691.28	1754.30	1577.21
Jan'22	4617.15	8319.93	2757.61	6672.71	1859.54	1647.22
Feb'22	4527.49	8268.43	2631.65	6638.42	1895.84	1630.01
Mar'22	5405.65	9605.82	3201.15	7778.23	2204.50	1827.58
Apr'22	5583.05	9833.02	3319.85	8059.26	2263.20	1773.76
May'22	5955.20	10415.20	3408.55	8271.54	2546.65	2143.66
June'22	5862.75	10143.84	3302.67	8004.13	2560.08	2139.72
July'22	6288.40	10629.92	3289.15	8322.66	2999.25	2307.26

Source: UPI Ecosystem Statistics of NPCI

Furthermore, starting October 2021, NPCI is disseminating granular data based on ticket sizes, Rs 0-500, Rs 500-2000, and > Rs 2000 (Table 3). The granular data are not available for the period prior to October 2021. Therefore, we estimate the same.

Table 3: UPI transactions based on ticket-size distribution

Month	P2P Volume (Mn)				P2M Volume (Mn)				P2P Value (Rs Bn)			P2M Value (Rs Bn)				
	Rs 0-500	Rs 500-2000	Rs >2000	Total	Rs 0-500	Rs 500-2000	Rs >2000	Total	Rs 0-500	Rs 500-2000	Rs >2000	Total	Rs 0-500	Rs 500-2000	Rs >2000	Total
Apr'21	856.85	284.37	307.31	1448.53	943.62	172.16	76.75	1192.53	144.51	400.09	3573.67	4118.27	107.53	140.50	570.34	818.36
May'21	826.36	274.25	296.38	1396.99	904.09	164.95	73.54	1142.58	141.72	392.38	3504.75	4038.85	113.99	148.94	604.61	867.54
June'21	916.92	304.30	328.86	1550.08	994.97	181.53	80.93	1257.43	157.12	435.02	3885.61	4477.76	130.87	170.99	694.12	995.98
July'21	1053.98	349.79	378.02	1781.79	1160.03	211.64	94.35	1466.03	173.23	479.60	4283.82	4936.64	147.98	193.34	784.86	1126.17
Aug'21	1151.00	381.99	412.81	1945.80	1273.75	232.39	103.60	1609.74	181.14	501.50	4479.44	5162.07	161.50	211.01	856.59	1229.10
Sep'21	1171.84	388.90	420.29	1981.03	1324.01	241.56	107.69	1673.26	185.62	513.90	4590.22	5289.73	164.74	215.25	873.79	1253.78
Oct'21	1449.00	506.00	553.00	2508.00	1337.00	260.00	115.00	1712.00	211.79	613.09	5389.12	6214.00	190.33	259.90	1050.21	1500.44
Nov'21	1493.00	508.00	546.00	2547.00	1265.00	257.00	116.00	1638.00	216.33	614.24	5350.44	6181.01	185.26	257.28	1060.82	1503.35
Dec'21	1675.00	547.00	591.00	2813.00	1361.00	273.00	120.00	1754.00	239.38	661.45	5790.46	6691.29	205.03	276.42	1095.76	1577.21
Jan'22	1637.00	540.00	581.00	2758.00	1458.00	279.00	122.00	1859.00	238.09	653.16	5781.46	6672.71	216.09	281.65	1149.49	1647.22
Feb'22	1535.00	520.00	577.00	2632.00	1499.00	274.00	123.00	1896.00	223.30	631.56	5783.56	6638.42	215.85	277.63	1136.53	1630.01
Mar'22	1921.00	613.00	667.00	3201.00	1755.00	313.00	137.00	2205.00	275.03	739.79	6763.41	7778.23	246.96	315.14	1265.49	1827.58
Apr'22	1978.00	648.00	694.00	3320.00	1826.00	304.00	133.00	2263.00	287.75	780.77	6990.73	8059.25	244.07	307.58	1222.11	1773.76
May'22	2038.27	660.74	709.53	3408.54	2035.78	349.56	161.31	2546.65	294.27	800.01	7177.25	8271.54	276.07	355.66	1511.93	2143.66
June'22	1992.19	630.48	680.00	3302.67	2037.94	358.08	164.06	2560.08	282.52	765.01	6956.59	8004.13	280.13	364.74	1494.85	2139.72
July'22	1914.52	666.67	707.95	3289.14	2430.61	393.57	175.07	2999.25	289.51	809.88	7223.27	8322.66	318.07	400.64	1588.55	2307.26

Note: The figures highlighted in yellow are estimates

Source: UPI Ecosystem Statistics of NPCI and author's computation



In our estimation procedure, we first find the proportion of UPI transactions in the three categories Rs 0-500, Rs 501-Rs 2000 and Rs >2000 for the months October 2021 to July 2022 (Table 4).

