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RBI Payments Vision 2028 — Bank Account Portability and the Future of Digital Finance

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✍ WHY IN NEWS

The Reserve Bank of India released its **Payments Vision 2028** document in March 2026, outlining a roadmap for India's payment ecosystem over the next three years, with a landmark feature: **bank account portability** through the Payments Switching Service (PaSS).

THE PROBLEM PASS SOLVES

India's digital payments revolution is undeniable — UPI crossed 15 billion transactions per month in 2025, IMPS handles real-time interbank transfers, and the NEFT/RTGS infrastructure is among the world's most robust. Yet, an invisible lock-in existed that limited genuine banking competition.

When a customer opens a bank account, that account becomes the hub of an entire financial ecosystem:

- **Salary credits** linked to the account
- **EMI mandates** for home loan, car loan, credit cards

- **Utility auto-debits** — electricity, telecom, OTT subscriptions
- **SIP and mutual fund mandates** for investments
- **Insurance premium auto-deductions**

Switching banks means individually contacting every single service provider, cancelling old mandates, setting up new ones — a process so cumbersome that most people never do it. Banks exploit this inertia, offering lower deposit rates and inferior service to existing customers knowing they face high switching costs. This is what economists call **lock-in effect** — and it is fundamentally anti-competitive.

THE PASS SOLUTION — PAYMENTS SWITCHING SERVICE

The **Payments Switching Service (PaSS)** is a centralised platform that addresses this problem by:

- 1 **Mandate Consolidation:** All standing instructions, NACH mandates, and auto-debit authorisations linked to an account are registered on PaSS, visible in one dashboard
- 2 **One-Click Migration:** When a customer decides to switch banks, PaSS facilitates the transfer of all mandates to the new bank account simultaneously, without customer-level effort
- 3 **Seamless Settlement:** Service providers (utility companies, lenders, SIP platforms) automatically receive updated account details via PaSS without processing individual amendment requests

How It Changes Banking Competition

BEFORE PASS	AFTER PASS
Switching banks: 2–6 months of effort	Switching: Near-instantaneous
Banks retain customers through inertia	Banks must compete on rates and service quality
Customers stuck with low deposit rates	Customers can seek best rates without friction
Digital payments increase stickiness	Digital payments become bank-agnostic

CROSS-BORDER PAYMENTS: ALIGNING WITH G20 STANDARDS

The Payments Vision 2028 has a significant international dimension. India committed at the G20 New Delhi Summit (September 2023) to improve cross-border payment infrastructure. The Vision operationalises this:

G20 Cross-Border Payment Goals (by 2027)

- **Speed:** Any corridor should settle in <1 hour for 75% of transactions
- **Cost:** Maximum 3% average cost for retail remittances (currently 5–7%)

- **Access:** Increase the share of population with access to a formal international payment channel
- **Transparency:** Full disclosure of fees, exchange rates, and settlement timelines upfront

India's Approach

- **UPI-linked international corridors:** India has already linked UPI with Singapore (PayNow), UAE (IPP), Bhutan, Nepal, and Sri Lanka
- **Bilateral CBDC arrangements:** Exploring e-Rupee swap arrangements with select partners
- **SWIFT integration improvements:** Faster correspondent banking for MSME exporters

E-RUPEE (CBDC) EXPANSION

The RBI's **Central Bank Digital Currency (CBDC)**, branded **e-Rupee**, was launched in pilot phases in 2022 (wholesale) and later in retail. Payments Vision 2028 plans to:

- Scale retail e-Rupee to major cities beyond pilot corridors
- Enable **offline e-Rupee** transactions (using NFC or Bluetooth) for low-connectivity areas
- Explore **programmable money** features: government-to-citizen transfers (DBT) that can be directed to specific purposes without physical card infrastructure

FINANCIAL INCLUSION AGENDA

Vision 2028 explicitly targets **Tier 3–6 cities and rural India** with:

- **Interoperability mandates** for Aadhaar-enabled payment systems
- **Payment infrastructure in 10 lakh villages** (expanding IMPS/UPI to rural panchayat-level agents)
- **Phishing and fraud reduction:** RBI's Payment Fraud Reporting System (PFRS) to be integrated with CERT-In alerts for real-time takedown of fraudulent payment links

UPSC RELEVANCE

Prelims: RBI Payments Vision 2028; PaSS (Payments Switching Service); e-Rupee; G20 cross-border payment targets; CBDC.

Mains GS-3: Payment system modernisation as infrastructure for economic inclusion; role of RBI in financial regulation; India's G20 commitments on financial architecture; digital public infrastructure as development tool.

★ FACTS CORNER — KNOWLEDGEPEDIA
RBI PAYMENTS VISION 2028 — COMPLETE REFERENCE:

Released: March 2026 by RBI

PaSS: Payments Switching Service — enables bank account portability

Previous vision: Payments Vision 2025 (released 2022)

RBI Governor (2026): Sanjay Malhotra

e-Rupee (CBDC): Launched wholesale pilot October 2022; retail pilot December 2022

G20 Presidency: India held G20 Presidency 2023 (New Delhi Summit, September 9–10, 2023)

G20 cross-border remittance cost target: max 3% by 2027

UPI monthly transactions (2025 peak): ~15 billion

Countries linked to UPI: Singapore (PayNow), UAE (IPP), Bhutan, Nepal, Sri Lanka, France, UK (pilots)

OTHER RELEVANT FACTS:

NACH (National Automated Clearing House): Operated by NPCI; handles 50+ crore mandates

NPCI: National Payments Corporation of India — operates UPI, IMPS, RuPay, FASTag

Lock-in effect: Economics concept — cost of switching that reduces competitive pressure

Regulatory basis for RBI payments oversight: Payment and Settlement Systems Act, 2007

Digital Rupee (e-Rupee) is legal tender; issued and guaranteed by the Government of India via RBI

IMPS: Immediate Payment Service — 24x7 real-time interbank transfers; launched 2010

Sources: [RBI](#), [PIB](#), [GKToday](#)

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