GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 1359

ANSWERED ON TUESDAY, 1st August, 2023/ **Sravana 10, 1945 (Saka)**

Restriction on foreign payment companies for use of data

1359. Shri Naranbhai J. Rathwa:
Shri Rajmani Patel:

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India or any other Government agencies has done any audit to ensure that terms and conditions requirements of payment companies are not violated or breached and that foreign companies are not allowed to use data for any other financial services or payments;
(b) if so, the details thereof;
(c) whether data localization is not applicable and pragmatic to Unified Payments Interface (UPI) apps like PhonePe, Google Pay; and
(d) if so, the steps Government has taken or contemplating to take to ensure their parent foreign companies do not get access to India's data?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) and (b): Reserve Bank of India (RBI) has adopted a risk-based approach to monitor and oversee Payment System Operators. This is done through process of audit and inspection. RBI during Financial Year 2022-23 have done offsite inspections of 44 retail entities viz., 26 non-bank Prepaid Payment Instruments issuers, 2 White Label ATMs operators, 9 Bharat Bill Payment System Operating Units, 3 card networks, 3 Trade Receivables Discounting System platform providers and one ATM Network had been conducted.

(c) and (d): RBI, vide its circular No.2785/06.08.005/2017-18 dated 06.04.2018, has mandated all system providers, to ensure that the entire data (i.e. end-to-end transaction details / information collected / carried / processed as part of the message / payment instruction) related to the payment systems operated by them is stored in systems only in India. This will include their service providers / intermediaries / third party vendors and other entities in the payment ecosystem, including Third Party Application Providers (like PhonePe and Google Pay) in UPI Payment System.

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