

# A STUDY ON ROLE OF UNIFIED PAYMENT INTERFACE SYSTEM IN INDIA

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## Abstract

The research paper explicitly deal with major payment applications in India, features, benefits and drawbacks of Unified Payment Interface. The National Payment Corporation of India has regulates both banks and third party UPI applications similarly, but despite people tenant to go in to third party applications, this cause and what reason is made these below applications being major among many UPI applications are going to explained and what are the common features has been witnessed in such applications and these uses then what are the advantages are there in usage of Unified Payment Interface for Government, society and people and what are the drawback in such facility.

**Key Words:** Unified Payment Interface – Role–Applications- Features- Benefits etc ...

## INTRODUCTION

The NPCI conducted a pilot launch with 21 member banks. The pilot launch was on 11th April 2016 by Dr.Raghuram G Rajan, former RBI Governor, at Mumbai. Banks have started to upload their UPI enabled Apps on Google Play store from 25th August, 2016 onwards. UPI has been blessing for individuals as well as merchants for seamless retail transactions,For real-time payments from one bank account to another, any UPI client app can be used and multiple bank accounts can be linked to a single app. Money can be sent or requested using a user-created Virtual Payment Address (VPA) or UPI ID for each bank account using the KYC-linked mobile number.

UPI also generates a specific QR code for each user account for contactless payments. There is no need to knowing well technical knowledge to use this facility, if one can be known to use smart phone they can also use UPI application and creating UPI id is also very simple, whether by using ATM card number or Aadhar number we can create our own UPI id, in UPI we can enjoy two options that Bharat bill payments system's bill payment option and NPCI's money transfer. Once a single identifier is established, the system allows mobile payments to be delivered without the use of credit or debit cards, net banking, or any need to enter account details. This would not just ensure greater safety of sensitive information, but connect people who have bank accounts via smartphones to carry out hassle-free transactions.

## MAJOR PAYMENT APPLICATION

### ❖ Google pay

Previously known as Tez, Google Pay is one of, if not the most used UPI apps in India. Google Pay's incredibly clean user interface is what attracts most users to try it out, and it makes sense for a payments app being used by such a diverse audience to be easy to use. Incentives in the form of scratch cards can be availed after every few transactions that you make. You can find useful shortcuts including mobile recharge, electricity bill payment, or bank transfer the instant you launch the app. If all you need is a simple and efficient way to make UPI payments in India, you don't have to look any further than Google Pay.

### ❖ Paytm

Even before UPI was popularized, Paytm was the one app that started the revolutionary trend of contactless payments in India. Now that you can link your bank accounts and make regular UPI transactions with the app, Paytm is a strong contender on this list. What the app does the best is providing an incredible number of features that simplify your day-to-day transactions. Paytm has a one-tap recharge button that you can use before you start your commute. Paytm can automate those payments for you as well. From paying the house rent to renewing your car's insurance, the app has a shortcut for it all. Apart from UPI transactions, you can discover things to buy using the Paytm Mall section in the app, or even sign up for a Paytm bank account which has its own sweet list of perks.

### ❖ **PhonePe**

PhonePe strikes a good balance between the clean user interface of Google Pay and the extensive features of Paytm. Once you link your bank account with PhonePe, you can start making transactions with friends, family, and merchants. A few other areas where PhonePe shines the most are insurance renewal, purchasing certified gold, transferring funds to bank accounts, and investing in mutual funds.

### ❖ **BHIM**

BHIM is an app that was developed by the NPCI itself to kickstart the use of UPI payments in the country. Although it has a sluggish user interface and doesn't have most of the incentives that other UPI apps on this list provide, you can rely on it for contactless payments just as much. The app also has a simplified list of essential bills that you can pay including mobile recharge, electricity bills, life insurance, and more.

### ❖ **Amazon Pay**

Amazon is the biggest e-commerce in India and services like Prime Video and Prime Music are also widely used in the subcontinent. Among the many ways you can save when shopping on Amazon, the Amazon Pay service was made available to the customers which further simplified the process of purchasing items online. You can sign up for Amazon Pay within the Amazon shopping app itself. Although most people end up using it only when buying things through Amazon, it works just like any other UPI app and can be used for making payments above and beyond e-commerce needs.

## **FEATURES OF UPI APPLICATIONS**

### ❖ **The most cost-effective way of money transfer**

Fund transfer via NEFT entails a minimum charge per transaction while the IMPS charges per transaction. On the other hand, UPI only charges **very less amount per transaction** through the Unified payments interface. As such it has the potential to promote non-cash transactions of small amounts throughout India, which it is currently taking up seriously.

