

FOR IMMEDIATE RELEASE

INDUSTRY BODY EYES OPPORTUNITY FOR PREPAID AS ENABLER FOR FINANCIAL INCLUSION IN INDIA

- ***An estimated 41%¹ of the Indian population is un-banked***
- ***61%¹ of un-banked live in rural areas where penetration of POS and ATMs is low***
- ***Licensing of new ‘Payments Banks’ by Reserve Bank of India aims to put basic banking within the reach of hundreds of millions***
- ***Renewed opportunity for prepaid to extend reach of the banking system in India***

International not-for-profit trade body, the Prepaid International Forum (PIF), today announced the renewed focus on the opportunity for prepaid in driving financial inclusion against a backdrop of regulatory changes affecting payment systems in India.

In November 2014 the Reserve Bank of India issued guidelines for the licensing of Payments Banks in the private sector. The new rules aim to further financial inclusion in India by providing basic banking services to the financially excluded. A Payment Bank will be licensed to offer small savings accounts (savers can deposit up to 1 Lakh²), payments and remittance services to low income households, the migrant labour workforce, small businesses and others. Payments Banks cannot issue credit cards or undertake lending activities.

At a recent meeting of PIF’s India Chapter (a principal trade body representing issuers of prepaid payment instruments in India), members concluded that the move to allow a range of businesses to operate as Payments Banks represented a major step in helping to solve the large and important issue of financial exclusion.

The new rules draw on some of the key recommendations published in the Nachiket Mor Committee Report on Comprehensive Financial Services for Small Businesses and Low Income Households³, published by the Reserve Bank of India in January 2014. The report set out a number of recommendations and proposed measures to widen the spread of financial services in India. It contained six vision statements including the vision that “every resident in India would be within a fifteen minute walking distance of a payment access point” and a recommendation for a wide-spread payment network. The report argued that licensing

non-bank providers of financial services as Payments Banks would encourage multiple models and partnerships to emerge and allow payment system participants to move quickly towards achieving financial inclusion.

Last month the Reserve Bank of India published the names of the 41 businesses who have applied for a Payments Bank license. Entities who were eligible to apply included existing non-bank providers of prepaid payment products and others such as mobile network operators and supermarket chains. The successful applicants will be licensed to undertake a number of activities including the issuance of prepaid products in accordance with existing and any future guidelines under the Payments and Settlements Act 2007 as well as certain obligations around the treatment of outstanding balances.

Whilst existing prepaid providers are not obliged to be licensed as a Payments Bank, the new rules should help to raise awareness of the important role alternative payment solutions can play in increasing access to financial services.

PIF India Co-Chairman Amit Sethi, commented, “PIF welcomes any step that encourages the development of innovative payment solutions, such as prepaid, to further financial inclusion. With proven business models and converging technologies PIF believes that prepaid should form an integral part of a country’s financial inclusion objectives.”

Established in 2009 under the patronage of one of the world’s largest companies for global payments solutions, TSYS®, PIF India has long promoted the benefits of prepaid as a logical, cost-effective route to financial inclusion. In many countries around the world, prepaid as a simple form of bank account, is seen as a means of improving levels of financial inclusion as governments seek to drive the adoption of cashless payments across all segments of society, while at the same time being an effective, cost-effective way of disbursing government welfare payments.

For nearly five years, PIF India has liaised with and educated legislators and policy-influencers on the intricacies of prepaid. With a membership made up of the leading issuers of prepaid products in India, PIF has worked to position prepaid as a solution to meet the needs of the financially underserved. In December 2012 five PIF India member organisations were involved in the pilot launch of an instant prepaid card that allows users to open an account using their Aadhaar number. The Saral Money Prepaid Card is a general purpose

reloadable card that allows users to receive government disbursements, pay bills, transfer money, shop online and withdraw cash.

PIF India also works to promote the wider benefits of prepaid through a series of member – driven working groups focused on areas such as health and meal programmes and the role for prepaid in Electronic Benefits Transfer. The PIF India working groups aim to stimulate collaboration between industry players to increase the adoption and acceptance of prepaid.

The projected global opportunity for prepaid is expected to reach US\$822 billion by 2017⁴. In India alone, the value of prepaid card transactions is expected to increase from Rs. 607.9 billion in 2014 to Rs. 1.2 trillion in 2017⁵.

PIF India Chairman Mahesh Rajaraman comments, “As the payments landscape in India evolves the focus of bodies like PIF India is to promote the benefits of prepaid, the positive role it plays in the mainstream financial services space and the positive difference it makes to consumers.”

ENDS

Notes to Editors

¹ Reserve Bank of India

² 1 Lakh = INR 100,000 (EUR 1,500)

³ [Nachiket Mor Committee Report on Comprehensive Financial Services for Small Businesses and Low Income Households](#)

⁴ MasterCard Worldwide

⁵ Euromonitor International

About PIF

PIF is a global not-for-profit trade association established in 2007 to represent organisations involved in the supply of prepaid products and services. PIF acts as principal point of liaison between the industry and government agencies, regulators, consumer bodies and the media



Prepaid International Forum

to promote the relevance and benefits of prepaid and e-money products. PIF is dedicated to the progression of the industry and acts as a catalyst for the development of sensible industry guidelines and codes of best practice. PIF members represent issuers of prepaid and e-money products, card schemes, payment processors and suppliers of services to the industry. To learn more about PIF visit www.prepaidforum.org

About PIF India

PIF India was launched in 2009 under the patronage of TSYS. Members represent India's leading issuers of prepaid payment instruments including Axis Bank, HDFC Bank, ICICI Bank, ItzCash and State Bank of India.

About TSYS (PIF Regional Patron)

At TSYS, (NYSE: TSS), we believe payments should revolve around people — not the other way around. We call this belief People-Centered PaymentsSM. By putting people at the center of every decision we make, TSYS supports financial institutions, businesses and governments in more than 80 countries. Through NetSpend, a TSYS Company, we empower consumers with the convenience, security, and freedom to be self-banked. TSYS offers issuer services and merchant payment acceptance for credit, debit, prepaid, healthcare and business solutions.

TSYS' headquarters are located in Columbus, Georgia, with local offices spread across the Americas, EMEA and Asia-Pacific. TSYS provides services to more than half of the top 20 international banks, and has been named one of the 2015 World's Most Ethical Companies by Ethisphere magazine. TSYS routinely posts all important information on its website, for more please visit us at www.tsys.com.

For further information

Diane Brocklebank

Prepaid International Forum (PIF)

T: +44 (0) 7736 971986

E: diane.brocklebank@prepaidforum.org