

UPI merchant transactions over Rs 2,000 to carry charge of 1.1% from Apr 1

National Payments Corporation of India, through a circular has recommended Prepaid Payment Instrument charges for UPI payments

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The National Payments Corporation of India (NPCI) has advised Prepaid Payment Instruments (PPI) fees be applied to merchant transactions on Unified Payments Interface (UPI) beginning on April 1 in a recent circular.

NPCI, which is UPI's governing body, said in the circular that for amounts over Rs 2,000, using PPIs on UPI will result in interchange at 1.1 per cent of the transaction value.

The interchange fee is typically associated with card payments and is levied to cover the costs of accepting, processing, and authorising transactions.

Peer-to-peer (P2P) and peer-to-peer-merchant (P2PM) transactions between a bank account and a PPI wallet do not require an interchange, and the PPI issuer will pay the remitter bank approximately 15 basis points as a wallet-loading service charge.

Introduction of interchange is in the range of 0.5-1.1 percent, with interchange being 0.5 per cent for fuel, 0.7 per cent for telecom, utilities/post office, education, agriculture, 0.9 per cent for supermarket and 1 per cent for mutual fund, government, insurance and railways.

The pricing will come into effect starting April 1, 2023. NPCI will review the stated pricing on or before Sept. 30, 2023, the circular said.

