



ELECTRONIC PAYMENT AND SERVICES (P) LTD™

A payment system company



**An Approach Paper to Building
Digital Infrastructure**

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Enabling and Empowering Digital Infrastructure

CPP - Digital Inclusion:

Challenges:

- ✓ Digital Acceptance Infrastructure
- ✓ Strengthen RuPay Cards, RuPay Network for *Ayushman Bharat*, EComm, Bill Pay, AEPS
- ✓ Interoperability of Cash Deposit Machine / Cash recyclers
- ✓ Up gradation of Bank's Own ATMs - Approxi. 100,000 ATMs

Way Forward:

- ✓ Common Procurement Program (CPP) for: Digital Acceptance Infrastructure
- ✓ Digital Acceptance Infrastructure to cover:
 - ❖ Replacement of Old ATM by RuPay Cash Recyclers (CR) / Cash Deposit Machine (CDM)
 - ❖ RuPay CD
 - ❖ RuPay mPoS / PoS
 - ❖ RuPay Aadhaar enabled ATMs (DBT, PMJDY, MUDRA)
 - ❖ RuPay Mobile ATM (DBT, PMJDY, MUDRA)

Take away:

The Road map for Implementation:

- ✓ **CPP; Common Procurement Program (CPP) Model**
- ✓ **GeM platform from GoI; CPP, the procurements and Asset Monetisation can be made through GeM thru Simple and Short RFP**
- ✓ **RuPay - Opex Model; Capex and Opex by Pvt. Sector Service Providers**
- ✓ **RFP Terms to include DIPP's Industrial Policy of Make in India, Public Procurement Policy, GO dt. June 15, 2017, rev. May 28th 2018, by DIPP, MCI**
- ✓ **Asset Monetisation – Bank's Own old ATMs**
- ✓ **SPV**
- ✓ **Mission Mode, under PMO**

A Case in Point:

As GoI targets 3,000 Crores Digital Payment Transactions, Building and Creating the Digital Acceptance Infrastructure is key to move towards New Digital India by 2020, through CPP-Opex model.

The Key Benefits of CPP:

- ❖ Common procurement Programme (CPP), for scale of Volumes
- ❖ Best of prices at competitive rates
- ❖ Opex model (Monthly rental for Offsite and Onsite)
- ❖ No Capital expenditure, No Operational expenditure by Banks
- ❖ No Investments by Banks
- ❖ Faster Deployments by Service Providers
- ❖ Faster time to market
- ❖ Faster Acquisition and retaining strategy (of Merchants and Consumers)
- ❖ No expenses on Compliances, Upgrades;
- ❖ No obsolescence in technology

Participation of:

- ✓ PSU / Pvt Sector Banks,
- ✓ CSC, IndiaPost Payment Bank, Small Finance Banks
- ✓ Payment Banks (Regulated under PSS Act, RBI)

Requirements Mapping:

Digital Acceptance Infrastructure:

- ❖ IndiaPost Payment Bank ~ 150,000 Branches
- ❖ CSC ~ 250,000 Centres
- ❖ Old ATM / CD Replacements for all PSBs ~ 100,000 for Cash Recyclers / CDM / ATM
- ❖ Managed Services for ATM / CDM / CR ~ 100,000
- ❖ Mobile ATMs ~ 25,000
- ❖ Village Panchayat Offices
- ❖ DBT Mission
- ❖ Ayushman Bharat Yojana - Health Care / Wellness Centres

A Case in Point: **

Village-wise mapping exercise coordinated by DBT Mission in collaboration with NIC and various Departments reveals that at present, only 1,74,691 out of 6,40,947 lakh villages (27%) have been covered by either Bank Branch, Bank Mitra, ATM, Post Office or Common Service Centre (CSC). It is evident that there is a huge gap between financially covered villages and uncovered ones.

** DBT Handbook – Cabinet Secretariat, GoI



Way Forward

A Common Procurement Programme, through a SPV, for Building Digital Acceptance Infra:

- ✓ **Common RuPay Brand across all Alternate Channels, across all PSB Banks**
- ✓ **Switching, Technology and Terminal / Devices driving by NPCI**
- ✓ **Settlement, Reconciliation, Charge back and Dispute resolution by NPCI**
- ✓ **Procurement and Bidding routed thru GeM, portal**
- ✓ **Control and Management, Payments to SP/Vendors of Digital Acceptance Infra thru SPV**
- ✓ **Asset Monetisation by PSB Banks – Banks' own old ATMs**
- ✓ **Industrial Policy 4.0 to include for Make in India Products and Services incorporating Public Procurement, PPP-MII, Govt. Order dt. June 15, 2017, by DIPP, MCI**

- ✓ **Funds for deployment of Digital Acceptance Infrastructure by Service Providers from:**
 - ❖ **Acceptance Development Fund**
 - ❖ **Financial Inclusion Fund**

- ✓ **SPV**
 - ✓ **A Special Purpose Vehicle could be commissioned, for Project implementation on Mission Mode under PMO, for execution of Project with Financial Inclusion Funds and Acceptance Development Fund**

Parting Note

A Common Procurement Programme, through a SPV, for Building Digital Acceptance Infra:

A Case in Point: While

- ❖ Planning Commission can give way for NITI-Aayog
- ❖ FIPB can give way to DIPP
- ❖ DGS&D can give way to GeM
- ❖ Merging of Railway Budget with Union Budget
- ❖ Ranking of States and Districts and Ease of Doing Business

And since Independent India, So many Taxes, giving way to:

- ❖ GST - One Nation, One Market, One Tax

- ❖ Why not One CPP, for Common Procurements across Banks.
- ❖ Why not RuPay cards and RuPay Payment Gateway for all domestic transactions, instead of other International Card Networks

Demystifying Myth: Cash circulation in the Open Market is Devil; Cash back in the Banking System is Boon; ATM, CDM, CR are Digital Acceptance Infrastructure.

Pl note: The suggestions are sent in my personal capacity and does not reflect on the organisation that i represent

