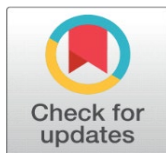


# UPI 123PAY: ANAVANT-GARDE STEP IN THE FINANCIAL INCLUSION

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## ABSTRACT

UPI 123PAY is an instant payment system for feature phone users who can use Unified Payments Interface (UPI) payment service in a safe and secure manner. Through UPI 123PAY, feature phone users will now be able to undertake a host of transactions based on four technology alternatives. They include calling an IVR (interactive voice response) number, app functionality in feature phones, missed call- based approach and also proximity sound-based payments.

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**Keywords:** IVR, UPI, P2P



## 1. INTRODUCTION

### Overview:

In olden days, banking transactions are found to be very cumbersome due to its rigidity and improper technology. Even majority of the customer were unable to get the funds on time. In view of this they are fail to meet their financial requirements. In order to solve such problems RBI has announced UPI based payments to cater the needs of all the customers in one go. UPI payment through pre-defined IVR numbers would require users to initiate a secured call from their feature phones to a predetermined number and complete UPI on-boarding formalities to be able to start making financial transactions without internet connection. With the IVR providing multiple language options, customers can avail this service in their preferred languages. IDFC First Bank, City Union Bank & NSDL Payments bank have gone live on IVR payments. Solutions are supported by Ultra cash & Tone tag.

### History:

Reserve Bank of India (RBI) has launched a new UPI service, 123PAY, that is aimed to help almost ₹ 40 crore (400 million) feature phone users in the country. The new feature was announced by RBI governor, Shaktikanta Das. Till now, UPI payments were only possible through payment applications on smart phones and USSD-based service for feature phones. But as per deputy governor T Rabi Shankar the latter has been found to be cumbersome due to the unavailability of the services on several mobile networks. The system will use Dual Tone Multi-Frequency (DTMF) signaling technology with

two-factor authentication (2FA) flow for peer-to-peer (P2P) transaction just as the normal UPI app but works with account number/phone number, whereas QR code is included in the normal system of payment in feature phones.

### Meaning:

UP(Unified Payments Interface)123pay is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood, by an single phone call in feature phones. In simple words UPI 123pay is nothing but, it is the process of Call, Choose and Pay, for money transfer in feature phones (basic mobile phones).

### Benefits:

- App-based functionality:

An app will be installed on non-Smartphone / simple phone/feature phones and it will provide a similar payment service facility as smart phones provide except for the feature of scanning the QR code and making the payment.

- Missed Call:

It will allow feature phone users to access their bank account and perform routine transactions such as receiving, transferring funds, regular purchases etc., by giving a missed call on the number displayed at the merchant outlet. The customer will receive an incoming call to authenticate the transaction by entering UPI PIN.

- Interactive Voice Response (IVR):

UPI payment through pre-defined IVR numbers would require users to initiate a secured call from their feature phones to a predetermined number and complete UPI on-boarding formalities to be able to start making financial transactions without internet connection.

- Proximity Sound-based Payments:

This uses sound waves to enable contactless, offline & proximity data communication on any device.

### Advantages:

- It is fast, hassle-free, and the cheapest way of money transfer. UPI 123PAY is also very fast and a safe medium, while you only need a UPI ID for carrying out a transaction. It is easy to use as it only requires a single phone call that involves only two factors.
- It facilitates hassles free transaction on 24 by 7 basis and there is no transaction and service cost. Moreover, it facilitates the user to access the service anytime and anywhere.

### Disadvantages:

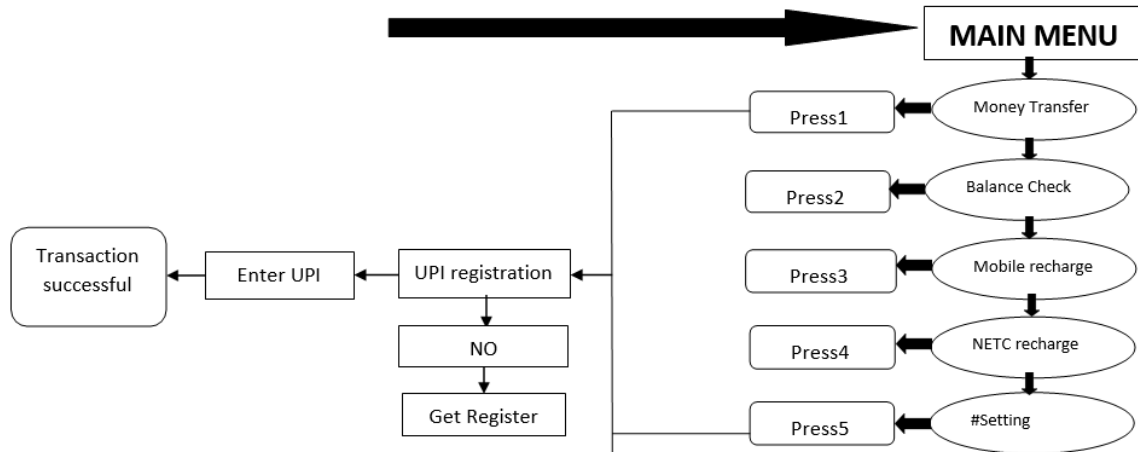
- Sometimes, there can be delays in payments; it takes up to 48 hours for the money to get back to your bank account. The UPI 123PAY money transfer limit is currently ₹ 100,000 which you can send to anyone through the mobile app.
- It is not available in regional languages, only available in Hindi and English.
- There is always a risk that account could be hacked and fund diverted into another account.

