

CUTS Webinar

Evaluating Consumer Welfare in Digital Payments

Tuesday, 21 September 2021, 1600 – 1730 IST

Background Note

The Indian digital payments market has been growing at a phenomenal speed, at a CAGR of 27 percent, contributed by manifold increase in recurring transactions. Enabling regulations and industry innovations aim to ensure a convenient and safe experience for consumers. There is a need to continuously evaluate if such resolve is matched by action.

Despite being well intentioned, regulatory actions can adversely impact consumers. For instance, a recent circular by the RBI prohibits processing of e-mandates for recurring transactions, unless its conditions are met within the prescribed time frame.

It appears to have overestimated the capacity of industry and consumers in transitioning to the new framework, and fails to address consequences of inability of stakeholders to meet its conditions in a timely manner. Consumers may experience additional friction, without necessarily benefitting from enhanced security, and will not have real agency to choose among different digital payments options.

It has been estimated that monthly transactions worth INR 2,000 crore will be impacted if participants are unable to comply with the conditions on time. To top it off, a lack of ecosystem readiness has the unintended but obvious consequence of digital exclusion for large consumer segments - low income groups, older consumers and anyone else not otherwise very comfortable with digital banking. Additionally, merchants have shifted to longer-duration costly packs, which may exclude low income consumers.

Against this backdrop, the roundtable aims to evaluate the efforts being made to uphold consumer welfare in digital payments and make pointed recommendations on how the same could be strengthened. Eminent experts, stakeholders, and consumer representatives will be engaged to discuss technical, regulatory and legal aspects of the RBI circular and its implementation from the perspective of consumers. In particular, the following issues will be discussed.

- Mechanisms to inform, involve and ensure consumers have adequate agency to choose payment modes, without compromising either on convenience or security.
- Possible ways to address and prevent consumer harm in light of evidence and acknowledgment of grave risks.
- Awareness generation and capacity building initiatives required to aid consumers deal with aftermath of non-compliance of circular.
- Ways to strengthen regulatory engagement with consumer groups in the regulatory design.
- Enabling seamless transition by the industry to the new framework.

Agenda

16.00 – 16.10 Opening Remarks	Pradeep S Mehta , Secretary General, CUTS International
16.10 – 16.20 Special Address	Dr. Montek Singh Ahluwalia , Former Deputy Chairman, Planning Commission of India
16:20 – 16:25 Presentation	<i>“Evaluating Consumer Welfare in Digital Payments”</i> Kapil Gupta , Assistant Policy Analyst, CUTS International
16:25– 17:25 Panel Discussion and Q&A	Moderator: Amol Kulkarni , Director (Research), CUTS International
	Dr. Aruna Sharma , Former Secretary, Government of India
	Ashish Aggarwal , Vice President and Head of Public Policy, NASSCOM
	Akash Karmakar , Partner, Panag & Babu
	Bhargavi Zaveri , Doctoral Candidate, National University of Singapore
17:25 – 17:30 Closing Remarks	Prince Gupta , Research Associate, CUTS International

Register for the webinar at: <https://bit.ly/3CfNXoZ>

The webinar would also be streamed live on CUTS YouTube Channel.