

Multiple initiatives taken by Government and other financial institutions to promote digital payment transactions

Financial inclusion key Government priority; Steps taken to regulate and increase the transparency of cooperative societies and microfinance institutions

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The Government, Reserve Bank of India (RBI) and National Payment Corporation of India (NPCI) have been taking up various initiatives to promote digital payment transactions. These inter alia, include incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (P2M), Payments Infrastructure Development Fund (PIDF) to support deployment of digital payment infrastructure in underserved regions.

Further, to prevent payment-related frauds, various initiatives have been taken up such as device binding between the customer's mobile number and device, two-factor authentication through PIN, daily transaction limits, and restrictions on use cases. NPCI also provides a fraud monitoring solution to all the banks to generate alerts and decline transactions using AI/ML-based models. RBI and banks have been conducting awareness campaigns through short SMS, radio campaigns, and publicity on the prevention of cyber-crime.

Various initiatives have been taken from time to time to increase the regulation and transparency of cooperative societies and microfinance institutions for financial inclusion.

These, inter alia include:

- RBI has issued a regulatory framework to all regulated entities to adopt a board-approved policy for pricing microfinance loans. This include a transparent interest rate model covering cost of funds, risk premium, and margin.
- The definition of microfinance loan has been simplified and various quantitative restrictions on loans given by NBFC-MFIs have been removed, including limits on loan amount in a particular cycle and minimum tenure for loans over a particular threshold.
- Erstwhile requirement of providing minimum 50% loans for income generation purposes has been dispensed with, considering the need of credit for medical, educational and income smoothening purposes.

This information was given by Minister of State in the Ministry of Finance Shri Pankaj Chaudhary in a written reply to a question in Lok Sabha today.

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