



# Digital Payments Index: RBI

## Why in News

The [Reserve Bank of India \(RBI\)](#) has constructed a composite **Digital Payments Index (DPI)** to **capture the extent of digitisation of payments** across the country.

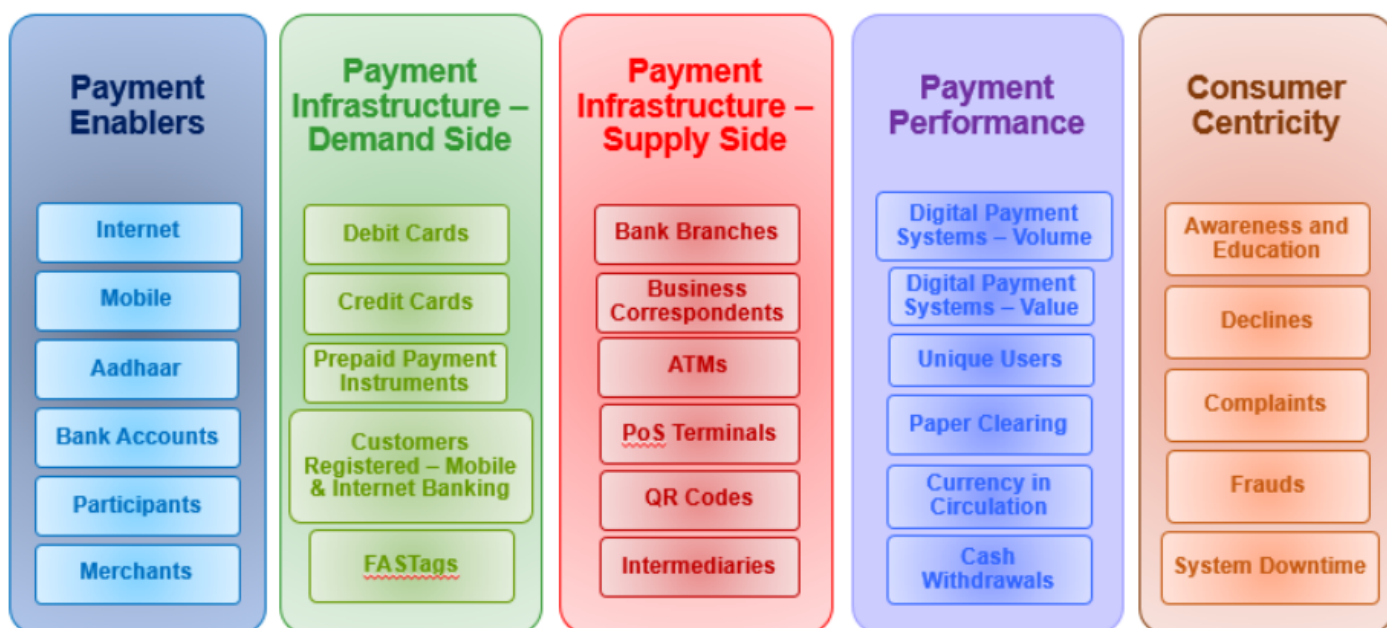
## Key Points

### ▪ About the Index:

- The RBI-DPI comprises **5 broad parameters** that enable **measurement of deepening and penetration of digital payments** in the country **over different time periods**.
- **5 Parameters:**
  - **Payment Enablers** (weight 25%),
  - **Payment Infrastructure - Demand-side factors** (10%),
  - **Payment Infrastructure - Supply-side factors** (15%),
  - **Payment Performance** (45%) and
  - **Consumer Centricity** (5%).
- It has been **constructed with March 2018 as the base period**, i.e. DPI score for March 2018 is set at 100.
- It will be **published on RBI's website on a semi-annual basis** from March 2021 onwards with a lag of 4 months.

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### Payments Index – Parameters and Sub-parameters



## ▪ Index Value for 2019 and 2020:

- The DPI for March 2019 and March 2020 worked out to be **153.47 and 207.84 respectively**, indicating appreciable growth.

## ▪ Digital Payments Scenario:

### ◦ Data Analysis:

- During the **second quarter (Q2) of 2020-21, Unified Payments Interface (UPI) payments** recorded an **82% jump in volume** and a **99% jump in value**, compared with the same quarter last year, according to the Worldline India Digital Payments report.
- In Q2, **19 banks joined the UPI ecosystem**, bringing the total number of banks providing UPI services to 174 as of September 2020 while the **BHIM App was available for customers of 146 banks**.
- In Q2, there were **over 51.8 lakhs Point of Sale (PoS) terminals** deployed by merchant acquiring banks, which is 13% higher than the same quarter of the previous year.

- A merchant acquiring **bank is a bank that processes payments on behalf of a merchant**.

- In 2018, the **Bank for International Settlements (BIS)** ranked India seventh among the 24 countries where it tracks digital payments.

### ◦ Recent Initiatives:

- The **National Payments Corporation of India (NPCI)** has recently given **approval to WhatsApp to go live with UPI** in a graded manner, starting with a maximum registered user base of 2 crores.
- The NPCI has also **issued a cap of 30% of the total volume of transactions processed in UPI**, which is applicable to all Third-Party App Providers (TPAPs) and is effective from 1<sup>st</sup> January 2021.
- The RBI has created a **Payments Infrastructure Development Fund (PIDF)** to encourage acquirers to deploy Points of Sale (PoS) infrastructure — both physical and digital modes — in tier-3 to tier-6 centres and north eastern states.

## RBI's Other Publications

- **Consumer Confidence Survey** (CCS - Quarterly)
- Inflation Expectations Survey of Households (IESH - Quarterly)
- Financial Stability Report (Half-Yearly)
- **Monetary Policy Report** (Half-Yearly)
- Report on Foreign Exchange Reserves (Half-Yearly)

**Source: TH**