

UPI: Unified Payments Interface

In 2016, promoting a cashless economy was one of the main objectives of the Indian government. To reduce corruption and black money, the government tried to find out a solution where payments could be digitized, also ensuring safety, speed, and efficiency. This is when UPI was born. The full form of UPI is Unified Payments Interface. In this article, we will look into UPI, its history, the increasing acceptance of UPI all over the world, and more.

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What is UPI and its brief history?

Created by the National Payments Corporation of India (NPCI), UPI, also known as the Unified Payments Interface, is a quick payment system allowing the sender/payer to transfer money to the receiver/payee just by using their mobile phones. Instead of filling out the tricky details like the IFSC Code, account numbers, and more in the case of bank transfers, you can easily send money just by phone number or QR. Several reasons led to the creation of UPI, some of which are:

- **Moving Towards a Cashless Economy:** The government of India had an aim to build India a cashless economy gradually. This was to reduce corruption and black money flowing into the economy.
- **Increase Financial Awareness:** UPI was directed to include all the categories of society. Traditionally, people belonging to backward areas didn't have access to better banking facilities. UPI acted as a generalized payment system available for everyone easily.
- **Increase Efficiency and Convenience of Payments:** Regular Bank transfers were clearly a long and tiring process with all the details and efforts required. To solve this, UPI came out as a fast, reliable, and efficient payment system without requiring every detail.

As a result, on 11th April 2016, Dr Raghuram Rajan, Governor of RBI, launched the pilot program in Mumbai. Since 25th August, banks have started to upload their own UPI-integrated applications to the Google Play Store. In October 2016, the UPI was fully functional and launched for wide access.

Advantages of UPI

With the increasing usage of banking services at our fingertips, UPI has now become a crucial part of our lives. People use UPI for its benefits like:

- **Convenience and Speed:** One of the main reasons why UPI is now one of the most popular payment systems in India is its convenience and speed. As mentioned before, people can now transfer their desired amount easily without wasting time entering all the bank details, unlike bank transfers. You just need to scan a QR, enter a phone number or a UPI ID to pay within seconds.

- **Available 24/7:** Unlike traditional physical bank payments that were limited only during banking hours, UPI allows you to complete a transaction at any time of the day throughout the year.
- **Auto Pay Subscriptions:** Instead of going through the hassle of paying an amount every month on a specified day, UPI now helps you set up auto-pay systems. Using this, you can purchase a subscription, and the amount will automatically be deducted from your account on a particular date. You can use this feature for platforms like Amazon Prime, Spotify, and more, which also allows you to cancel it anytime.

The Rising Popularity of UPI across the world

In 2025, UPI isn't just limited to the geographical borders of India, but more than that. Countries across the world are actively accepting UPI as a payment system and are impressed by India's innovation. A few countries that accept India's UPI are:

- **United Arab Emirates:** UAE and India came to an agreement in February 2024 on interlinking UPI and AANI, the payment platforms of both countries. This allowed both of them to complete cross-border transactions easily.
- **Europe:** Similar to India, Indians can pay using UPI from their mobile phones to the European merchants; PoS systems. This is made possible by a partnership with NIPL and Worldline, a European payment facilitator.
- **France:** In July 2023, Indian Prime Minister Narendra Modi announced an agreement between France and India to introduce UPI in France. Indians can now make payments at the Eiffel Tower using UPI.
- **Nepal:** By partnering with NIPL and introducing UPI as a payment system, Nepal became the first foreign country to launch UPI.

Conclusion

Unified Payments Interface, commonly known as UPI, is a digital payment system used to transfer money from one person to another conveniently within seconds. It was created to take a step towards a cashless economy, ease transactions, and increase financial awareness in backward areas of the country. The pilot was launched on 11th April 2016 by Dr Raghuram Rajan. By October, UPI was functional and used publicly. Because of its benefits like speed, 24/7 availability and auto pay systems, UPI has not only become popular in India but is now also widely accepted in foreign countries like UAE, France, Nepal and more through strategic partnerships. Finally, UPI has proved itself to be a medium of growth and change for the economy, along with easing the everyday lives of the public of India.

Frequently Asked Questions about UPI

Q. Why is UPI so popular in India?

UPI has become a go-to choice for everyone as it offers unique benefits like convenience, high speed, 24/7 availability, auto-pay systems and more.

Q. Are UPI facilities available outside India?

Yes, countries like UAE, France, Greece, Nepal, and more have entered into agreements and partnerships with NIPL, as well as the government of India, to promote and facilitate UPI.

Q. Why was UPI created in the first place?

UPI was created in 2016 to battle corruption, promote a cashless economy, and increase financial awareness in India.

Reference Links:

- <https://www.npci.org.in/what-we-do/upi/product-overview>
- <https://www.axisbank.com/progress-with-us/articles/digital-banking/advantages-of-upi>
- <https://www.india-briefing.com/news/global-acceptance-of-india-unified-payments-interface-upi-tracker-26183.html/>