The North East Regional Workshop on Direct Benefit Transfer

21st November, 2016
Imphal, Manipur

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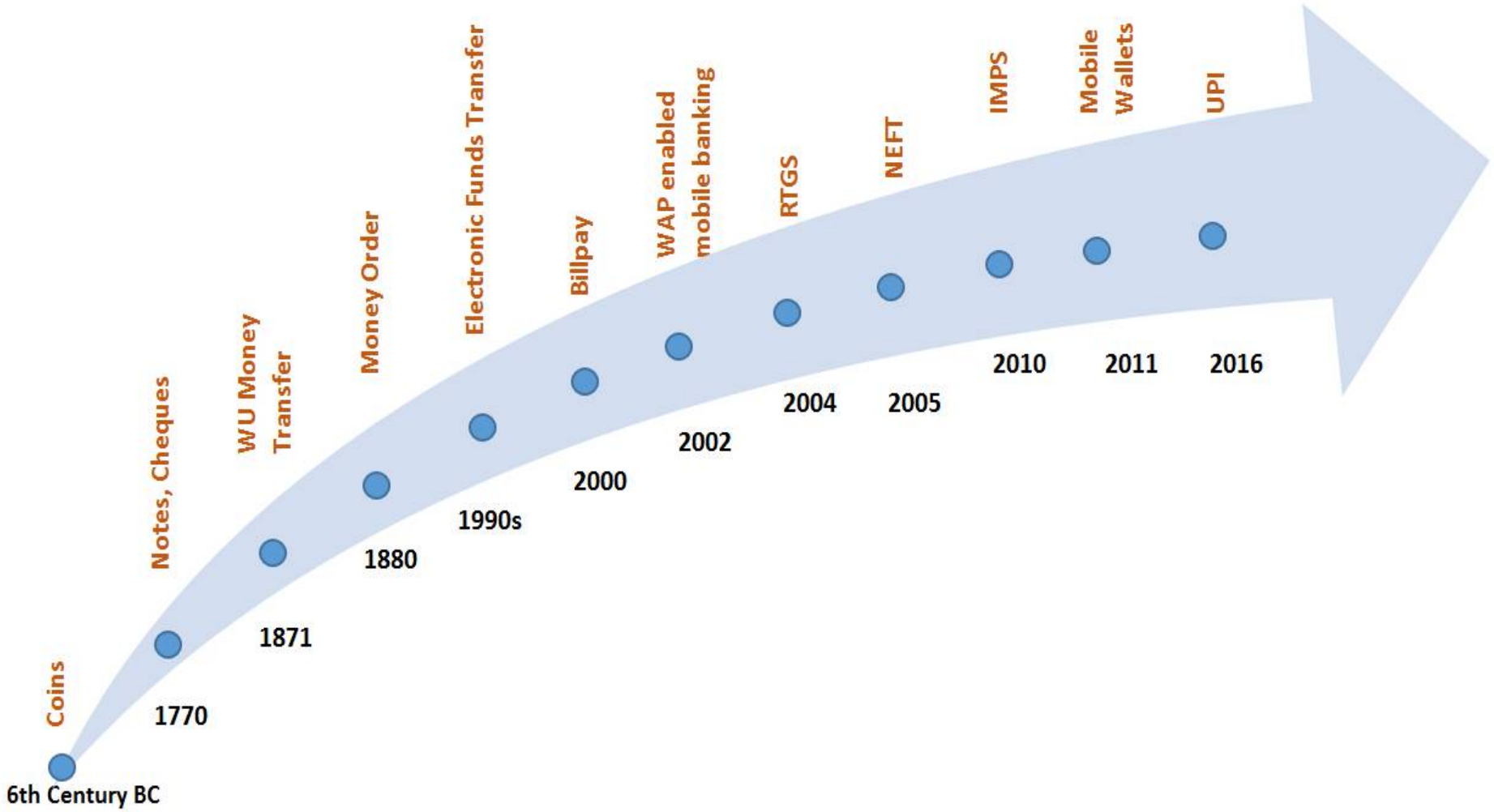
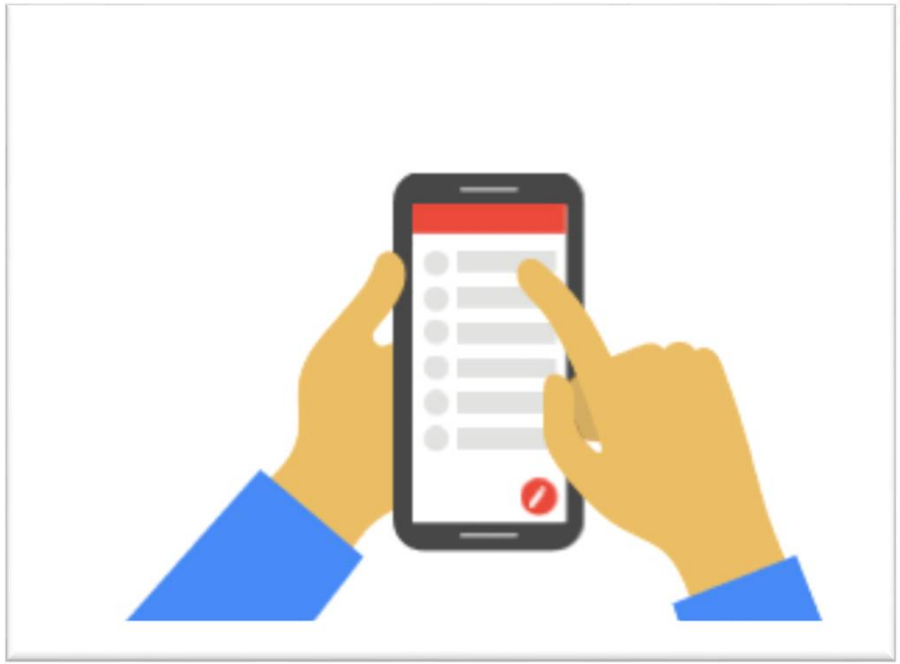
Executive Director, CDFI

