Government makes a push for Common QR code to make payments easier

Soon, you'll have a common QR code to make electronic payments to merchants using your smartphone.

In a move to push the Digital India initiative forward and encourage more cashless transactions, the government as now asked payments networks such as MasterCard, Visa and RuPay to have a common Quick Response (QR) code-based payments solution. This will enable shops across India to accept electronic payments without needing a physical swipe machine.

As for the functionality, merchants will have to display a common QR code at their shops. Users can use a smartphone app linked with any of the payments networks, and the amount will directly be transferred from buyer's account to the merchant's account. One of the benefits of such QR-based payment solutions is that it will completely eliminate the need of having a physical credit or debit card.

Paytm has already rolled out its app-based PoS facility that enables small merchants to accept debit and credit card payments without a swiping terminal. While it does allow for QR code-based payments, it runs in a closed-loop system. This means, only Paytm members can make such transactions and money only travels within its network. However, government is pushing for interoperable QR code-based solution that will allow making payments through multiple gateways, *ET* reports.

The decision for having an interoperable QR code comes after brainstorming session between payments companies, banks and government officials led by minister of state for power, coal and renewable energy, Piyush Goyal. For now, the payments solution is reportedly called India QR and the government aims to launch it sometime in January 2017.

Visa, which has been a pioneer in QR Code payments, has already launched mVisa in India over a year ago. Earlier this year in July, TataSky had partnered with Visa to allow and accept QR code-based payments from its subscribers. In fact, mVisa is now used as an acceptable payment option in different markets across the globe. While Paytm has its QR code app for offline merchants, MasterCard has launched its 'Masterpass QR service' in partnership with Ratnakar Bank's Ongo payment wallet. Soon, RuPay is also expected to come up with its QR code-based solution.

The common QR code-based solution is the third initiative by the government to move towards cashless economy. The Centre has already set a target for banks to install one million card swipe machines in three months. At the same time, the government is also pushing its Unified Payments Interface (UPI) for smartphones and *99#, the USSD based payments application for featured phones.

To make things easier for merchants, the government is also allowing them to accept payments of up to Rs 50,000 in their wallets without any KYC. However, payments companies are required to complete KYC of all merchants before on-boarding them on the network.