

# **UPI-PayNow linkage**

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Why in News: India's real-time retail payment system Unified Payments Interface (UPI) and its equivalent network in Singapore called PayNow, were integrated today to enable faster remittances between the two countries at a competitive rate.

#### **About UPI**

Unified Payments Interface (UPI) is India's mobile-based fast payment system, which facilitates customers to make round-the-clock payments instantly, using a Virtual Payment Address (VPA) created by the customer.

It eliminates the risk of sharing bank account details by the remitter.

UPI supports both Person-to-Person (P2P) and Person-to-Merchant (P2M) payments and it also enables a user to send or receive money.

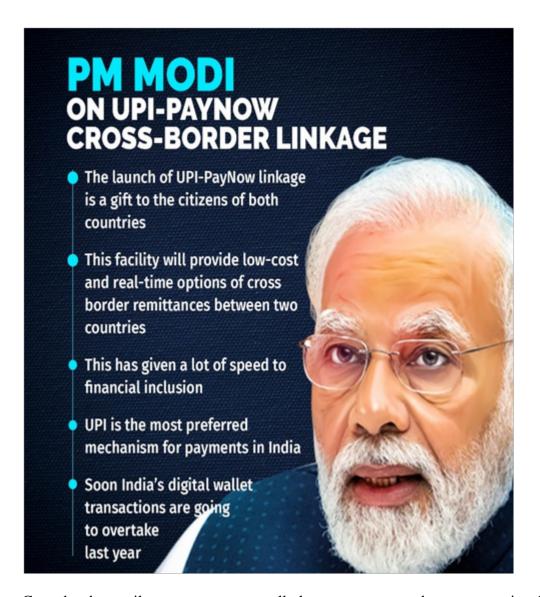
#### **About Pay Now**

PayNow is a fast payment system in Singapore. It enables peer-to-peer funds transfer service, available to retail customers through participating banks and Non-Bank Financial Institutions (NFIs) in Singapore.

It allows users to send and receive instant funds from one bank or e-wallet account to another in Singapore by using just their mobile number, Singapore National Registration Identity Card (NRIC)/Foreign Identification Number (FIN), or VPA.

## **UPI-Pay Now linkage**

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Cross-border retail payments are generally less transparent and more expensive than domestic transactions.

The UPI-PayNow linkage is a significant milestone in the development of infrastructure for cross-border payments between India and Singapore and closely aligns with the G20's financial inclusion priorities of driving faster, cheaper and more transparent cross-border payments.

India is chairing the G20 on basis of the rotational membership structure this year. Singapore, although not a G20 member, has been invited to participate in the G20 Summits and its related processes from 2010 to 2011 and from 2013 to 2023.

The project to link both the fast payment systems was initiated in September 2021 to facilitate faster, more efficient and transparent cross-border transactions relating to trade, travel and remittances between the two countries.

Once implemented, fund transfers can be made from India to Singapore using mobile phone numbers, and vice versa using UPI virtual payment addresses

#### Significance of UPI- Pay Now Linkage

the linkage will be a significant milestone in the development of next-generation infrastructure for cross-border payments between India and Singapore.

As per the ministry of external affairs (MEA) document Population of Overseas Indians (2022), there are approximately 6.5 lakh Indians, including non-resident Indians and persons of Indian origin, currently residing in

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### Singapore.

The project is expected to greatly benefit the Indian diaspora, especially migrant workers and students, in Singapore as it allows faster and cost-efficient funds transfer across both countries without the mandate of getting onboard the other payment system

Of the total inward remittances to India in 2020-21, the share of Singapore stood at 5.7 per cent, according to the RBI Remittance Survey, 2021.

By reducing the cost and inefficiencies of remittances between Singapore and India, the PayNow-UPI linkage will directly benefit individuals and businesses in Singapore and India that greatly rely on this mode of payment.

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Given that PayNow and UPI are integral components of their national digital infrastructures, the link between the two systems also paves the way for establishing more comprehensive digital connectivity and interoperability between the two countries

It will also closely align with the G20's financial inclusion priorities of driving faster, cheaper and more transparent cross-border payments.

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