### ❖ **Cash-free functioning**

UPI payments have made it a possibility for you to transfer a small amount to your vegetable vendor in a matter of seconds. Think Paytm or BHIM cards hanging on the local grocery store replacing the trouble you went through earlier to get a proper change. Think of the lesser time spent in the ATM lines. Going cash-free removes many hassles from your life and makes everything smoother in the age of digital India.

### ❖ **Security**

People have stuck with their cash payments because primarily they couldn't rely on online transactions and card payments as they ask for bank account details. However, the UPI method of payment cracks the deal here. The payment through the UPI does not require card details or the details of a bank account. You just need to enter your virtual payment address this way (think about the mobile number linked to your UPI app).

### ❖ **Real-Time Fund Transfer**

Everything about the UPI app is an instant formula. Traditionally, adding new pay for the online fund transfer takes some time. This time varies from half an hour to 24 hours. In UPI, you can add a new payee instantly and transfer funds. Also, the process of fund transfer takes a few seconds with the help of a good data connection, which is very accessible for everyone now.

### ❖ **Cheaper Alternative to POS Machine**

It is difficult to pay with the help of a banking card (debit or credit) everywhere you go. Most of the merchants don't have a card swiping machine or sometimes the machines fail to catch signals. The machine in question is known as the POS terminal, which is a costly affair for the billing party involved. They have to pay the service charge for each transaction, which varies from 1.25% to 2.5% of the transaction value. This is why the UPI apps for merchants were introduced. Keeping the POS terminal is not very beneficial for small traders. However, UPI would help you do the same job without any cost incurred. As UPI operates through the smartphone, anyone can collect money without spending time and money on such machines.

### **One UPI app works for all the bank accounts**

One might think that Axis Pay only supports Axis Bank accounts but the user gets to choose the UPI app they want to use and link all their Axis and Non-Axis bank accounts with them without any limitation. Be careful to choose the app that gives you maximum ease and options.

#### **❖ One-Stop Solution**

The digital wallet has eased online payments. Opting for mobile recharges, buying rail tickets, shopping online and more have become very smooth because of the emergence of digital wallets. However, the number of such wallets is increasing by the day. Paytm, Freecharge, Flipkart, and IRCTC want you to keep the digital wallet. Naturally, it becomes a hassle to maintain more than one wallet. The UPI ends this problem as well. The payments through the UPI are as simple as payments through wallets, and only one app is enough to pay anywhere. Also, the UPI does not ask for money in advance. Rather, your money remains in the bank account and keeps earning interest. Digital wallets, on the other hand, don't give us any interest as well.

### **BENEFITS OF UPI APPLICATION**

#### **❖ UPI is Universal**

A single UPI app can be used for different bank accounts. You simply need to link your multiple bank accounts to your UPI-based application. You can use any bank account to make payments because all the accounts can be accessed from a single place.

#### **❖ Multiple Choices**

You can use any UPI to access multiple bank accounts. If you are using an Axis Bank UPI app, you can access any other bank account (say, SBI account or ICICI account). While choosing a UPI app, check the ease of use, the interface, and availability of the desired virtual payment address. Though there are multiple choices available, it is not advisable to change the UPI app frequently because you will need a new VPA every time you change a UPI app.

#### **❖ Smooth & Easy to Use**

(Making a payment through UPI is easy)

**For paying merchants:** You simply need to provide VPA to the merchant and a message will be prompted at the smartphone. Now, you simply have to approve the payment amount, followed by entering the PIN. The payment is done to the merchant.

**For transferring funds:** First, open the UPI App and provide the 4-digit passcode. Choose the payee to whom you want to make the payment, enter the payment amount, and enter MPIN.

#### **❖ Instant Transfer & Round-the-Clock Availability**

You can make payments or transfer funds instantly with UPI 24×7. It is faster than both NEFT and IMPS. While NEFT can take up to 12 hours for money transfer, IMPS has at least 30 minutes waiting period for IMPS registration. However, UPI is available instantly.

#### **❖ Transaction is Free**

No fee will be charged for making payments through UPI.

#### **❖ UPI is better than Wallets**

Wallets don't pay any interest for keeping your money. When you use UPI, the money remains in the respective bank account itself. So, you keep getting the interest on the money you keep in the bank account. That's why UPIs are better than wallets.

### **CONCLUSION**

From the above explanation it can be understood that, what are the major applications used for Unified Payment Interface transactions, contribution of third party applications, features of Unified Payment Interface application and advantages of such applications. Although there may be certain drawbacks those all could be resolvable and rectifiable. Compared to all other payment systems it would not be misplaced to say that UPI is the most advanced payment system in the world.

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