Department of Financial Services
Digital Payments Section
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UPI: A Global Model for Efficient, Inclusive and Secure Digital Payments

1. Introduction

India has emerged as a global leader in digital payments through the Unified Payments Interface (UPI), which has transformed the way individuals and businesses transfer money. UPI forms the payments layer of India's Digital Public Infrastructure (DPI), alongside Aadhaar for digital identity and consent-based digital data-sharing frameworks. Together, these platforms have enabled secure, interoperable and inclusive digital services at unprecedented scale. UPI demonstrates how a shared public payment platform can support innovation, financial inclusion, operational efficiency and economic growth while maintaining high standards of governance and financial integrity.

2. UPI: India's Interoperable Payment Infrastructure

Developed by the National Payments Corporation of India (NPCI) under the regulatory oversight of the Reserve Bank of Inia (RBI), UPI enables instant, 24×7 bank-to-bank transfers through mobile applications. Customers can transact through a single interoperable network irrespective of their bank or payment service provider. Unlike closed payment systems, UPI provides common infrastructure that participating institutions can access. This reduces duplication of investment, lowers transaction costs and allows banks, fintech firms and other providers to compete on innovation, customer experience and service quality. Processing around 23 billion transactions every month, UPI has become one of the world's largest real-time retail payment systems, demonstrating that public digital infrastructure can achieve scale, resilience and efficiency.

3. Scale, Innovation and Competition

UPI's open architecture separates common payment infrastructure from customer-facing innovation. Banks, fintech firms and third-party application providers can develop products and services without building proprietary payment networks. This architecture has fostered competition and accelerated the introduction of products such as UPI Lite for faster low-value transactions, UPI AutoPay for recurring payments, UPI 123PAY for feature-phone users, Credit Line on UPI and RuPay Credit Card on UPI. It has also continuously expanded its use cases and accessibility. Innovations such as UPI Circle enables trusted secondary users to make payments within limits defined by the primary account holder. These innovations have broadened digital payments across diverse customer segments, including feature-phone users and small merchants, while interoperability ensures that consumers remain free to transact across providers.

4. Financial Inclusion and Merchant Adoption

UPI has significantly expanded access to formal financial services by enabling seamless digital use of bank accounts opened under financial inclusion programmes. Combined with Aadhaar-based identity verification and digital KYC, it has simplified access to banking for women, rural households and first-time users. As of February 2026, India had 577.8 million Jan Dhan accounts, most held by women or in rural and semi-urban areas. The widespread adoption of interoperable QR codes has enabled digital payment acceptance across the country, including by MSMEs, neighbourhood retailers and street vendors, without the need for expensive point-of-sale infrastructure. NPCI reports more than 730 million

interoperable QR codes deployed across India and around 65 million merchants served by UPI. Digital payment records also help individuals and businesses maintain financial histories that can support bookkeeping, tax compliance and increasingly cash-flow-based lending. This strengthens the integration of small businesses into the formal financial system.

5. Economic Impact and Ease of Doing Business

UPI has become a key driver of India's digital economy by reducing payment frictions and enabling real-time settlement. Faster settlement improves liquidity, reduces working-capital constraints and supports more efficient commercial transactions. The availability of low-cost digital payments has accelerated activity across e-commerce, retail trade, mobility services, food delivery, healthcare, education and government service delivery. For businesses, particularly small enterprises, the ability to receive payment immediately, have funds reflected in the account in real time and reach customers with only a mobile phone lowers the everyday cost of doing business. The resulting digital transaction records also improve bookkeeping, transparency and business formalisation. In this manner, UPI directly contributes to the ease of doing business by making payment acceptance simple, interoperable and accessible at scale.

6. Scale and Infrastructural Efficiency

UPI's scale is globally significant. UPI had onboarded over 550 million users by June 2026 and processed 24,162 crore transactions worth ₹314 lakh crore during FY 2025-26, serving around 65 million merchants. Transaction volumes increased from about 20 million in FY 2016-17 to over 241 billion in FY 2025-26, while transaction value rose from about USD 7.42 billion to more than USD 3 trillion. In July 2026, UPI recorded a monthly high of approximately ₹29.9 lakh crore across 23.66 billion transactions. UPI now accounts for around 85% of India's digital payments. The ACI Worldwide report notes that close to half of global real-time payment transactions take place in India, while the International Monetary Fund (IMF) has recognised UPI as the world's largest real-time payment system by volume. These outcomes demonstrate infrastructural efficiency at population scale, combining interoperability, speed, resilience and low-cost access.

7. Financial Integrity, Security and Governance

UPI operates within the RBI's regulatory framework and India's anti-money laundering and combating the financing of terrorism (AML/CFT) regime. Participating institutions remain responsible for customer due diligence, sanctions screening, transaction monitoring and suspicious transaction reporting. The digital nature of UPI transactions generates comprehensive audit trails that support regulatory oversight, fraud detection and post-transaction analysis. Real-time monitoring strengthens risk management while maintaining a seamless customer experience. Distributed participation by banks and payment providers also contributes to operational resilience by reducing concentration risk and supporting continuity of services. The governance framework, combined with common infrastructure and regulatory oversight, enables innovation while maintaining financial stability and integrity.

8. Policy Vision and International Relevance

UPI's development has been supported by the Government of India and the RBI through a digital-first policy and regulatory approach, with banks, fintech firms and other ecosystem participants building innovative services on the common infrastructure. RBI's Payments Vision 2025, themed "E-payments for Everyone, Everywhere, Every time", identified integrity, inclusion, innovation, institutionalisation and internationalisation as key goalposts. Payments Vision 2028 further places ease of doing business and more efficient cross-border payments among its priorities. UPI has attracted growing international interest as a scalable model for interoperable retail payments. Through NPCI International Payments

Limited, UPI acceptance is live in Singapore, the UAE, France, Mauritius, Nepal, Bhutan, Cambodia, Qatar and Sri Lanka. UPI-PayNow linkage with Singapore enables person-to-person remittances, while India is also exploring further international acceptance and connectivity. NPCI International is supporting partners including the Bank of Namibia, the Central Bank of Peru and Trinidad and Tobago in developing sovereign, UPI-like payment systems.

9. Conclusion

India's experience with UPI demonstrates that a shared and interoperable payment platform can simultaneously promote innovation, competition, financial inclusion, operational efficiency and ease of doing business. Its open architecture enables private-sector innovation without requiring each provider to build a proprietary payment network, while common standards and regulatory oversight support security, resilience and financial integrity. The principles underpinning UPI—interoperability, openness, scalability, accessibility, strong governance and regulatory oversight—offer valuable lessons for countries modernising their retail payment ecosystems. With its combination of population-scale adoption, real-time processing, extensive merchant acceptance and low-cost digital access, UPI represents a distinctive example of infrastructural efficiency in e-payments and an important component of India's Digital Public Infrastructure. As UPI expands domestically and internationally, it continues to strengthen the ease with which individuals and businesses can transact, operate and participate in the formal economy.

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