Evolution of Payment Innovations…



Immediate Aftermath of Demonetization – Shift from Cash to …..

…. Digital Payments



THE SPIKE AT A GLANCE

- **Ola Money**
  1500% increase in wallet recharges
- **Paytm**
  435% increase in overall traffic
- **Razorpay**
  200% spike in traffic
- **MobiKwik**
  15x traffic

Growth in Digital Txns

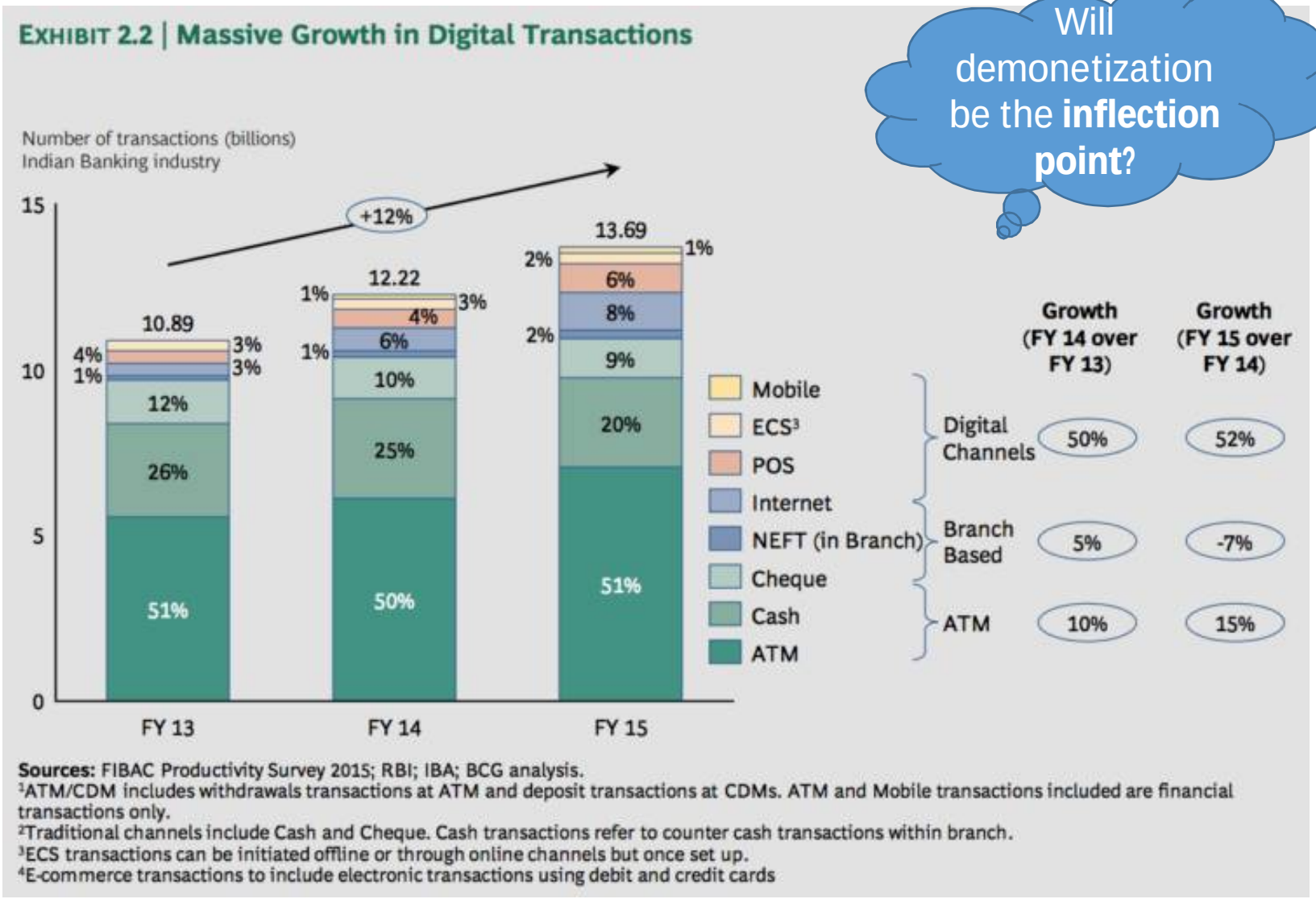
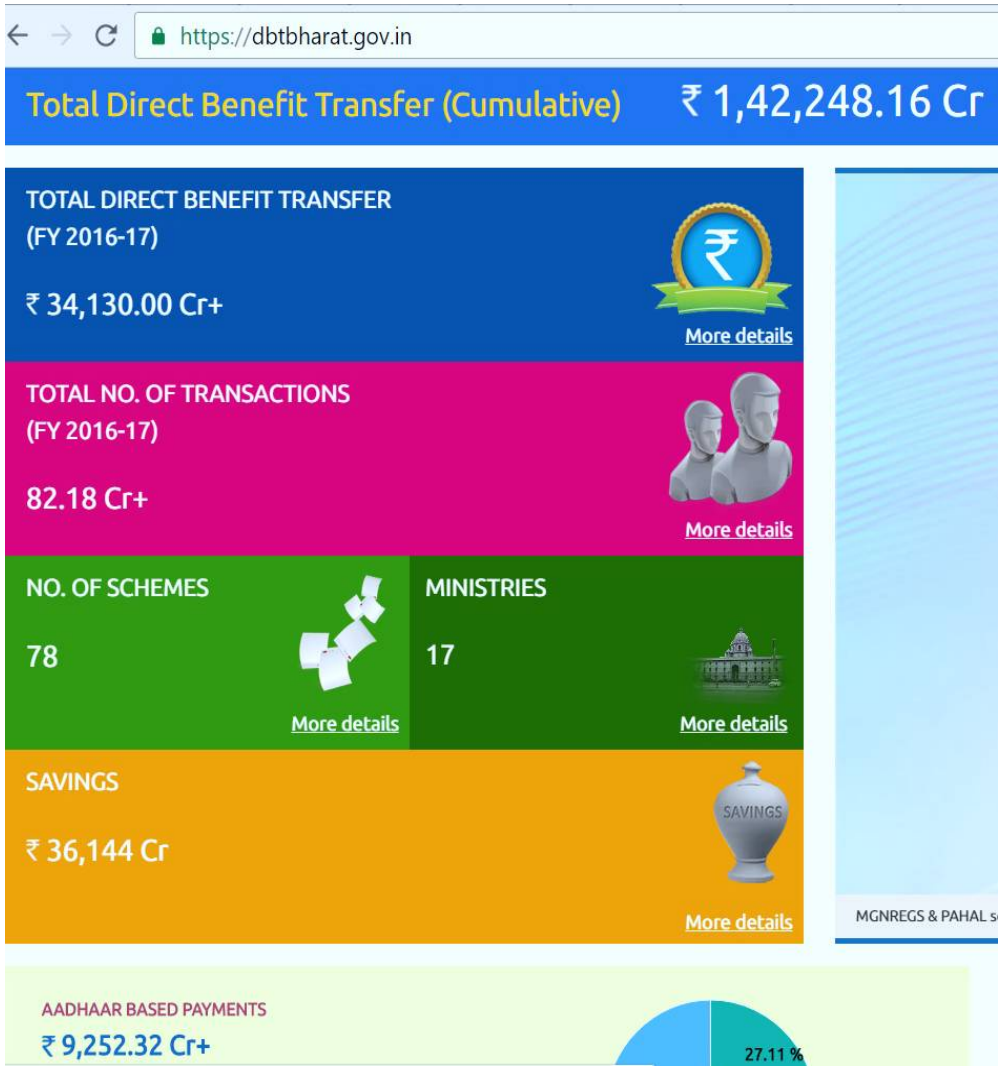
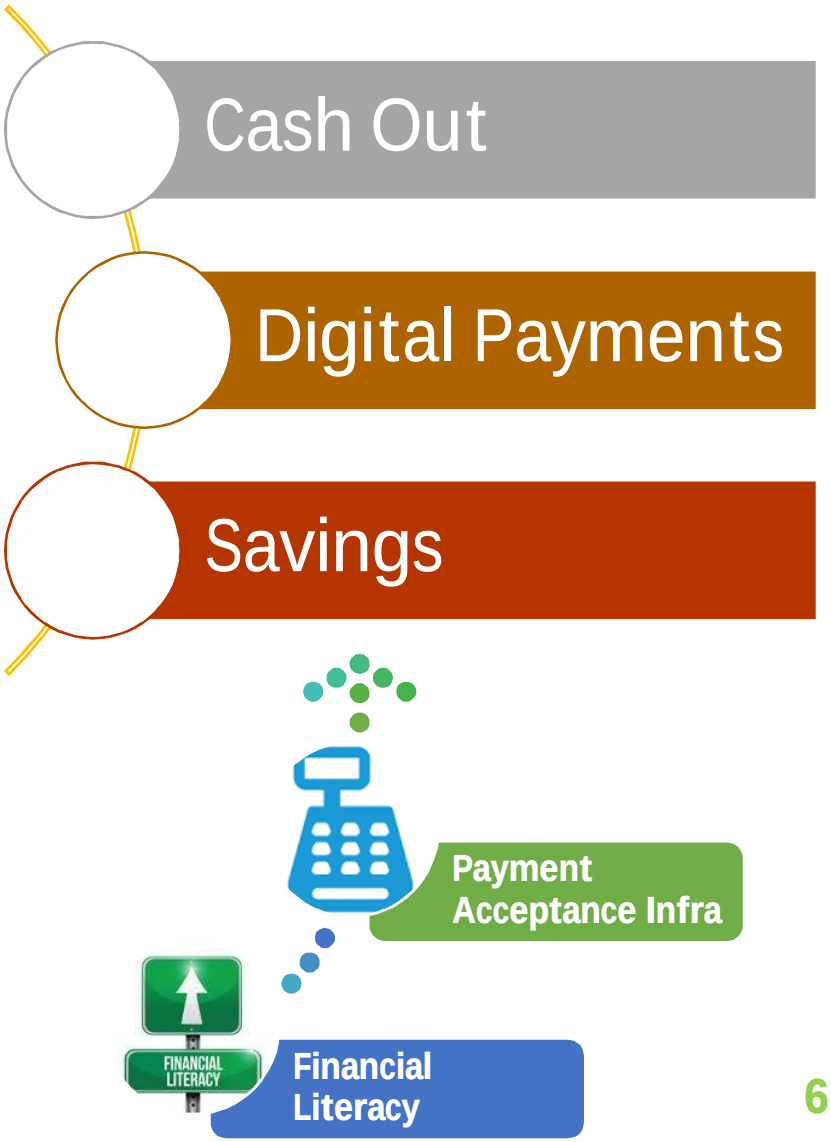


