

Just a scan away

BharatQR has taken digital payment to next level by allowing interoperability



Smart caFE

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Although the payment landscape had already seen change much before demonetisation, what the November 8 move has done is fast-track the process. The government wants to achieve a less-cash society and it is doing everything in its power to do so. While the National Payments Corporation of India, the organisation behind IMPS, UPI, launched Bharat Interface for Money recently, it rolled out yet another product on Monday called BharatQR. A common QR code app, BharatQR, much like BHIM will allow all users to transact with a single app across platforms eliminating the need to have different accounts. It will also open a new avenue in offline banking, in the government's quest to create a cashless society.

What is BharatQR?

Quick Response Code or QR code has been one of the fastest growing segment of online payments in the country. Any-

body who owns a smartphone can generate a QR code, which can be scanned to make payments. While you would see these boxes around most shops, the process doesn't require the seller to be online as all she needs to do is put a print-out of her code. More important, it also saves the hassle of entering mobile numbers or virtual addresses. PayTM and Visa first started this service two years ago, where each of the service generated their specific QRs for offline transactions. BharatQR takes this a bit further. Not only can a merchant generate a code, he can do so in a manner so that everybody can scan and pay, without the need of having a particular affiliation.

But I already have m Visa, masterpass or PayTM, so why use this?

The beauty of BharatQR is that it is interoperable. For instance, if you were a Visa customer and were using a bank app like Pockets or PayZapp, you could only scan m Visa code and make payments, and could not process them for a merchant who has Mastercard, RuPay or American Express, but with BharatQR all that would be possible. So, if a merchant has a BharatQR code you will be able to make payments using your Pockets or PayZapp or any other app irrespective of the fact that it has tied up with any of these services.

Does this mean it is accessible across all channels?



Unfortunately not. Although BharatQR provides interoperability for Visa, MasterCard and RuPay, American Express will soon integrate with it, the service is still not available for wallets like PayTM, Freecharge and Mobikwik. Moreover, at present, only a few select banks have gone live with the service, but more are expected to join the bandwagon.

How about credit cards?

At present only debit cards are allowed

for registration and there is no clarity whether one would be able to use credit cards with the service. But the way payment system is evolving, and banks are coming with apps that allow you to create more and more virtual cards, one cannot discount credit cards to be included in the system.

What are its advantages for the merchants and for the consumer?

While for consumers it eliminates the

hassle of downloading different apps and also sharing of card information each and every time, the real benefit accrues to the merchant. Merchants besides saving on the cost of buying a point of sale machine, also pay less for merchant discount rates. As the new draft norms stipulate merchants will save 0.1% each time a transaction is done via QR rather than a PoS. But more important, is the benefit of creating dynamic QRs. Though this will benefit only the big stores, it would eliminate the uncertainty of entering a wrong amount, as all a customer would have to do is scan and authenticate. Besides, it eliminates the need of having four different payment codes or four different accounts, one each for Visa, Mastercard, RuPay and American Express.

What is the government doing for its roll-out?

The government is trying to get more and more merchants on the platform, so that the payment process gets easier. Addressing one of the big complaints during demonetisation, i.e. of interoperability, the government has ensured that there is enough options for the consumer, as also, the merchants to carry out seamless transactions.

What more can the government do?

While the government is all gung-ho about this new revolution. It needs to maintain the momentum of making it reach all levels of the society, and this can

only be done by educating the people. The competition is expected to get tougher as PayTM, the leader in this space has announced that it will spend ₹600 crore to get more merchants on its QR platform. If this turns out to be the same thing as BHIM, where there are 14 million downloads but only 4 million actual users, this may not yield the results that the government wants. In such a scenario, what banks can do is try enrolling merchants by doing a door-to-door education exercise and also generate these for offline merchants, with the facility of SMS intimation for transactions for feature phones. Given that it saves cost of banks and the government to deploy PoS machines, it may be much more beneficial for them to promote this mode.

Is it a big step for going cashless?

Given that you can convert the 250 million smartphones into payment terminals, the system can benefit all. Also, with the government instituting AadhaarPay, BharatQR can be a force multiplier. In cases where merchants do not have a smartphone, they can contact banks to get a QR code which they can put up in their shop, as customers with smartphones make payments by scanning the code. In case the merchant has a smartphone but the customers don't, AadhaarPay will work well. But for all that to happen the government would have to do its part of ensuring seamless connectivity.