NPCI
भारतीय राष्ट्रीय भुगतान निगम
NATIONAL PAYMENTS CORPORATION OF INDIA

NPCI/UPI/OC No.72/2019-20

30th August 2019

To,
All Member Banks, Unified Payments Interface (UPI)
Dear Sir / Madam,

<u>Subject: Rationalization of MDR and Interchange in UPI</u>

In alignment with the RBI's and Government's commitment towards expanding the digital payments landscape, the UPI Steering Committee has agreed to rationalize the Merchant Discount Rate (MDR) and Interchange.

This initiative aims at transcending the present limitations in payments, thereby providing a sustainable ecosystem for merchant payments and its widespread adoption. The broad principles for rationalization is furnished below:

P2M Category

a) MDR is capped at Rs.100 (Presently there is no cap)
b) Proposed MDR - 30 bps (Shared equally between issuer and acquirer)
c) PSP fee shall be revised in Nov'2019
d) Offline QR (Scan and Pay) - Zero MDR for transaction up to Rs. 100. Interchange and Payer PSP fee shall not be applicable for such transactions
e) Flat Interchange rates for Industry programs remain unchanged

P2PM Category

a) Monthly inward credit to be increased from existing Rs 50,000 to Rs 1,00,000 (above this value the merchant shall adopt prescribed MDR for P2M)
b) Applicable only for direct (Real-time)credit to merchant's own account

Governance and Compliance

c) The proposed rates will be effective from 1st Oct 2019
d) The applicable MDR rates should be reviewed every 2 years i.e. next review by 1st Oct 2021
e) The non-compliance will attract penalties including but not restricted to on-boarding and / or cancellation of acquiring license

Member banks are requested to take note of the above and bring the content of the circular to the notice of the relevant departments.

Yours Faithfully,

Praveena Rai
Chief Operating Officer

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