

India's digital payment surge: UPI transactions soar in FY 2023-24



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In the realm of digital payments, India has witnessed a monumental shift, spearheaded by the Unified Payments Interface (UPI). As of December 2023, UPI recorded a staggering 857 million transactions in the current financial year, a testament to its dominant role in India's digital payment landscape, commanding an impressive 62% market share in FY 2022-23. This surge in UPI transactions is a clear indicator of the country's move towards a digitalized economy.

The growth trajectory of UPI is nothing short of remarkable. Starting with a modest base in the financial year (FY) 2017-18, UPI transactions stood at 9.2 million. This initial figure, though significant for its time, was just a glimpse of the potential of UPI. Over the next five years, these transactions witnessed an extraordinary increase, culminating in 837.5 million transactions by FY 2022-23.

This rapid growth represents a Compound Annual Growth Rate (CAGR) of 147%, a rate that signifies not just growth but a seismic shift in consumer behavior and technology adoption.

The remarkable aspect of this growth is not just in the number of transactions but also in their monetary value. In FY 2017-18, the total value of UPI transactions was USD 12 billion, a noteworthy figure for a nascent technology at that time. However, by FY 2022-23, this value had escalated to an astonishing USD 1671 billion. The CAGR of 168% in value terms is even more impressive than the transaction count, indicating that UPI is not only being used more frequently but also for higher-value transactions.

Behind this digital revolution are concerted efforts by the Indian government and the Reserve Bank of India (RBI). Government initiatives have been crucial, including incentive schemes for RuPay Debit cards

and BHIM UPI transactions, advisories for improving payment infrastructure, the Pradhan Mantri Gramin Digital Saksharta Abhiyaan (PMGDISHA) for enhancing digital literacy in rural areas, and setting targets for digital transactions and merchant acquisitions for banks.

The RBI has complemented these efforts with awareness programs like Electronic Banking Awareness and Training (e-BAAT), Digital Payments Awareness Week. The RBI's multimedia campaigns, particularly 'RBI Says' or 'RBI Kehta Hai', take a more broad-based approach to awareness. These campaigns, spread across various media channels, serve as a continuous source of information and reassurance to the public.

RBI's multifaceted approach to promoting digital payments is to increase the volume of transactions and equally empower every stratum of society with the knowledge and confidence to participate in India's burgeoning digital economy. A significant innovation in this domain is the RBI's approval for linking RuPay credit cards to UPI. This move enhances customer convenience by enabling cardless transactions and widening credit card acceptance, even at small merchant outlets equipped with QR codes.

Prime Minister Narendra Modi's dedication to propelling India's Digital Revolution vividly mirrors the country's substantial progress in adopting and evolving its digital technological capabilities. His statements and initiatives work toward transforming India into a digitally empowered society and knowledge economy.

Addressing the B20 Summit in 2023, Modi emphasized that India has become a pivotal player in the digital revolution, particularly in the era of Industry 4.0. He highlighted India's crucial role in constructing an efficient and trustworthy global supply chain, underlining the nation's emerging prominence in the global digital landscape. The rapid increase in UPI transactions from 9.2 million to 837.5 million in just five years is not just a statistical achievement but a symbol of India's evolving financial landscape.

The decrease in the year-on-year growth of banknotes in circulation, from 9.9% in FY 2021-22 to 7.8% in FY 2022-23 as per RBI data, further signifies the reducing reliance on cash and a growing inclination towards digital transactions.

The phenomenal growth of UPI transactions underlines the successful integration of technology in India's financial sector. With the government

and RBI's continued focus on digital literacy and infrastructure, India is swiftly transitioning to a cashless, digital economy, embracing the digital future of finance with open arms.
