

NANDAN NILEKANI, former chairman, UIDAI

'This year will be a seminal year in the move towards cashless and digital payments'

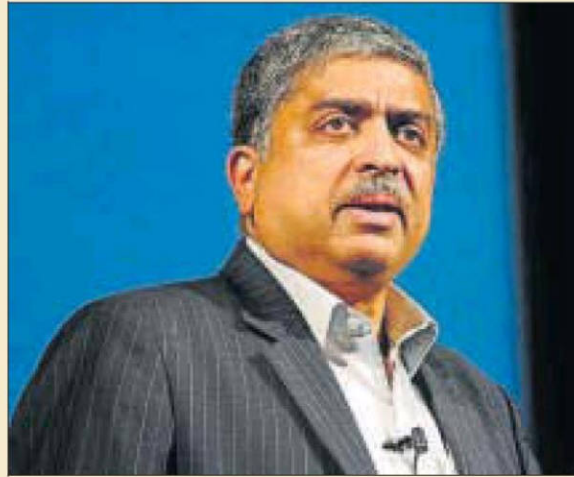
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MUMBAI: After demonetisation, digital payments and electronic transactions have received a much-needed government push. Many of the cashless transactions solutions are pegged on the unique Aadhaar identity number. Nandan Nilekani, former chairman of the Unique Identification Authority of India, and co-founder of Infosys, spoke in an interview on what to expect in the next 12 months in the payments and electronic transactions, data connectivity and cyber security landscapes. Edited excerpts:

The government and the overall payments industry have been looking at digital payments. What do you expect in the next 12 months?

This year, we should be closing at 8-9 billion digital transactions. The goal for next year, as the finance minister said in his Budget speech, is 25 billion transactions. If you have to go from 9 billion to 25 billion, you require many things. Obviously, the government should encourage the use of digital and cashless payments. Similarly, it should make cashless payments to people—which is



■ Nilekani: 'Aadhaar is a very secure system'

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what Direct Benefit Transfer (DBT) does. DBT directly credits money into someone's bank account. Today, we have 400 million Aadhaar-linked bank accounts. Both government-to-person and person-to-government (payments) should become cashless. But we should also make person-to-person and person-to-merchant (payments) cashless. That is why Unified Payments Interface (UPI) is so important. One of the positive impacts of the cashless strategy is that UPI works on any phone. Earlier, UPI worked only on smartphones.

There are other systems coming up. Bharat Bill Payment System will digitise bills and Fast Tag electronic toll system will digitise toll collection. I see this year as a seminal year in the move towards cashless and digital payments.

To use electronic payments, one needs bandwidth, and data connectivity is still low. What is the government, and the other stakeholders, doing about this? On the mobility side, people like Jio have come in and shaken up the whole data business and they have

ramped up (to) 100 million customers in six months. Clearly, the incumbents have responded by offering attractive deals. This is going to drive the mobile side. The government itself is accelerating the Bharat Broadband Network and NOFN (National Optical Fibre Network). So that should help on the rural side. Recently, the Telecom Regulatory Authority of India announced how it is going to create a public Wi-Fi interoperable approach—small entrepreneurs can set it up and make it easy to operate.

Security is a big concern in digital transactions. Recently there were reports of a data security breach in Aadhaar. How difficult it is to handle cyber security?

The whole issue of Aadhaar is a mis-information campaign. What happened was some business correspondents stored biometric (data) and played it, which is illegal under the Aadhaar Act. It was not a breach of the Aadhaar system; it was not a hack; it was not data theft. It is just a biometric replay done illegally by somebody. That person has been caught thanks to the advanced analytics at the Aadhaar system and I am sure that due action will be taken. It is a very secure system.