Image Credit: Boston Consulting Group
Source: https://www.geektime.com/2016/11/17/indias-new-cash-crisis-could-spur-digital-transactions/

DBT Transformation with Digital Payments





DBT inflows have turned digital – other flows need to do the same for maximum impact

Next Task: To make DBT effective and promoting livelihood

INFLOWS

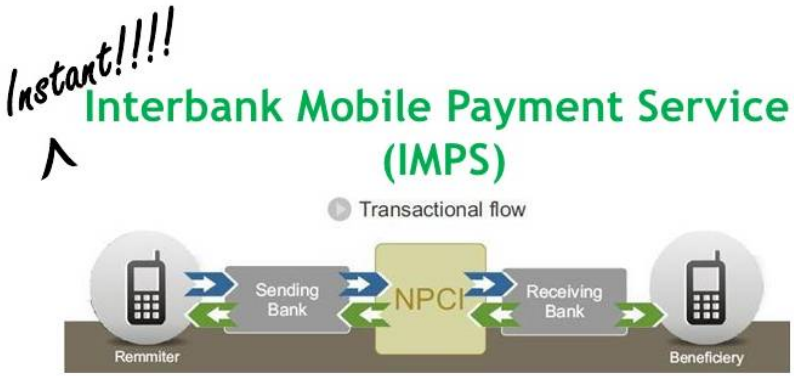
- ✓ **DBT**
- ✓ **Wages**
- ✓ Flows associated with livelihoods
  - ✓ **Agri, Fisheries, Milk** etc.
  - ✓ **Product**s made
  - ✓ **Services** rendered
  - ✓ Others
- ✓ **Reimbursements**

OUTFLOWS

- ✓ Household routine expense :
  - ✓ Grocery/Beverages/Veg/Milk etc
  - ✓ Travel, Fuel/conveyance
  - ✓ Clothes
- ✓ Children's Education
- ✓ Medical
- ✓ Festival, Purchase of Assets
- ✓ Personal Expenses
- ✓ Loans – Principal/Interest payments

Digital Payments Solutions

- **Card Terminals**
- **NEFT/RTGS**
- **Mobile Banking**
- **Mobile Wallets**
- **IMPS**
- **UPI**



E-Wallets

PPIs – explosive growth

Recent Government Initiatives

RBI

- **Bharat Bill Payment System (BBPS) Implementation Guidelines– Nov 2014**
  - A tiered structure for operating the bill payment system in the country with a single brand image providing convenience **of 'anytime anywhere' bill payment** to customers
  - To address – 3,080 cr bills amounting to **Rs. 6,22,300 crore** generated each year (as estimated in 2013) in the top 20 cities

Ref: *https://rbidocs.rbi.org.in/rdocs/notification/PDFs/BBPS28112014CIRFNL.pdf*

Ref: *https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/VISION20181A8972F5582F4B2B8B46C5B669CE396A.PDF*

Recent Government Initiatives

MoF

Promotion of Payments through Cards and Digital Means Guidelines – Feb 2016

Goal - Providing incentives for cashless transactions – both Govt and regular commerce

Steps

- Card/ Digital Transactions in Government Payments and Collections
- Measures for Wider Adoption of Card/ Digital Transactions
- Creating Acceptance Infrastructure
- Encouraging Mobile Banking/ Payment Channels
- Awareness and Grievance Redressal

Absorption of MDR Cost – July 2016

Govt Depts to absorb MDR Cost for debit card/credit card/digital transactions

Watal Committee Constitution – Aug 2016

To recommend measures to incentivize digital transactions -- tax rebates/ incentives, cash back, lottery etc;

Recent Government Initiatives

MeiTY

Publishing of EPR Framework – Nov 2016

Provide guidelines and actionable instructions for adoption of electronic payment modes by Government Departments including guidelines on engagement with various payment service providers

States

- **The Payment of Wages (Punjab Amendment) Act, 2013 - Government of Punjab**

"Provided further that the State Government may, by notification in the Official Gazette, specify the industrial establishment, the employers of which shall pay to the persons employed therein, the wages either by cheque or by crediting the wages in their bank account."

