

RBI releases Payment and Settlement Systems in India: Vision 2019 – 2021

The Reserve Bank of India released the “Payment and Settlement Systems in India: Vision 2019 – 2021”. The Payment Systems Vision 2021 with its **core theme of ‘Empowering Exceptional (E)payment Experience’ aims at empowering every Indian with access to a bouquet of e-payment options that is safe, secure, convenient, quick and affordable.**

The Payment Systems Vision 2021 has been formalised based on inputs from various stakeholders and guidance of the Board for Payment and Settlement Systems (BPSS). It envisages to achieve a ‘highly digital’ and ‘cash-lite’ society through the goal posts of Competition, Cost effectiveness, Convenience and Confidence (4Cs).

With concerted efforts and involvement of all stake holders, the Payment Systems Vision 2021, with its 36 specific action points and 12 specific outcomes, aspires to (a) enhance Customer experience, including robust grievance redressal; (b) empower payment System Operators and Service Providers; (c) enable the payments Eco-system and Infrastructure; (d) put in place Forward-looking Regulations; and (e) undertake Risk-focused Supervision. The ‘no-compromise’ approach towards safety and security of payment systems remains a hallmark of the Vision.

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 Reserve Bank of India will implement the approach outlined in this Vision during the period 2019 – 2021. The previous Vision document covered the period 2016-2018.

PAYMENT SYSTEMS VISION – 2021: CORE THEME – EMPOWERING EXCEPTIONAL (E)PAYMENT EXPERIENCE

Vision Statement – Empower every Indian with access to a bouquet of e-payment options that is safe, secure, convenient, quick and affordable.

The Vision 2021 for payment and settlement systems in India enhances the strong foundation built over the last two decades. While the pursuit towards a 'less cash' society continues, accompanied by the ambition to have a less-card India as well, the endeavour is to also ensure increased efficiency, uninterrupted availability of safe, secure, accessible and affordable payment systems as also to serve segments of the population which are hitherto untouched by the payment systems. The decade to follow will witness a revolutionary shift in the way Indian citizens use digital payment options and will also empower them with an e-payment experience that will be exceptionally safe, secure and truly world class.

Vision 2021 concentrates on a two-pronged approach of, (a) exceptional customer experience; and (b) enabling an eco-system which will result in this customer experience. With this in view, the Vision aims towards,

- enhancing the experience of **Customers**;
- empowering payment **System Operators and Service Providers**;
- enabling the **Eco-system and Infrastructure**;
- putting in place a **Forward-looking Regulation**;
- supported by a **Risk-focussed Supervision**.

To achieve the above, the Vision envisages four goal-posts (4 Cs) – **Competition, Cost, Convenience and Confidence**. For enhancement of **Competition** in the payment systems landscape, specific thrust areas like creating regulatory sandbox, authorising new players, etc., have been incorporated; this along with the presence of multiple players in the market is expected to achieve optimal **Cost** for the customers; freer access with availability of multiple payment system options anytime-anywhere

should cater to the requirement of **Convenience**; the 'no-compromise' approach towards safety of payment systems should address security vulnerabilities to retain customer **Confidence**.

It is recognised that cash entails a significant cost to the whole economic system, including consumers. Migration to digital modes of making a payment can obviate some of these costs and can give customers a friction-free and enjoyable experience. Giving them multiple options is expected to make this experience exceptional, apart from furthering growth measurable in terms of digital payments turnover to GDP.

The savings achieved at all levels on account of digitisation of payments need to be considered in pricing of these services to the end customers. Payment System Operators (PSOs) need to consider cost of accessing and managing transactions and accordingly price their services. The aim is towards progressive reduction in 'per-transaction' cost to customers keeping in view the marginal cost advantage with increase in the number of transactions. The need to move towards marginal cost of pricing based on volume of transactions handled needs no over-emphasis.

Detailed vision document on Payment and Settlement Systems in India for 2019-21 released by RBI is enclosed for your kind reference.

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