

Powering BHIM-Aadhaar

Discounting digital

Lucky Grahak and Digi-Dhan Yojana

₹340 crore

BHIM Aadhaar referral and bonus scheme

₹495 crore

Cost of funding digital

Although the government is spending more to promote digital platforms, a Visa study highlights that it would have to spend over ₹70,000 crore—₹58,000 in tax breaks—over the next five years for cost of cash to fall to 1.3% of GDP

Switching and interbank fees

At present, BHIM, does not attract switching and interbank fees. But once it does, government would have to compensate banks to promote it

Aadhaar Pay

UIDAI is the authority authenticating Aadhaar, and they have not been charging a penny from the government to do so, for now.

MDR charges

Where BHIM scores over point-of-sale machines is the absence of merchant discount rates. Instead, the government is giving cashbacks to merchants

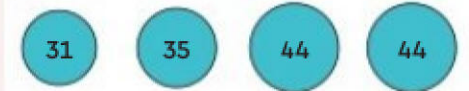
THE PRIME MINISTER last week launched BHIM-Aadhaar to ease the process of transactions further. This was the third such iteration of the app that the government has launched in the last nine months. First, it had introduced Unified Payment Interface in August based on IMPS service, and then built upon UPI a service called BHIM to match the ease of wallet transactions. Demonetisation did not leave people with much choice, but to adopt digital platforms, with cash returning back to the system the government would have to make processes much simpler. So, now with BHIM-Aadhaar it has combined Aadhaar Pay and BHIM, which would allow merchants to make transactions using biometric authentication. More important, it has also started a system of bonus and referrals to attract as many merchants and consumers. While for now, BHIM is not attracting any interbank, UIDAI or NPCI charges, but the government would have to let banks charge a fee to keep them in business, otherwise banks would have no incentive to promote BHIM. Instead of lowering the costs too much to hurt bank's businesses or asking banks to bear the brunt, the government would do well to take some of these charges on its balance sheet.



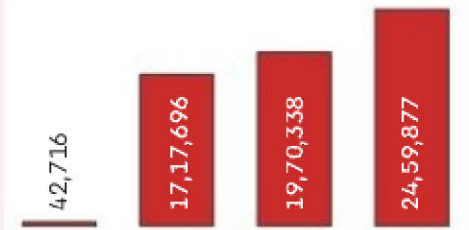
ILLUSTRATION: SHYAM

The BHIM revolution

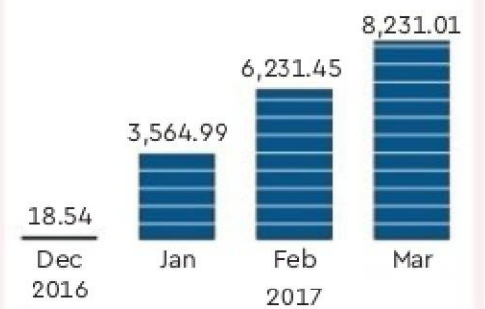
NO. OF BANKS LIVE ON BHIM



VOLUME

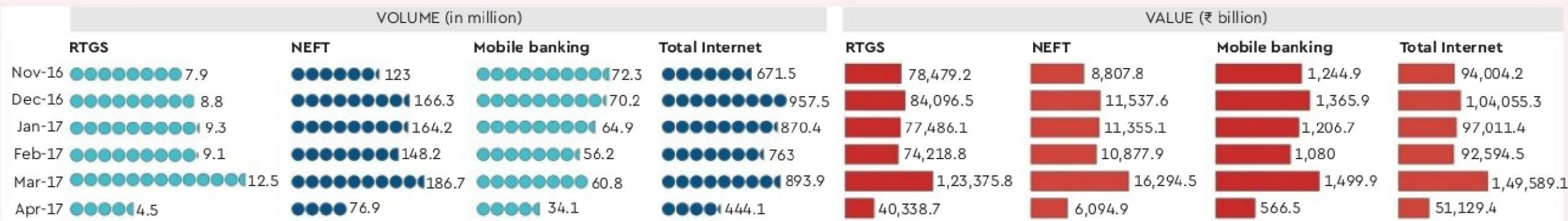


AMOUNT (in ₹ million)

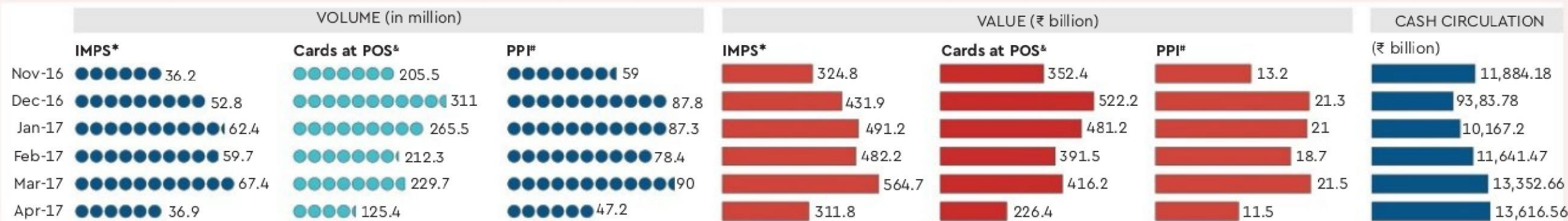


Total downloads: 20.6 million

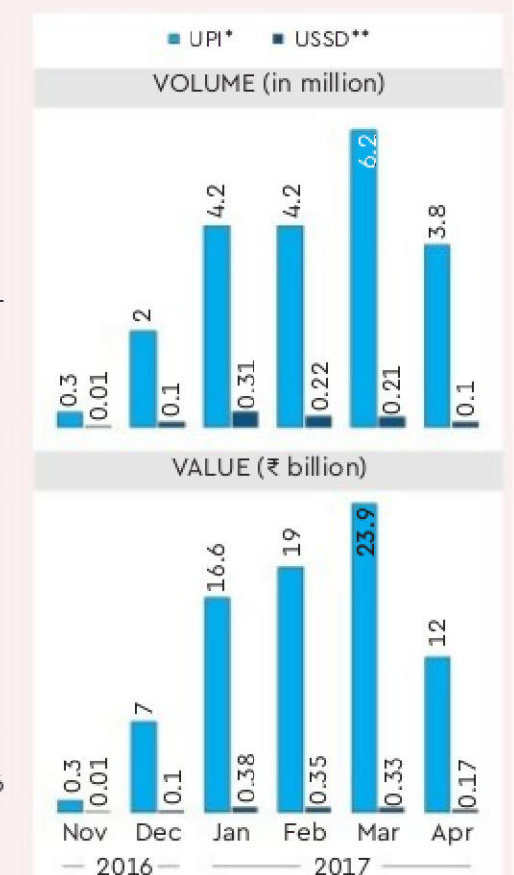
Rise across digital platforms



Cash makes a comeback



The new digital mediums



Notes: 1. Data is provisional; 2. *Source is NPCI; 3. **Figures Negligible, Source is NPCI; 4. *Card transactions of four banks; 5. *PPI issued by 8 non-bank issuers for goods and services transactions only; 6. h: Holiday; 7. Mobile Banking figures are taken from 5 banks. The total volume & value of electronic payment systems does not include mobile banking. RTGS - Real time gross settlement; NEFT - National electronic funds transfer; CTS - Cheque truncation system; IMPS - Immediate payment service; NACH - National automated clearing house; UPI - Unified Payments Interface; USSD - Un-