

Start-ups find fuel in digital banking project

UPI allows a customer with a bank account to make payments or transfer money using a smartphone

During a hackathon, Anshuman Purushottam, Manas Mallik and Raja Mohata, the core technology team of a start-up UltraCash, coded continuously for two weeks in an office tucked away in Hosur Sarjapur Road Layout, a suburb in south-east Bengaluru. The not-so-ordinary hackathon was organised by the National Payments Corporation of India (NPCI) in February for its most ambitious project, Unified Payment Interface (UPI), to bring digital banking to 1.2 billion people in the country.

UltraCash's team were successful in writing code to integrate their mobile payment platform with UPI. It would enable consumers to easily pay retail merchants from their phone. But their innovation does not need an internet connection. UltraCash's technology securely transfers payment data from one device to another, using sound waves with frequencies inaudible to humans.



PEERZADA ABRAR

"UPI is a big boost for startups like us to simplify the payment process," said Vishal Lal, founder of UltraCash. He said the payment happens when a consumer brings her phone near the merchant's phone.

The innovation has impressed NPCI. This month, UltraCash emerged among the top five winners of the UPI hackathon along with teams Vsoft Nerds, CPay, Fundu (Eko) and Enablers.

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ILLUSTRATION: DEEPAK HARICHANDAN

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This would enable merchants and enterprises to collect money from customers present in the store as well as the field. The company has a target of one million acceptance points across the country in a year.

One billion ATMs

UPI would also enable tech firms like Eko to provide innovative user experiences. The Gurugram-based firm has created a

fer system Immediate Payment Service (IMPS) five years ago. It allows customers instant transfer of money. However many users are of the view that the platform is not user friendly. The UPI, a layer built on IMPS, aims to allow anyone with a bank account to quickly create a virtual payment address. The money can be transferred using just the phone number or the Aadhaar number.

Shashank Kumar, cofounder of Bengaluru-based firm Razorpay said right now there is no standardization for payments via different net banking integrations. Each bank has come up with its own interface which is bulky and is hard to integrate with. "UPI solves this pain point beautifully," said Mr. Kumar.

UPI would also have an impact on the credit and debit card systems which charge a discount rate of between 0.75 to one per cent from merchants using the network. Mr. Sharad Sharma of iSPIRT, a think tank said that as the UPI is built on IMPS, it will have lesser charges.

"This simplicity will bring millions of bank customers who don't transact online," said Nitin Misra, vice president at Paytm. The opportunity is huge as 95 percent of transactions in the country still happens in cash.

Security

End-to-end security and data protection on UPI is one of the key areas of concern among customers. In New Delhi, cyber security start-up Lucideus Tech is betting big on that aspect. It is

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"We are bringing it (UPI) out in an interoperable way and as an open system," said A.P Hota managing director and chief executive of NPCI. "That way we are



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Launched this month, UPI allows a customer with a bank account to transfer money using a smartphone as easily as sending a text message. Mr.Hota said the platform is leveraging on the growing smartphone base in the country which is set to double to 400 million users in two years. In short, a world of opportunity opens up for fintech startups.

Boost for ecommerce

Payments have been one of the biggest hurdles for mass adoption of online shopping in the country, now allowing for payment-on-delivery against the cash option earlier. "Cash management is a multi-billion dollar activity. With

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payment on delivery you are solving a massive problem," said Sameer Nigam, cofounder of PhonePe, a Bengaluru-based mobile payments company recently acquired by Flipkart. It has built a UPI-based app to provide a cashless payment experience. Customers can send or request money instantly from anyone in India using just their mobile number.

Another firm Ezetap would also enable payments using UPI through its existing mobile point of sale application. Shirish Andhare, chief product officer at Ezetap said the ability to pay via UPI would be opened up to all one lakh Ezetap merchant payment points.

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UPI would also enable tech firms like Eko to provide innovative user experiences. The Gurgaon-based firm has created a smartphone based tool called 'Fundu', a marketplace for users with electronic money or cash. Integrating with the UPI framework Fundu would match a person who needs cash with the user who can provide it. Abhishek Sinha, cofounder of Eko said the product solves a critical problem in India where ATM penetration is close to a tenth of that in the developed world. "With Fundu, we can have a billion automated teller machines, on demand," he said. NCPI had launched electronic funds trans-

Paytm. The opportunity is huge as 95 percent of transactions in the country still happens in cash.

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