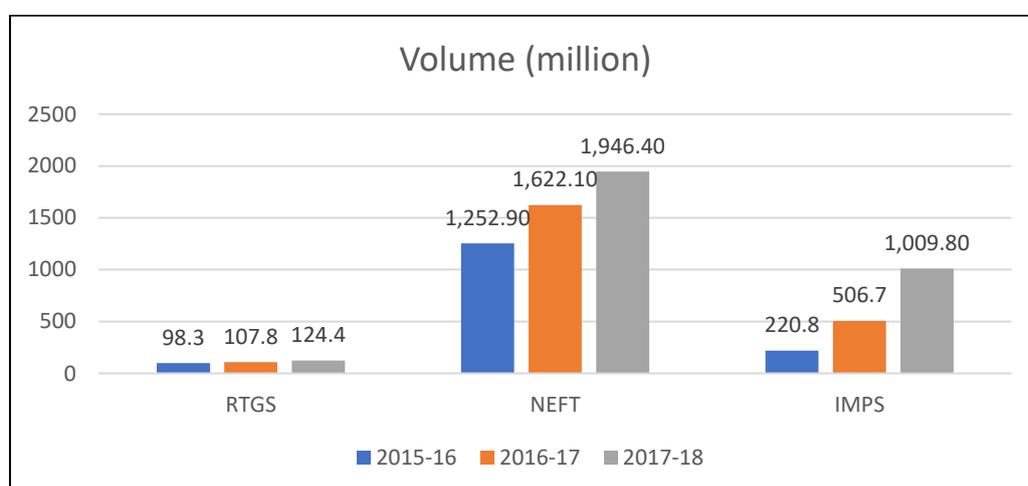




share of paper-based clearing instruments from 11.1% in 2016-17 to 7.4% in 2017-18, showing a strong trend in favour of digital payments.

Amongst the electronic modes of payments, the Real Time Gross Settlement (RTGS) system handled 124 million transactions valued at INR 1167 trillion in 2017-18, up from 108 million transactions valued at INR 982 trillion in the previous year, with a growth of 15.4% in terms of volume and 18.9% in terms of value. At the end of March 2018, the RTGS facility was available through 1,37,924 branches of 194 banks.

The NEFT system handled 1.9 billion transactions valued at around INR 172 trillion in 2017-18, up from 1.6 billion valued at INR 120 trillion in the previous year, registering a growth of 20% in terms of volume and 43.5% in terms of value. At the end of March 2018, the NEFT facility was available through 1,40,339 branches of 192 banks, in addition to a large number of business correspondent (BC) outlets.



From FY 16 to FY 17, the total number of credit and debit cards grew by almost 29%, but this trend did not sustain in the next financial year. Card growth fell sharply in FY 18, growing at 1.5%, with total physical cards in the country standing at almost 900 million. This can be attributed to the slow growth of debit cards post demonetisation, which showed less than 1% growth between FY 17 and FY 18. Credit cards maintained an average 20% increase year-on-year. Debit card growth is now back on track, having grown 8.2% as of January 2019. As of January 2019, there were a total of 976 million credit and debit cards in the country.

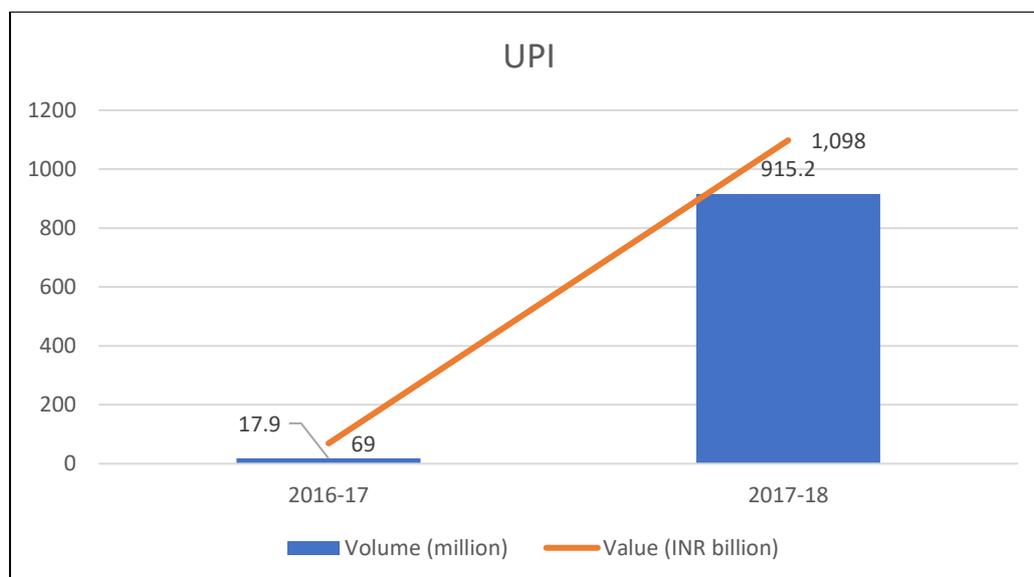
During 2017-18, the number of transactions carried out through credit cards and debit cards was 1.4 billion and 3.3 billion, respectively. Prepaid payment instruments (PPIs) recorded a volume of about 3.5 billion transactions, valued at INR 1416 billion.

Mobile banking services witnessed growths of 92% and 13% in volume and value terms, respectively, while the number of registered customers rose by 54% to 251 million at end-March 2018 from 163 million at end-March 2017.

The acceptance infrastructure also witnessed substantial growth, with the number of Point of Sale (POS) terminals deployed increasing by 24%, from 2.53 million in 2016-17 to 3.14 million in 2017-18. However, during the same period, the ATMs deployed witnessed a marginal decline, from 2,22,475 to 2,22,247.

The digital infrastructure still needs to expand, as in January 2019, for a total 976 million credit and debit cards, there were only 3.65 million POS devices and 2,21,848 ATMs, which means for every 267 million cards, there is one POS machine available as an acceptance point.

When it comes to digital payments, Unified Payments Interface (UPI) has been the real winner. In FY 17, the total volume of UPI payments stood at 17.9 million and the value of funds transferred stood at INR 69 billion. In FY 18, after the adoption of UPI by private players like Google, Paytm, etc., the total number of transactions skyrocketed by more than 5000% to 915.2 million and total funds transferred on the service jumped by around 1500% to INR 1.098 trillion. As of August 2018, number of UPI transactions had already crossed the 2 billion mark with a total INR 3.42 trillion transferred.



Digitisation of payments presents a large opportunity in the Indian context. It is estimated that the total payments conducted via digital payment instruments will be in the range of USD 500 billion by 2020, which is approximately 10 times of current levels. Person to merchant (P2M) transactions driven by digital payments at physical point of sale, followed by business to business (B2B) and peer to peer (P2P) transactions are expected to be major contributors of growth.

The RBI's endeavour to build a less-cash society continues with the large-scale adoption of digital modes of payments in the country. In an era of rising means of electronic payment systems, the RBI is focusing its efforts on safety and security of digital transactions. Accordingly, the RBI is working towards building up a robust and resilient technology

infrastructure, which shall ensure smooth functioning of the critical and systemically important payment and settlement systems in the country.

For digital payments to succeed in India, it is imperative that enabling policy frameworks and infrastructure be put in place. While there have been several developments in the right direction over the past few years, the trend needs to continue, and efforts need to be stepped up so as to provide a conducive and sustainable business environment for payment service providers.