- **Kerala Government : Wage Protection System**

Ensure minimum wages as prescribed by law by crediting the salary and allowances directly in employees salary account maintained at various branches

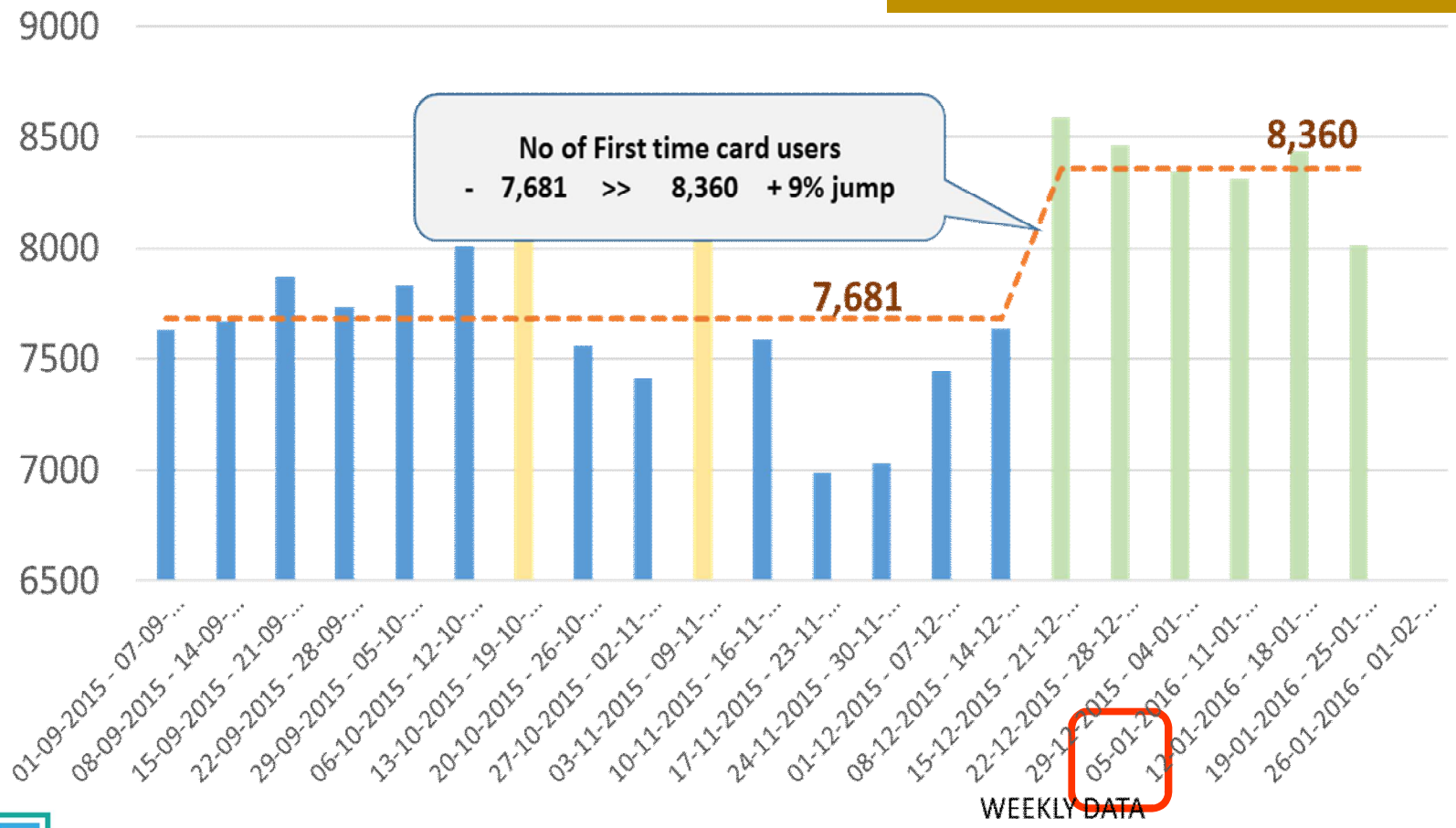
Digital GKSF
CDFI intervention – Jan 2016

