Codeless Era of UPI

Prelims: *Current events of national and international importance | Economy*

Why in news?

A decade after the launch of the Unified Payments Interface (UPI), RBI launched a 'tap and pay' facility for UPI transactions, moving towards a new phase of digital payments.

- **'Tap and pay' facility** – It seeks to make transactions faster through RuPay credit cards without the need for OTPs or QR codes.
- **Partnership with** – National Payments Corporation of India (NPCI).
- **Working** – The new feature uses the point-of-sale (PoS) terminal's internet connectivity, allowing a transaction to be completed even when the customer's mobile device does not have internet access.
- Payment limit – NPCI said the facility is currently available for transactions of up to Rs. 5,000 & for higher-value transactions, customers will have to enter their PIN.
- **UPI's scale** – UPI has emerged as India's dominant electronic payment system, accounting for about 85% of transactions.
- **Reason for launching codeless facility** – Current QR-based payments can face issues such as
  - Poor network connectivity.
  - Difficulty scanning QR codes due to lighting conditions.
  - Friction in completing transactions.
  - Concerns over fraud, including incidents involving the theft or inadvertent sharing of OTPs and other authentication credentials.
- **Need for the changes** – The regulatory focus on reducing payment fraud and ramping up data security comes in the backdrop of slowly increasing AI-based security attacks on financial systems all over the world.
- **Other payment Modes**
- **Visa & Mastercard** – Have introduced passkeys as an additional authentication mechanism; depending on the device and payment system, authentication can involve a PIN, fingerprint or the method used to unlock a smartphone.
- Mastercard has showcased its Consumer Device Cardholder Verification Method (CDCVM), which allows transactions to be authenticated through a device's biometric capabilities, including fingerprint or facial recognition.
- **Amazon Pay** – Accounts for less than 1% of UPI transactions- has also introduced a tap-and-pay facility for its partner merchants as it seeks to expand its presence in the digital payments market.

Reference

The Hindu | UPI heads towards a code-less era, a decade after its debut