Geotagging of Payment System Touchpoints

Why in news?

Recently, the Reserve Bank of India issued a framework for geo-tagging of payment system touchpoints.

What is Geo-tagging of payment system touchpoints?

- Geo-tagging refers to the process of adding geographical identification to a media based on the location of smartphones or GPS-enabled electronic devices.
- Geo-tags can be applied to media such as photos, videos, websites, text messages and QR codes.
- Geo-tagging is said to capture the geographical coordinates (latitude and longitude) of payment touch points deployed by merchants to receive payments from their customers.

How does it work?

- The central bank has two categories of physical infrastructure through which digital payment transactions are carried out
    1. Banking infrastructure
    2. Payment acceptance infrastructure
- **Banking infrastructure**- It covers payment transactions made through bank branches, counters, ATMs and Cash Recycle Machines (CRMs), among others.
- **Payment acceptance infrastructure**- It includes PoS terminals, QR codes deployed by banks / non-bank Payment System Operators (PSOs), etc.
- The RBI framework mandates that banks and non-bank PSOs should maintain a registry with accurate location of all payment touchpoints across the country.
- The registry must contain merchant-related information such as the merchant name, ID, type, category, contact details as well as location details such as address and state, district.
- They can report information on payment touch points to the RBI through the Centralised Information Management System (CIMS).
- Any updates and changes about the existing payment touch points shall be reported within 7 calendar days from the date of updation.

Why is it important?

According to the National Payments Corporation of India (NPCI), UPI-led digital transactions crossed the highest-ever value of Rs 81-lakh crore in FY22, however, a large number of people, especially in the rural parts continue to use cash as the primary mode of transaction.

- **Deepen digital payments**- RBI's geo-tagging framework focusses on deepening digital

payments and providing inclusive access to all citizens of the country.

- **Monitoring**- It will enable proper monitoring of availability of payment acceptance infrastructure like Points of Sale (PoS) terminals, QR codes, etc.
- It further monitors infrastructure density across different locations.
- **Distribution of payment infrastructure**- Such monitoring will support policy intervention to optimize the distribution of payment infrastructure.
- It identifies the scope for deploying additional payment touch points, and facilitates focused digital literacy programmes.
- **Devising intervention strategies**- Capturing the accurate location of payment touch points is essential to upscaling and chalking out intervention strategies.
- **Digital penetration**- It provides insights on regional penetration of digital payments.

References

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