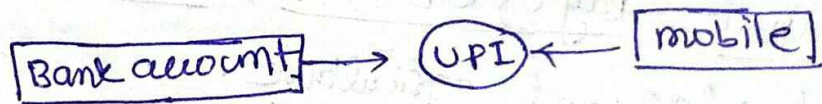


Unified payment interface

In just four years of launch of Unified payment interface (UPI), it has become a most important tool in India's fintech sector.

Unified payment interface (UPI) is numerical pin which work as an identity and has authenticity of biometric data and an id. It link customer's bank account with his mobile.



UPI is seen as a potential tool to solve most of the finance related problems. In its nascent age it has 100mn users base in India and more than 150 banks linkup. It is the most cheap and customised (easy to handle) solution India has ever built.

problems like low financial inclusion in India was due to unreachable banks and ATM charges.

→ VPI provides avenues to increase insurance penetration as well as insurance density, with multiple options and wide ranging choices, thus, at low cost.

→ The fast growing e-commerce sector will be largest gainer of VPI, as Paytm, Amazon etc are using it.

→ In terms of financial inclusion, women, old age people and differently abled people can use it easily.

→ The recent crisis of migration can be softened with DBT, pation and other such option with the use of VPI.

→ VPI has made transactions of remittances very easy.

Challenges

→ Though VPI is growing exponentially, Net divide between regions, age and sex group are the biggest hindrance of it. Digital literacy is also an issue.

→ Though Jan Dhan has created 295 m accounts half of them are DEAD ACCOUNTS, not used frequently thus, institutional banking habit need to be enhanced.

→ Electricity penetration is also a problem in rural India.

→ Security - UPI need huge and secured server with data localisation, still cyber security and data leakages is big problem.

→ Trust - people still find physically present banks more trust worthy, there is a need of behavioral change.

UPI, can be a paradigm towards achieving financial inclusion. It is an example for the world mostly South Asian and African states to implement such scheme.