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RBI Governor calls for simple payment options

- Staff Reporter



Proud moment: RBI Governor Raghuram Rajan, RBI Deputy Governor R. Gandhi, and Director of IDRBT A.S. Ramasastry with the officials of the banks who bagged awards in various spheres, in Hyderabad on Monday. – Photo: Nagara Gopal

Reserve Bank of India (RBI) Governor Raghuram Rajan stressed the necessity for payments systems designed for unsophisticated users who cannot follow the rules listed by the banks for safe transactions.

Speaking at the Institute for Development and Research in Banking Technologies (IDRBT) as chief guest on the 12th edition of IDRBT Banking Technology Awards here on Monday, Mr. Rajan said the technology should cater to the unsophisticated user in unsophisticated ways of using the system, to curb online fraud.

Unsophisticated user

“Security has to be built around the less than sophisticated user, rather than assuming that they [the users] know everything, they will follow everything and they will do all that you demand of them,” he said, addressing a gathering of high profile bankers.

“This requires greater emphasis on transaction monitoring and identification of suspicious patterns by the system operator, rather than an insistence on ever increasing levels of care by the unsophisticated user.”

Acknowledging the convergence of various factors in the payment systems sphere making possible a near-revolutionary improvement in financial access, Mr. Rajan said RBI is trying to develop necessary regulatory framework which is ownership, institution and technology-neutral.

Desirable features

Elaborating the desirable features of payments systems, he said they should offer broad-based access, cheap and scalable payment mechanisms, and interoperability among various payments systems, besides effective consumer grievance redressal.

Observing the low usage of electronic payment services despite proliferation of various payment products and interfaces, Mr. Rajan suggested tax sops for merchants with more digital transactions, and periodic lotteries conducted by service providers for attracting more customer participation. Also to be considered are the unknown security consequences and costs of using technology. Advising against the widening of digital divide by keeping the payment options accessible to a few, he said creating appropriate awareness would enable the customers to choose their mix of payments considering various factors, and help the banks to optimize product mix depending on their customer profiles.

RBI Deputy Governor R. Gandhi, after releasing ‘Cyber Security Checklist’ designed by IDRBT, listed various challenges before banking and financial sector, which included increasingly sophisticated instances of cyber crime, competition with financial technology companies, taking advantage of payments systems, and achieving financial inclusion. A report on ‘Banking Technology in India: Present Status and Future Trends’ was released by Mr. Rajan, who later awarded banks for best performance in various spheres.

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