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UPI: Transforming India's Payment Landscape

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Towards a Unified Payment Ecosystem

India's digital payments ecosystem has undergone a remarkable transformation over the past decade. It is driven by the vision of creating a simple and secure payment system accessible to every citizen. **The Unified Payments Interface (UPI),** developed by the National Payments Corporation of India (NPCI), has emerged as a cornerstone of India's digital payments revolution. Today, **UPI is accepted in 11 countries**, with Greece and the Maldives being the latest to adopt India's real-time payment platform.

UPI and its Evolution

With **interoperable design and ease of use,** UPI has fundamentally changed the way individuals, businesses and government entities transact.

- **Real-time payment system** that powers multiple bank accounts through a single mobile application of any participating bank or payment service provider.
- Integrates multiple banking services, fund transfers and merchant payments on a single platform.
- Enables **round-the-clock** digital payments.
- Uses **two-factor authentication** and end-to-end encryption to enhance transaction security.

Over the past decade, **UPI** has evolved into the backbone of India's digital payments ecosystem. Following are some of the key milestones in the evolution of UPI:

2016

- **UPI was launched** on a pilot basis in April 2016 with 21 member banks.
- In August 2016, it was **rolled out to the public** as participating banks made their UPI-enabled mobile applications available on the Google Play Store.
- The **BHIM** application was launched in December 2016 to enable digital payments using UPI. It allows users to make direct bank-to-bank transactions through mobile devices.

2017

- Dynamic QR, a retail merchant platform enabling UPI payments via dynamic QR codes was launched, which dynamically included transaction specifics like payee info and exact totals, removing manual amount entry.

2018

- **UPI 2.0** was introduced with enhanced features to make digital payments simpler, more secure and seamless.
  - **Invoice in the Inbox** allows users to view bills or invoices before authorising payments.
  - **Signed Intent and QR** enables simplifies payment authorisation while maintaining security.
  - **UPI Mandates** enables recurring payments through pre-authorised instructions.
  - **Overdraft account linking** allows users to make UPI transactions using their overdraft accounts.

2019

- SEBI allowed retail individual investors to use **UPI as an alternative payment mechanism** when applying for IPOs through designated intermediaries.
- UPI crossed the milestone of **one billion transactions in a month** in October 2019, reflecting rapid nationwide adoption.

2020-2022

- **UPI AutoPay** was launched to support recurring e-mandates for subscriptions, utility bills, insurance premiums, SIPs and EMIs.
- **Feature phone users** were brought into the digital payments' ecosystem through the launch of **UPI 123PAY**. It allows transactions through interactive voice response (IVR) number, app-based functionality, missed calls-based approach and proximity sound-based payments.
- **UPI Lite** was introduced to enable low-value transactions in a faster and PIN-less manner.
- The integration of **credit cards** with UPI further expanded digital payment options for users.
- During FY 2021-22, UPI processed transactions worth over US$1 trillion and crossed **5 billion monthly transactions** in March 2022.
- It also expanded internationally with its launch in **Bhutan**, marking its first cross-border deployment.

2023

- **Credit Line on UPI** was introduced, allowing pre-sanctioned bank credit lines to be linked as a funding account.
- UPI accounted for **~70% of India's digital payment transactions** during FY 2023–24.

2024

- **UPI Circle** was introduced, enabling primary users to authorise secondary users with predefined transaction limits on the primary user's bank account.

- RBI enhanced the **UPI transaction limit for tax payments** from **₹1 lakh to ₹5 lakh** per transaction. Higher limits also apply to select categories, including capital markets, IPO subscriptions, loan collections, insurance, healthcare and education.
- The per-transaction limit for **UPI 123Pay** was raised to **₹10,000**, expanding its range of use cases.
- The **UPI Lite** wallet limit was increased to **₹5,000**, with the per-transaction limit raised to **₹1,000**.

2025

- **On-device authentication for UPI** was introduced, enabling payments through smartphone fingerprint or face unlock.
- **Aadhaar-based Face Authentication** simplified UPI PIN onboarding, especially for first-time users, senior citizens and those without easy access to cards.

UPI Today

UPI has witnessed **unprecedented growth in both transaction volume and value**, reflecting its widespread adoption by individuals, businesses and financial institutions.

