

2. Integration Project of UPI & UPU – Economy

India is integrating its UPI platform with the Universal Postal Union's (UPU) global network to create a seamless system for cross-border remittances. This initiative aims to make international money transfers cheaper, faster, and more accessible, aligning with the UN's goal of reducing remittance costs to below 3%.

Introduction – A New Era for Global Remittances

India has recently announced a landmark initiative, the Unified Payments Interface (UPI)– Universal Postal Union (UPU) Integration project, at the 28th Universal Postal Congress in Dubai. This strategic move aims to revolutionize cross-border digital remittances by leveraging India's cutting-edge digital payment infrastructure and the extensive global reach of the postal network.

About the UPI–UPU Integration Project

A Strategic Collaboration – This initiative is a joint effort between three key entities –

1. The Department of Posts, India.
2. NPCI International Payments Ltd. (NIPL), the international arm of the National Payments Corporation of India.
3. The Universal Postal Union (UPU), a specialized agency of the United Nations.

Core Purpose – The primary goal is to create a seamless bridge between India's domestic payment system and the global postal network. This is achieved by –

1. Integrating India's UPI with the UPU's Interconnection Platform.
2. Establishing a framework for affordable, instant, and secure cross-border remittances that can be accessed by citizens worldwide through their local post offices.

Technology Involved – The project's strength lies in its innovative blend of technologies –

1. It combines the robust, real-time payment architecture of UPI with the established and trusted postal interconnection systems of the UPU.
2. It also utilizes the vast digital and physical network of India Post, ensuring last-mile connectivity.

Potential Global Impact –

Reduced Remittance Costs – A major objective is to significantly lower the costs and reduce delays associated with international money transfers. This directly supports the UN Sustainable Development Goal (SDG) Target 10.c, which aims to cut the global average cost of remittances to below 3% by 2030.

Enhanced Financial Inclusion – The integration will expand access to formal financial services, especially benefiting migrant workers, their families, and other underserved communities who rely on the postal network.

New Revenue Streams – It opens up new opportunities for postal administrations globally to generate revenue by offering modern digital financial services.

Strengthened Global Standing – The project enhances India's role in the global financial architecture and serves as a powerful example of its e-governance diplomacy and digital public infrastructure leadership.

About Unified Payments Interface (UPI)

Definition and Establishment – UPI is India's flagship instant real-time payment system, enabling seamless peer-to-peer (P2P) and person-to-merchant (P2M) transactions. It was launched in 2016 by the National Payments Corporation of India (NPCI).

Technology and Functionality – UPI operates on the Immediate Payment Service (IMPS) infrastructure. It facilitates transactions using easily rememberable identifiers like mobile numbers, QR codes, and Virtual Payment Addresses (VPAs), eliminating the need to share sensitive bank account details. A key feature is its 24×7 interoperability, allowing users to transfer funds between accounts across different banks and fintech platforms instantly.

Scale and Applications –

Domestic Use – In India, UPI is ubiquitous and is used for everything from bill payments and retail

purchases to accessing government services and social welfare schemes.

Global Footprint – UPI is steadily expanding its international presence and is already accepted in countries like the UAE, Singapore, France (notably at the Eiffel Tower), Sri Lanka, Nepal, and Bhutan. The UPU integration marks its largest expansion yet.

Transaction Volume – In the fiscal year 2024–25, UPI processed a staggering 185 billion transactions valued at USD 2.83 trillion, accounting for nearly half of all global real-time digital payments.

About the Universal Postal Union (UPU)

Definition and Status – The UPU is a specialized agency of the United Nations (UN). Its primary function is to coordinate postal policies and facilitate the exchange of international mail and financial services among its member nations.

Establishment and Headquarters – It was founded in 1874 under the Treaty of Bern. Its headquarters is located in Bern, Switzerland.

Membership – The UPU comprises 192 member countries. India has a long history with the organization, becoming the first Asian nation to join on July 1, 1876.

Core Role and Functions – The UPU sets international postal standards and regulations to ensure a seamless global mail network. It promotes the global interconnection of mail and financial payments, fostering cooperation among postal services. It plays a crucial role in capacity building, helping postal administrations worldwide adapt to the digital age and develop e-commerce capabilities.

Source – <https://www.newsonair.gov.in/india-unveils-upi-upu-integration-at-universal-postal-congress-in-dubai/>

