Economic Times Edition Delhi 15.4.2017 Page 1 Height 29.58cm Width 25.31 cm

A Big Thumbs-Up to Cashless Payments

GLOBAL FIRST PM Narendra Modi launches Aadhaar Pay system allowing cash transfers using biometrics even without phones

Our Bureaus

Mumbai | New Delhi: Prime Minister Narendra Modi laun-ched the BHIM-Aadhaar platform, putting in place yet another keystone of a digital payment system that will help Indiamake the shift to a less-cash economy. The biometric-based indigenous payment solution will enable real-time bank-tobank money transfers even for those without a phone and at no additional cost.

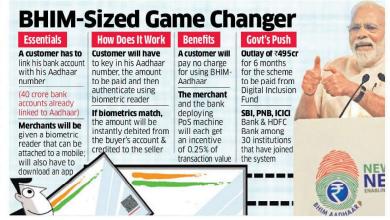
This app can work even on a ₹1,000-1,500 phone, you don't need a smartphone. If you don't have a phone you can use your thumb," he said, referring to fingerprint authentication. Modi was speaking

in Nagpur to mark the 126th birth anniversary of BR Ambedkar, after whom the payment system has been named.

Modi called the BHIM app "a game changer" and said that despite criticism over Aadhaar being linked to bank accounts, the payment solution would set a glo-

bal trend and lead to other countries ta-king lessons king lesso from India.

"If someone doesn't want to understand, how do we explain?" he said, adding, it's not just paperless banking but branchless banking. "It will become a part of our lives."



'Cleanliness Campaign Against Black Money'

Close to 30 banks, including the country's biggest have adopted BHIM-Aadhaar, also known as Aadhaar Pay. They include State Bank of India, Punjab National Bank, ICICI Bank and HDFC Bank.

Modi said BHIM (Bharat Interface for Money) will soon become the centre of economic activity and he urged law and IT minister Ravi Shankar Prasad to get the payment system patented since other countries are looking to replicate the mo-The platform allows merchants to accept payments from customers who will authenticate transactions from their Aadhaarlinked bank accounts with fingerprint verification.

The Unified Payment Interface (UPI), BHIM, Bharat QR code and Aadhaar Pay form the basis of a digital payment ecosystem that's part of the government's initiative to reduce the dependence on cash, track transactions and end the scourge of black money. Demonetisation, announced on November 8. was another big part of this.

Prasad said the country has saved ₹49,000 crore by linking Aadhaar with various welfare schemes. "For this you don't even need a phone, only your bank account should be linked with Aadhaar and money will come directly into your acco-unt," he said. "All middlemen will be eradicated."

Almost 40 crore bank accounts are already linked to Aadhaar. While customers won't have to pay any additional charges, merchants and banks that have deployed point of sale (PoS) machines will get an incentive of 0.25% of transaction value for each one via the BHIM-Aadhaar platform. In contrast, a Merchant Discount Rate (MDR) has to be given to payment gatewa-

Potential to be a 'Catalytic Agent'

IT Minister Ravi Shankar Prasad came in for praise from Prime Minister for role in roll out of Aadhaar enabled BHIM App which PM claimed to have generated Interest among leaders of other countries. Narendra Modi, in fact, suggested IT Minister Ravi Shankar to get BHIM-Aadhaar App patented given its transforma-tive potential that could be leveraged globally.

"It is only matter of time that the global universities will flock India for the case study of BHIM-Aadhaar Only yesterday I asked Ravi Shankar Prasad whether he has got the entire initiative patented. The world is showing curious interest in it," PM said. PM evealed that leaders of African countries have evinced interest in this path breaking initiative and India held potential to become a 'catalytic agent" for this use of technology at the global level.

vs such as Visa and MasterCard for debit or credit card transactions.

The BHIM-Aadhaar channel is "reverse" MDR, said AB Pandey, CEO of the Unique Identification Authority of India (UIDAI), which runs Aadhaar. "There is a strong logic for an incentive per transaction since money is being spent by the merchant and the banks for putting in the infrastructure," Pandev said. "Back end is being handled by Aadhaar, so why should customers pay? Also, we need to encourage digital transactions."

The government has allocated ₹495 crore for a period of six months for the scheme, which will be paid from the Digital Inclusion Fund. Almost 715,000 merchants are already on the BHIM platform, the government said.

Modi described the cashless mo-

Modi described the cashiess movement as a "safa i abhiyaan", a cleanliness campaign aimed at fighting the "menace" of corruption and black money. After demonetisation was announced, India has been pushing ahead with its digital economy agenda. According to government estimates, the volume of

digital transactions increased about 23 times to 6.38 million for a value of ₹2,425 crore in March compared with 280,000 worth ₹101 crore

until November 2016. The Prime Minister pointed out that lowering cash use will lead to big savings, "You will be surprised that in a country like India, printing currency costs crores. That money can be used for building ho-mes for the poor," he said. Modi dis-missed criticisms against Aadhaar by privacy activists who have expressed doubts about its security and the prospect of surveillance. The PM said the BHIM-Aadhaar

technology was foolproof and tho-seagainst it wouldn't be able to prevent it from blossoming. "The day is not far off when big universities will do case studies on it—Aadha-ar will be a reference point. Other countries will adopt it and India will be the catalyst," he said.

Modi also launched the Referral Bonus and Cash Back schemes to promote digital payments. The first will pay ₹10 to a BHIM user who refers a new one. Under the Cash Back scheme, merchants will get money back on every transaction using BHIM.