### Process:

The UPI 123Pay service for the feature phone which is UPI 123 Pay consists of three steps which include: Call, Choose, and Pay. The steps through which the users can operate during the payment:

- The user first have to call on the '0804516366,08045163581 &6366200200) and then they will be provided with three options i.e. 'Call, Choose & Pay'.
- It is to be noted that the number which they are using must be linked to their bank account.
- After linking the bank account with the phone, the user has to set an UPI PIN with the help of the Debit Card.
- Once, the UPI PIN is set, the user is all set to use their phone for the UPI payments or recharges such as LPG Gas Refill, FasTag Recharge, Mobile Recharge, EMI Repayment and many more.
- Enter the UPI/recharge amount then the UPI PIN and wait for few minutes.
- Thenotificationofsuccessfultransactionwillcomeontheirmobilenumber.

## USERCALLS



New Announcement:

### Aug 2020:

RBI had announced a scheme to conduct pilot tests of innovative technology that enables retail digital payments even in situations where internet connectivity is low

### Jan 2022:

RBI has proposed to introduce a framework for carrying out retail digital payments in offline mode across the country. This would enable customers to use digital payment modes even without internet connectivity. The new framework would provide fillip to new technologies such as E-RUPI near Field Communication (NFC) payments, interactive voice response-based payments systems etc.

### UPI Growth:

Speaking at the launch, the UPI recorded 453 crore transactions worth ₹ 8.26 lakh crore in February 2022, which is almost double in comparison to a year ago. The financial year 2020-21, the total value of transactions done on UPI was around ₹ 41 lakh crore. In the current fiscal so far the total volume of transactions is ₹ 76 lakh crore and added that the day is not far when the overall volumes will touch ₹ 100 lakh core.

RBI has come out with the framework for facilitating small- value digital payments in offline mode in order to promote digital payments in semi-urban and rural areas. At present, digital payment modes like the Unified Payments Interface (UPI) require internet connectivity and a Smartphone. Earlier, in 2016, the NPCI had launched the National Unified USSD platform (NUUP) which enables banking related transactions on feature phones without internet connection. Feature phone users can avail various services by dialing \*99#. Hence, NUUP has not been very successful due to distinct language and internet requirement.

- An offline payment means a transaction which does not require internet or telecom connectivity.
- Offline payments may be made using any channel or instrument like cards, wallets, mobile devices, etc.
- Offline payments shall be made in proximity (face to face) mode only.
- Offline payment transactions may be offered without Additional Factor of Authentication (AFA) such as OTP.
- Transactions are subject to a limit of ₹ 200 per transaction and an overall limit of ₹ 2,000 for all transactions until the balance in the account is replenished. Balance replenishment can only occur in an online mode.

### New Terms: P2P:

P2P Payment or "Peer to Peer Payment" means a payment initiated by a User using the P2P Service that debits (or charges) a Funding Account of the User (i.e. Sender) and makes the funds available in the Payment Instrument designated by the Recipient.

## **2FA:**

Two-factor authentication (2FA), sometimes referred to as two-step verification or dual-factor authentication, is a security process in which users provide two different authentication factors to verify themselves. 2FA is implemented to better protect both a user's credentials and the resources the user can access.

## **DTMF:**

Dual Tone Multi-Frequency (DTMF) is the sounds or tones generated by a telephone when the numbers are pressed. These tones are transmitted with the voice channel. DTMF is used to control automated equipment and signal user intent, such as the number they wish to dial. Each key has two tones at specific frequencies".

## **Findings:**

The UPI 123pay system safeguards the financial security of the transactions and there will be multi stage protections for the completion of the transactions which may in turn make the money transferor to fulfill their financial goal.

Suggestions:

- Government must take necessary steps to educate the public about the new system of transaction
- Special campaign must organize to popularize the system
- Through electronic, telephone, newspaper awareness about the system be popularized

## **CONCLUSION**

The government would have certainly created a payment gateway that will be easy-to-use yet fully secured with various checks. The above facility will be majorly used by senior citizens, lower/middle class, and rural India. Hoping the less awareness educated do not become more vulnerable and more prone to digital frauds as they will surely be the fresh target for scammers, fraudsters, and hackers.

## **ACKNOWLEDGEMENT**

None.

## **CONFLICT OF INTERES**

None.

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