

Ishaan's edit

A link with WhatsApp and Google will catapult UPI usage

Given their ease of use, it was never clear why NPCI's UPI and BHIM failed to grow by leaps and bounds, but as a presentation by NPCI chief AP Hota showed, downloads of BHIM have declined from 6.8 million in January to 0.6 million in June. Though NPCI has managed to achieve most of its transactions volume target for the quarter, Hota has talked of the need to redouble efforts since, with cash back in the system, all digital transactions have slowed—from 44 million in March, daily average transactions fell to 37 million in June. Part of the reason for the slowing BHIM downloads is the reluctance of banks to promote it, since at a fundamental level, BHIM/UPI is a rival to their wallets. Also, wallets like PayTM are not only aggressively getting merchants on board, they are offering attractive cash-backs to customers and are bundling new services all time to give users a more complete payments solution—in comparison, NPCI is a lean team with almost no marketing budget, and has to rely on what banks do for it; the on-boarding targets for merchants in BHIM-Aadhaar, for instance, were to be met by PSU banks.

With [Google](#) and Facebook now in talks with NPCI to enable UPI-based payment systems, however, NPCI could get just the kind of marketing fillip it needs. According to Hota, Google is testing UPI-enabled payments, and the matter is now being examined by [RBI](#). While P2P payments are much smaller compared to payments to merchants, when a Facebook/[WhatsApp](#) or Google integrate UPI into their offerings, they will also provide a complete package/payments solution and will have the marketing muscle to bring lakhs of merchants on board as well; given their user base in the country, the potential market is huge. Though Google's Android Pay is not available in India, it has 5 million users globally, as does Samsung Pay, and Apple Pay has 12 million. The advantage that a complete solution like an Android Pay has over conventional cards is that, once their details are fed in to the phone, customers no longer have to part with their cards—in other words, there is no fear of cards being cloned. The government has already done a lot to lower the costs of digital payments thanks largely to NPCI's RuPay and UPI/BHIM, the marketing muscle of Google and Facebook/WhatsApp will do a lot to make India's fledgling digital payments landscape more exciting.

UPI's WhatsApp moment

Wednesday, 12 July 2017 05:35 -