From FY 2016-17 to FY 2025-26:

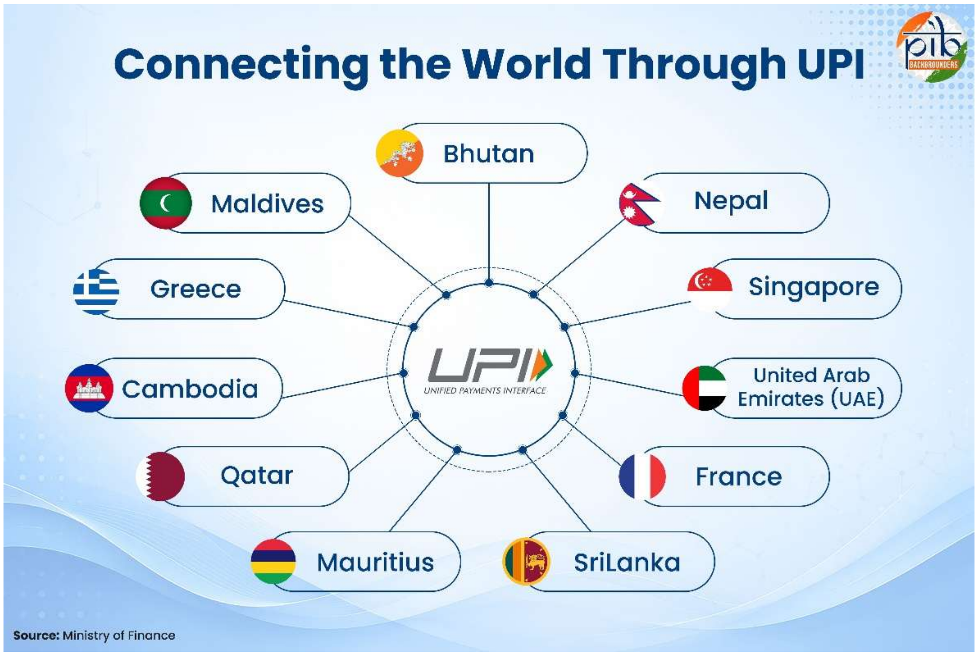
- **Annual transaction volume** increased from **2 crore transactions** to **over 24,162 crore transactions**. It represents **~12,000-fold increase**.
- **Annual transaction value** grew from **₹0.07 lakh crore** to **~₹314 lakh crore**, recording more than **4,000-fold increase**.

UPI has transformed the scale and reach of digital payments in India. In July 2026:

- The UPI ecosystem comprises **741 live banks**, reflecting its widespread adoption across India's banking sector.
- **UPI processed 2,365.8 crore transactions**; and
- Total **transaction value stood at ₹29.87 lakh crore.**

UPI's Global Footprint

UPI has emerged as a leading real-time payment system globally. **As of 2024, UPI accounted for ~49% of global real-time payment transaction volume**. This achievement was highlighted by the International Monetary Fund (IMF) in its "Growing Retail Digital Payments: The Value of Interoperability" report, published in June 2025.



UPI's Global Footprint Continues to Expand

- UPI is operational in **Bhutan, Nepal, Singapore, the UAE, France, Sri Lanka, Mauritius and Qatar**, enabling seamless cross-border digital payments.
- In **June 2026**, NPCI International Payments Limited partnered with **ACLEDA Bank Plc.** to launch **UPI acceptance in Cambodia**, further strengthening India's cross-border digital payment connectivity
- In June 2026, UPI went Live in **Greece** for Cross Border Remittances, where eligible customers can transfer money instantly, securely, and seamlessly between Greece – India (through Eurobank).
- On 30th July 2026, Cross Border Remittances between the **Maldives** Instant Payment System, 'Favara', and India's UPI went live, marking a transformative milestone in cross-border digital financial connectivity and bilateral economic cooperation between the Maldives and India.
- As on date, UPI is live in 11 foreign countries for UPI Acceptance and/or Cross Border Remittances.

A Decade of Digital Transformation

UPI has transformed the way India transacts by making digital payments simple, secure and interoperable. Its rapid adoption, continuous innovation and expanding global presence have made **UPI a key component of India's Digital Public Infrastructure**.

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