



Payment and Settlement Systems in India: Vision 2019-2021 Document

The Reserve Bank of India (RBI) has recently released the 'Payment and Settlement System in India: Vision 2019 - 2021' document.

Key Points

- With its core theme of '**Empowering Exceptional (e)payment Experience**', the vision document aims at **empowering every Indian with access to a bouquet of e-payment options that is safe, secure, convenient, quick and affordable**.
- With its 36 specific action points and 12 specific outcomes, it also aims to achieve a 'highly digital' and 'cash-lite' society through the goal posts of **competition, cost-effectiveness, convenience and confidence (4Cs)**.
- The vision document has envisaged **four times growth in digital transactions** in two years.
- The RBI expects accelerated growth in individual retail electronic payment systems, both in terms of the number of transactions and increased availability.
- Payment systems like UPI and IMPS are expected to register average annualised growth of over 100%, and NEFT at 40%, over the vision period.
- A 35% growth has been targeted in the use of digital modes of payment for the purchase of goods and services through an increase in debit card transactions at Point-of-Sale (PoS) terminals during the vision period.
- **No specific target** has been considered by the vision document **for reducing cash in circulation**. The enhanced availability of PoS infrastructure is expected to reduced demand for cash and thus, over time, achieve a reduction in Cash in Circulation (CIC) as a percentage of GDP.
- The document talks about creating customer awareness, setting up a **24x7 helpline and self-regulatory organisation for system operators and service providers**, among others.
- The RBI said the payment systems landscape will continue to change with further innovation and entry of more players which is expected to ensure optimal cost to the customers and freer access to multiple payment system options.
- The **RBI is authorised under the Payment and Settlement System Act (PSSA), 2007 to regulate payment and settlement system** in India.

NOTE: According to the PSSA, 2007 a **payment system** is a system that enables payment to be effected between a payer and a beneficiary, involving clearing, payment or settlement service or all of them, but does not include a stock exchange. It includes both, **paper-based** such as cheque, demand draft and **digital** such as NEFT, BHIM app, settlement systems.