Table 4: Proportion of UPI transactions based on ticket-size

Month	P2P Volume (Proportion)				P2M Volume (Proportion)				P2P Value (Proportion)				P2M Value (Proportion)			
	Rs 0-500	Rs 500-2000	Rs >2000	Total	Rs 0-500	Rs 500-2000	Rs >2000	Total	Rs 0-500	Rs 500-2000	Rs >2000	Total	Rs 0-500	Rs 500-2000	Rs >2000	Total
Oct'21	0.58	0.20	0.22	1.00	0.78	0.15	0.07	1.00	0.03	0.10	0.87	1.00	0.13	0.17	0.70	1.00
Nov'21	0.59	0.20	0.21	1.00	0.77	0.16	0.07	1.00	0.03	0.10	0.87	1.00	0.12	0.17	0.71	1.00
Dec'21	0.60	0.19	0.21	1.00	0.78	0.16	0.07	1.00	0.04	0.10	0.87	1.00	0.13	0.18	0.69	1.00
Jan'22	0.59	0.20	0.21	1.00	0.78	0.15	0.07	1.00	0.04	0.10	0.87	1.00	0.13	0.17	0.70	1.00
Feb'22	0.58	0.20	0.22	1.00	0.79	0.14	0.06	1.00	0.03	0.10	0.87	1.00	0.13	0.17	0.70	1.00
Mar'22	0.60	0.19	0.21	1.00	0.80	0.14	0.06	1.00	0.04	0.10	0.87	1.00	0.14	0.17	0.69	1.00
Apr'22	0.60	0.20	0.21	1.00	0.81	0.13	0.06	1.00	0.04	0.10	0.87	1.00	0.14	0.17	0.69	1.00
May'22	0.60	0.19	0.21	1.00	0.80	0.14	0.06	1.00	0.04	0.10	0.87	1.00	0.13	0.17	0.71	1.00
June'22	0.60	0.19	0.21	1.00	0.80	0.14	0.06	1.00	0.04	0.10	0.87	1.00	0.13	0.17	0.70	1.00
July'22	0.58	0.20	0.22	1.00	0.81	0.13	0.06	1.00	0.03	0.10	0.87	1.00	0.14	0.17	0.69	1.00
Mean	0.59	0.20	0.21	1.00	0.79	0.14	0.06	1.00	0.04	0.10	0.87	1.00	0.13	0.17	0.70	1.00
SD	0.01	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00

Source: Data from Table 3 and author’s computation

The last two rows of Table 4 provide the means and standard deviations of the proportions for the period October 2021 to July 2022. It is noted that the standard deviation is near zero. Thus, we use the mean proportion for each of the categories of the ticket-sizes to estimate the transaction volumes and values for the period April 2021 to September 2021. The estimated values are provided in Table 3.

More specifically, for the P2M transaction values, we see from Table 4 that 13% of the transaction values are of the ticket size category Rs 0-500, while 17% are of the category Rs 501-2000. Since we have the P2M transaction values for April 2021 to September 2021, we use these 13% and 17% proportions to estimate the P2M transaction values in the categories Rs 0-500 and Rs 501-2000, respectively. For example, April 2021 P2M transaction value estimate in the category Rs 0-500 is  $818.36 \times 0.13 = \text{Rs } 107.53 \text{ Billion}$ .

### 3.4 Incentivizing UPI transactions

In order to boost the adoption of digital payments in India, the government, effective January 2020, brought in a new law that disallowed any form of direct- or indirect-charges imposed on users of the UPI system. With the outbreak of the Covid-19 pandemic, digital payments enable safety for citizens through contact-less modes of payments as well as provide impetus to the economy. {“Incentive scheme for



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promotion of RuPay Debit cards and low-value BHIM-UPI transactions (P2M). Ministry of Electronics and Information Technology.” (2021, December 17)).

Alongside, the government decided to incentivise the Banks by way of paying 0.25% of the P2M UPI transactions (with ticket sizes upto Rs 2000), for a period of one year, with effect from April 01, 2021. However, for certain Industry Programmes the rate was fixed at 0.15%. The Industry Programmes are:

- Insurance
- Mutual fund
- Government
- Education
- Railways
- Agriculture
- Debt Collections
- Fuel
- Petroleum products
- POI Funding transaction
- Telecommunication
- Utility payments
- Business/ Personal Services and Hospital

In addition to the above conditions of funding the banks for UPI transactions, the incentive program indicates that the banks will be reimbursed 95% of their claimed amount. To get the remaining 5%, every bank at the end of the quarter January-March, 2022 is required to show:

- (i) at least 50% y-o-y growth rate in number of UPI transactions, and
- (ii) at least 10% y-o-y growth rate in number of RuPay Debit card transactions.

The Indian government’s monetary support to the banks for running the UPI platforms, revitalised the growth of UPI. The February 2022 budget announcement of the government of India mentions about continuation of the support beyond March 2022.



### 3.5 Estimation of government support

The extent of actual government support for the 12-month period April 2021 to March 2022 is estimated based on the ticket-size distribution that NPCI started providing from October 2021 (Table 3).

