

# India strengthens payments ecosystem with UPI expansion

## Article

**The news:** India's mobile bank-to-bank instant payments system, the **Unified Payments Interface (UPI)**, introduced UPI Lite and a credit card integration, per TechCrunch.

- UPI Lite lets users make low-value transactions (less than INR200, or \$2.70) and in most cases can be used without an internet connection. UPI Lite's infrastructure is also easier for banks to

integrate into their tech stacks. Eight banks across India—including State Bank of India and HDFC—have connected to the system.

- The ability to link Rupay credit cards to UPI, which was first [announced](#) in June, is live with **Punjab National Bank, Union Bank of India, and Indian Bank.**

**What this means:** The new services expand UPI's use cases, which can encourage adoption among banks and increase overall digital payments use.

### **UPI Lite is an easier UPI access point for smaller banks and fintechs.**

- UPI Lite has a simpler tech stack than the standard version so it could be less expensive and time-consuming to integrate. This makes it ideal for smaller players, which may not have been able to integrate UPI before.
- Although UPI Lite may not offer all the bells and whistles that the traditional version has, it still lets smaller providers offer many of the same instant payment functions as their larger counterparts. And UPI Lite's payment limit likely won't be much of a barrier—**50% of UPI transactions are under \$2.50.**
- By simplifying UPI integration for smaller players, the system can reach more of the expected **176 million mobile payment users in India**, [per](#) Insider Intelligence forecasts. Offline transactions can also aid financial inclusion; they can benefit users located in remote areas.

### **UPI credit card linking will expand credit card use.**

- One of the major benefits of UPI is that it lets small businesses accept digital payments easily and free of charge. But until now, users could only make UPI transactions with their debit cards or bank accounts. This meant that merchants that relied solely on UPI couldn't meet the needs of users who wanted to pay with credit cards.
- The new credit card linking feature will let more merchants in India take credit card payments indirectly, which could boost overall credit card use.

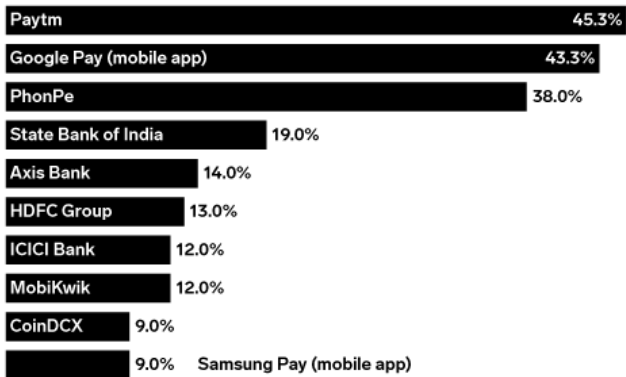
**Why it matters:** UPI has been a major success across India since launching in 2016. **The system processed a record 6.6 billion transactions in August alone**, [according to](#) data from the National Payments Corporation of India (NPCI), which runs UPI.

This success has led to larger ambitions: The NPCI [plans to bring](#) UPI to more countries and is already in discussions with several governments, payment providers, and fintechs to do so.

Expansions like UPI Lite can drive more interest in the system from other countries and can help scale UPI.

### Reach of Select Financial Services Platforms Among Internet Users in India, Nov 2021

% reach



Source: Comscore MMX Multi-Platform, "Digital Media Highlights: India 2021" Media-Highlights-India-2021, Jan 26, 2022

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