

**India and Singapore to link their fast payment systems – Unified Payments Interface and PayNow**

Recently, the Reserve Bank of India (RBI) and the Monetary Authority of Singapore (MAS) announced a project to link their respective fast payment systems viz. Unified Payments Interface (UPI) and PayNow which is targeted for operationalisation by July 2022.

The UPI-PayNow linkage will enable users of both UPI and PayNow to make instant, low-cost fund transfers on a reciprocal basis without a need to get on-boarded onto the other payment system.

**Benefits of the linkage:**

1. Significant milestone in the development of infrastructure for cross-border payments between India and Singapore.
2. Aligns with:
  - a. RBI's Payment Systems Vision Document 2019-21 (reviewing corridors and charges for inbound cross-border remittances.)
  - b. G20's financial inclusion priorities of driving faster, cheaper and more transparent cross-border payments.
3. Encourages the cross-border interoperability of payments using cards and QR codes, between India and Singapore.
4. The linkage will anchor trade, travel and remittance flows between the two nations.
5. Lowering the cost of remittances.

UPI is India's mobile-based, 'fast payment' system facilitating the customers to make round the clock payments instantly using a Virtual Payment Address (VPA) created by the customer. This eliminates the risk of sharing bank account details by the remitter. UPI supports both Person to Person (P2P) and Person to Merchant (P2M) payments as also it enables a user to send or receive money.

PayNow is the fast payment system of Singapore which enables peer-to-peer funds transfer service, available to retail customers through participating banks and Non-Bank Financial Institutions (NFI) in Singapore. It enables 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 NRIC/FIN, or VPA.

**Therefore**

Singapore remains the leading FDI investor for India, and in 2021 is the top-most source of Foreign Direct Investment (FDI), with close to US\$ 21,000 million being invested from April 2020-June 2021. This accounts for 27% of the total FDI. India and Singapore are strategic partners for fintech & innovation, trade & economic co-operation, DTAA, air services, defence, science & technology cooperation. The linking of India-Singapore payment systems will be a significant milestone in developing and enhancing India-Singapore bilateral relations.

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