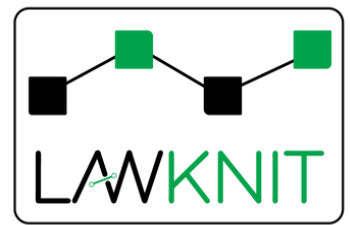


NPCI INTRODUCES NEW FEATURES FOR UPI LINKED CREDIT ACCOUNTS



April, 2024



INTRODUCTION

National Payment Corporation of India (“NPCI”) introduced new features for credit line on UPI Apps. As of now only RuPay credit cards can be linked to UPI.

NPCI announced 3 new features for UPI linked credit accounts:

- Equated Monthly Installments (“EMI”) facility on linked credit accounts on UPI App.
- One-time payment or recurring payment (“UPI Autopay”) of the RuPay credit card account bill/credit line installment through the UPI App.
- Users can apply for the enhanced credit line from the credit institution based on UPI purchases.

NEW FEATURES

1 EMI Facility

- EMI facility can be obtained on past purchases and current transactions made through the linked credit accounts on UPI Apps.
- The user’s request for the generation of EMI facility can be processed only after obtaining the user consent by asking the UPI PIN.
- UPI Apps need to display the existing EMIs and the same will be considered as loan and cannot be modified by the users.

Where a user opts for paying credit card bill through UPI App either at one time payment or UPI Autopay, the same shall be done as follows:

- Payer PSP will create UPI ID for receiving the bill payment.
- UPI App should display the details of the outstanding bill under linked credit card including the minimum amount due, total amount due, bill due date, etc.
- Issuer bank to clear dues in real-time upon receiving payments.

2

Credit card Bill One-time Payment /UPI Autopay facility

3

Limit Management Facility

- Issuing entity may increase credit limit based on based on user's spending behavior on UPI Apps.
- Limit on the credit line can be modified through UPI Apps only after obtaining the user consent through the UPI PIN.

IMPACT ANALYSIS

- The User experience with Rupay credit card and UPI will be a game changer with the functionality of EMI conversion and UPI Auto pay.
- Whether the ability to enhance credit card limits and linkage of UPI to credit lines would also change the nature of UPI apps to lending apps?
- UPI Apps will need to adhere to the principle of explicit consent while obtaining consent for EMI facility or limit management and thus, terms and conditions should be displayed to the users and consent be obtained through UPI PIN.

In case of any queries/clarifications, please feel free to reach out to Mr. Arunabh Choudhary at arunabh@lawknit.co; Mr. Amol Apte at amol.apte@lawknit.co; Ms. Tanvi Muraleedharan at tanvi.muraleedharan@lawknit.co.

Disclaimer: This document has been made for generic information perspective and shall not be considered as legal advice. No one should act or advise to act on it without seeking proper legal advice. The document is for private circulation only.