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

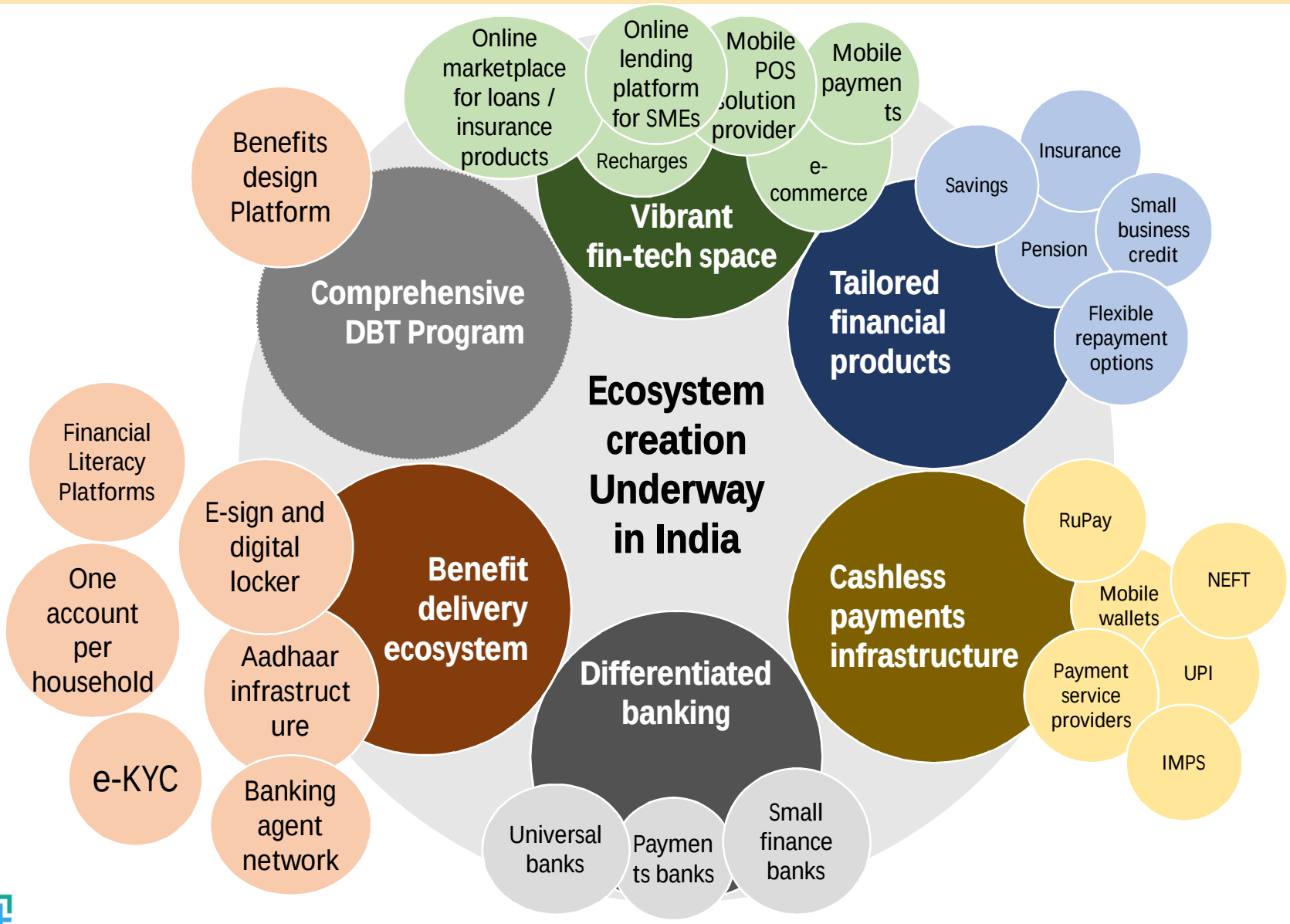
भारतीय स्टेट बैंक
State Bank of India

Promoting Digital Payments with Incentivization through Lucky Draw Coupons

- **No of First time card users + 9%**
- **Total Card Transactions +14%**



Essential to create an ecosystem



Shape of things to come…

Credit/Debit cards

RuPay MasterCard VISA

Mobile

UPI UNIFIED PAYMENTS INTERFACE IMPS

Wallets

paytm Quikwallet Zip Cash YPAYCASH oxigen M-PESA airtel money MONEY MOBILE MobiKwik itz Cash Mobile Money RUPEE Idea MONEY paychamp ePaisa Pyro mobo money PayMate kaypay dilli PAYWIK MobiCash easy pockets Ruplee MOMOE PayUmoney mpurse iKaaz atom Citrus mobicash