

Common QR code for payments soon

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As part of a multi-pronged push towards cashless transactions, the government has asked RuPay, MasterCard and Visa to have a common Quick Response (QR) code-based payments solution to help shops across India accept electronic payments without a card swipe machine.

How will it work? A merchant will display the common QR code, which can be scanned using a smartphone app linked to any of the three payments networks — RuPay, MasterCard and Visa — and the money will be directly transferred by a buyer to the merchant's account. Such QR-code based payments will not require a physical card.

While Paytm, which has gone all-out to acquire merchants, also allows payments using a QR code, it is a closed-loop system. What it means is that only Paytm members can transact and money travels within its network. However, the government's interoperable QR code-based solution will allow payments through multiple gateways.

The push for an interoperable QR code has come following a brainstorming session between major banks, payments companies and government officials led by Piyush Goyal, minister of state for power, coal and renewable energy. The interoperable QR code-based payments solution is being called India QR for now, and is targeted to be launched in January.

Visa has been a pioneer in QR Code payments, having developed and launched mVisa in India in Bengaluru over a year ago. mVisa has now been picked up in different markets across the world. Soon after Visa, Paytm launched its QR code app for offline merchants. MasterCard has just launched its solution — Masterpass QR service — which debuted in Ratnakar Bank-partnered Ongo payment wallet. RuPay is expected to launch its own QR code solution shortly.

This is the third front on which the government is pushing cashless payments. Last week, the Centre set a target of one million additional card swipe machines to be installed by banks in three months. The government has also gone on an overdrive to push Unified Payments Interface (UPI) for smartphones and *99#, the mobile messaging-based payments application, for feature phones.

Paytm had gone on an overdrive to acquire merchants remotely by allowing them to start accepting payments by merely downloading the application. The government had made things easier for merchants by allowing them to accept payments of up to Rs 50,000 in their wallets without KYC. Payments companies currently require to do complete KYC of a merchant before on-boarding him for acceptance.