

India extends cashless payments with e-RUPI launch

Article

The news: The National Payments Corporation of India [launched](#) e-RUPI, a prepaid digital payment system that lets government agencies and corporations send one-time payment vouchers to beneficiaries via SMS or QR code.

Here's how it works: The vouchers can only be used by the recipient for a specific purpose, like payments for COVID-19 vaccinations. e-RUPI doesn't require bank accounts, payment

cards, or any other third-party payment tool—just an SMS-receiving mobile device.

The system operates within the **Unified Payments Interface (UPI)**—India’s instant mobile bank-to-bank transfer system. Eleven banks have already gone live with the service, including the **State Bank of India**, the nation’s largest bank.

Why this matters: e-RUPI expands India’s digital payments ecosystem—accelerating the country’s move away from cash.

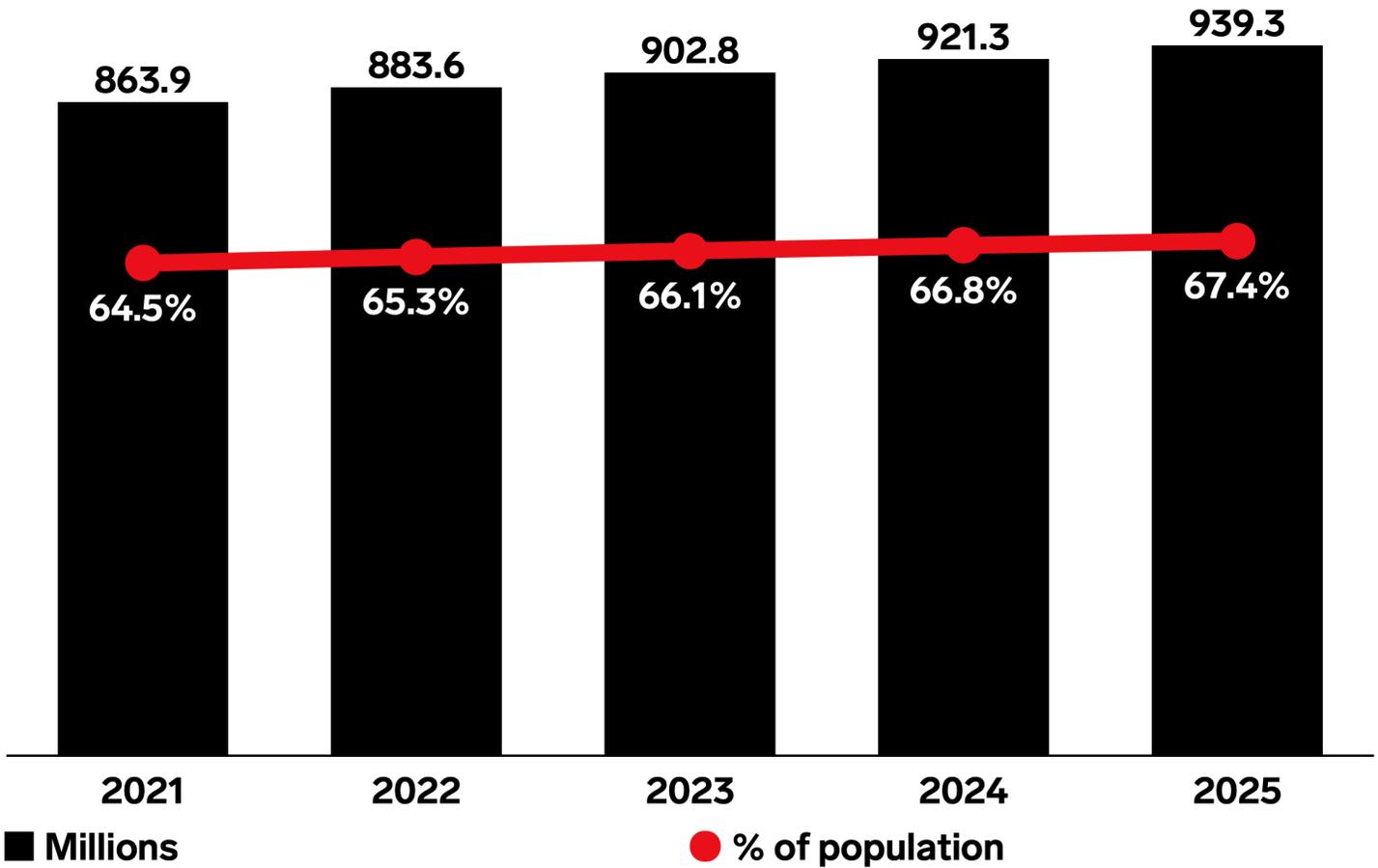
- **e-RUPI opens up new cashless payment use cases.** Much of India’s cashless payment innovation has centered on retail and peer-to-peer (P2P) transfers, but e-RUPI caters to essential transactions like medical payments, food vouchers, and bill payments. And there’s strong consumer demand for these types of cashless transactions: For instance, **56.6%** of Indian consumers said bill payments were one of the most important digital payment uses, per a survey by the **Reserve Bank of India**.
- **It also supports financial inclusion among unbanked populations.** Because e-RUPI doesn’t require internet or bank accounts, the system can benefit consumers living in rural areas and the **191 million** people who lacked access to mainstream banking services as of 2018. e-RUPI gives these consumers instant access to funds—providing an easier and faster payment solution than traditional payment methods like checks or paper vouchers, which are also more susceptible to fraud.

Why this can succeed: India’s high mobile phone penetration will likely support e-RUPI adoption among consumers—the number of mobile phone users in India is expected to hit **863.9 million** this year, **64.5%** of the country’s population, according to Insider Intelligence forecasts.

Growing interest in digital payments among consumers in India can solidify e-RUPI’s success: A June 2021 report by ACI Worldwide found that **37%** of consumers used digital payments via mobile wallets and UPI at least once a day, up from **29%** six months prior. And since e-RUPI can deliver welfare payments to consumers, it will likely become an essential part of the country’s digital payments landscape—bringing India closer to being a cashless economy.

Mobile Phone Users

India, 2021–2025



Note: individuals of any age who own at least one mobile phone and use the phone(s) at least once per month

Source: eMarketer, February 2021

Methodology: Estimates are based on the analysis of survey and traffic data from research firms and regulatory agencies; historical trends; and country-specific demographic and socioeconomic factors.

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