

Few Reasons to Use UPI for Online Transactions in India

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In brief

Unified Payment Interface (UPI) which is now common to most of the people in India, however still some doesn't know what it is and how to use it. Let me tell you simply about it and what are the benefits about it here.

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What is UPI

Unified Payments Interface (UPI) is an instant real-time payment system developed by National Payments Corporation of India as like the NEFT and RTGS payment system which were commonly used in India. As like NEFT, this system also facilitates inter-bank transactions, which helps the users to transfer funds from one account to another instantly, using the mobile application. Unlike the NEFT, UPI works only on mobile devices.

Difference between UPI and NEFT/IMPS

The main difference between NEFT and UPI is that, in UPI, you don't need to have the Account number and the IFSC code of the beneficiary to transfer funds, whereas in NEFT/IMPS, we need to provide the correct account number and the IFSC code to make the transfer. Unlike the NEFT/IMPS, UPI payments use a VPA (Virtual Payment Address) to make payment fund transfer. So in UPI payment, you only need to have the VPA of the beneficiary to make the transaction.

What is VPA

As we mentioned above, VPA is a Virtual Payment Address used for making payment via UPI other than Account number and IFSC Code. The VPA will be in the format `yourname@bankname`. The VPA address has 2 parts, the 1st part is your name, which you can select from your choice at the time of registration, and the second part is the bank or service which provides the UPI service. Both parts are separated by an @ symbol.

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How to get a VPA address

If you have an Indian Bank account and your mobile number is registered to that bank account, then you can create a VPA and make transactions using UPI. You can use any UPI applications such as BHIM App, SBI UPI App, Axis Bhim App or any Bank's UPI app to create a VPA address.

Please note that there is no need to download and use your own bank's UPI app to use this service, you can use your own banks or any other banks service, also you can use approved wallet service like PhonePe too. There is no difference unlike the application features and the VPA address change. If you use SBI's UPI app, your address will be like "yourname@sbi" and if use Kotak Mahindra Bank's app, it will be like "yourname@kotak".

Once you downloaded the application, you can register to that using your existing bank account details and all. First, you need to have the mobile number registered with bank and you should use that number on the mobile you installing the application. Once you register the service, the application will ask you to select your bank. Then it will check the available bank accounts that the corresponding mobile number registered with that bank.

(ICICI Pockets Review - Best e-Wallet with Virtual Debit Card)

Once the account details are available, it will ask you to select/confirm the account. After that, a verification SMS will be sent from your mobile to validate the details. Once its done, The next screen will ask you to create a VPA address. Then you can create your address. You have to enter the 1st part of the address eg: yourname. As mentioned above, the second part will be the bank/service name. Please try to choose a simple and understandable name if your name is not available.

Once it is set, it will ask you to create a PIN for your UPI payments, then you have to enter the last 6 digits of the ATM card and few other details. Once its doen, your 6 digit PIN will be set and you can make payments using then PIN using UPI.

How to make payments via UPI

As said earlier, we don't need any account number or IFSC code for making payment. If you need to transfer some amount to your friend, you should know the VPA of your friend, eg: yourfriend@hisbank. Open your UPI app and select Make Payment option, in the next window, enter the VPA address of the beneficiary, then amount and if needed, add a small description and then Click Send/Make Payment. You will be asked for the PIN, enter your 6 digit PIN and done. The money will be credited to the beneficiary instantly.

One good thing is that, once you enter the VPA address of the beneficiary, the application will automatically show the Name of the beneficiary, which will be helpful, if we need to validate the VPA address.

(List of Free Virtual Debit Card for Payment in India and Internationally)

Advantage of UPI over NEFT/IMPS

The main advantage of UPI over NEFT is that, it will be available 24hrs and the money will be credited instantly. This is also available in IMPS option, the other advantage comes here, in both NEFT/IMPS you should know the account number and IFSC code of the beneficiary which will be difficult to remember, you have to make a note of the details if you need to make any transaction. But in case of UPI, you only need to have the VPA address, which is easy to remember and can make the payment with the PIN authentication.

Other important thing is that, like making payment, you can here request for a payment too. Select the Receive Payment/Request Payment section in the application and enter the VPA address of the person, whom you are requesting the payment. Then enter the amount and send. Instantly an SMS will be sent to that person about your request. He can approve or reject the payment form his UPI application and if he approves it, the amount will be credited to your account instantly.

Is UPI Payment is safe and secure

Yes, the service is provided by National Payments Corporation of India (NPCI) and is approved by Reserve Bank of India, to make the mobile transaction easy and convenient. Since the service is strictly work on the mobile device where your bank registered mobile number is present, it is not possible to use the same on any other mobile. It will work only on the mobile device, so there is no chance of security issue from outside. Only thing to be noted is that, you should download the RBI/NPCI approved/licensed UPI providers applications only.

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