The incentive schedule of the government for the period April 2021 to March 2022 is to pay 0.25% of the P2M UPI transactions (with ticket sizes upto Rs 2000). However, as discussed earlier, for certain Industry Programmes the rate was fixed at 0.15%. Thus, taking a conservative estimate of the proportion of transactions under the Industry Programmes as 40%, we calculate the financial support towards UPI enjoyed by the banks to be Rs 10.15 Billion (Table 5).

Table 5: Computation of the government incentive towards P2M UPI transactions

Month	P2M Value (Rs Bn)		P2M Incentive (Rs Bn)	
	Rs 0-500	Rs 500-2000	@ 0.25%	@ 0.15%
Apr'21	107.53	140.50	0.62	0.37
May'21	113.99	148.94	0.66	0.39
June'21	130.87	170.99	0.75	0.45
July'21	147.98	193.34	0.85	0.51
Aug'21	161.50	211.01	0.93	0.56
Sep'21	164.74	215.25	0.95	0.57
Oct'21	190.33	259.90	1.13	0.68
Nov'21	185.26	257.28	1.11	0.66
Dec'21	205.03	276.42	1.20	0.72
Jan'22	216.09	281.65	1.24	0.75
Feb'22	215.85	277.63	1.23	0.74
Mar'22	246.96	315.14	1.41	0.84
<b>Total</b>	<b>2086.13</b>	<b>2748.03</b>	<b>12.09</b>	<b>7.25</b>
Proportion			<b>0.60</b>	<b>0.40</b>
Net Incentive			<b>10.15</b>	

Source: Data from Table 3 and author's computation

From Table 2, we see that for the period April 2021 to March 2022 there were a total of 45.97 Billion UPI transaction, which includes both P2P and P2M transactions. Now, given that UPI was funded to the extent of Rs 10.15 Billion towards the cost of running the payment interface, it is inferred that the financial support is at the rate of  $10.15/45.97 = \text{Rs } 0.22$ , for every UPI transaction (P2P or P2M) in the period April 2021 to March 2022.



We now address the question whether the banks were able to achieve the required y-o-y growth targets of 50% and 10% for UPI and RuPay Debit card transactions, respectively? We have already seen that the target has been well achieved for UPI transactions. We now calculate the y-o-y growth for RuPay transactions and present the same in Table 6.

Table 6: RuPay Debit card transactions and y-o-y percentage growth

Month	RuPay Card Volume (Mn)	Month	RuPay Card Volume (Mn)	RuPay y-o-y growth
Dec-20	129.06	Dec-21	138.36	7.21
Jan-21	129.46	Jan-22	132.43	2.29
Feb-21	119.71	Feb-22	119.60	-0.09
Mar-21	132.78	Mar-22	<b>133.16</b>	<b>0.29</b>

Source: UPI Ecosystem Statistics of NPCI and author's computation

It is seen that the overall picture of the y-o-y growth for RuPay Debit card transactions, at the end of the quarter January-March, 2022, had been much less than 10%. Therefore, most of the banks would have been reimbursed only 95% of their claimed amount and missed on getting the remaining 5% (due to their inability to achieve a 10% y-o-y growth in RuPay Debit card transactions).

With the increasing trend of smart phones, one can expect more and more people being enabled on UPI. In this scenario, as seen in the past year, it is unlikely to see in the future a 10% y-o-y growth for RuPay Debit card transactions.

#### **4. Conclusion**

The major takeaways of this report are:

- UPI transactions have shown a tremendous growth, consistently maintaining over 100% year-on-year growth.
- 13% of the overall P2M UPI transaction values have ticket size Rs 0-500, while 17% have ticket sizes are in the range of Rs 501-2000.



- It is estimated that for the 12-month period April 2021 to March 2022 the banks were to receive Rs 10.14 Billion for the P2M UPI transactions with ticket sizes in the range Rs 0-2000.
- It is inferred that the financial support is at the rate of  $10.15/45.97 = \text{Rs } 0.22$ , for every UPI transaction (P2P or P2M) in the period April 2021 to March 2022.
- However, the banking industry missed on receiving nearly Rs 500 Million towards UPI reimbursements (which is 5% of the computed net incentive) since they could not achieve the required 10% growth for the RuPay Debit card merchant transactions.

## **5. Recommendations**

The Indian government's intervention to provide monetary support to the banks to run the UPI platform has led to banks recovering their cost to run the UPI system. With UPI showing a consistent y-o-y growth of 100%, this has its effect on other digital payment modes, including the RuPay Debit card, where we see people migrating to UPI as a more convenient means of payment. With the increasing trend of smart phones, one can expect more and more people being enabled on UPI. In this scenario, as seen in the past year, it is unlikely to see in the future a 10% y-o-y growth for RuPay Debit card transactions.

It is thus recommended that the Indian government revisits the incentive reimbursement clause of a 10% y-o-y growth for RuPay Debit card transactions.



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