



Evaluating Consumer Welfare in Digital Payments

2021.09.21

Context

- Internet users in India ~825.3 mn as of Mar 2021
- Digital payments growth at CAGR 27 percent between 2020-25, fuelled by recurring transactions.
- Consumers making recurring payments of utility bills, insurance, education, savings, investment, food and beverage, e-commerce, and other subscription services including cross-border payments

Recent Developments

- In Aug 2019, RBI imposed conditions on processing of e-mandates of recurring transactions:
 - Deadline to comply with the RBI circular: 31st September 2021
 - Compliance failure will adversely impact consumers' ability to benefit from frictionless recurring payments on modes such as cards
 - India has 97 crore cards with 1.5 crore daily transactions

Text Message
Today, 8:27 PM

As per RBI's recurring payment guidelines, w.e.f. 20-09-21, Standing Instructions on your Axis Bank Card(s) for recurring transactions will not be honoured. You can pay the merchant directly using your card for uninterrupted service. To know more, visit axisbank.com/SIFAQs

Issues for Discussion

- Regulatory engagement with consumer groups in designing regulations
- Need for capacity building and awareness generation among consumers to deal with aftermath of non-compliance of circular
- Absence of real agency to consumers and one size fits all approach
- Regulatory assumptions about consumers' willingness and ability to make informed choices on digital transactions
- Mechanisms that provide a consumer friendly digital experience without compromising on safety

Thank you