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Payments Round-Up 2026

Digital Payments Regulatory Landscape in India

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Introduction

“Regulation is poised to be the defining force in how the ecosystem scales and who participates in it.”

India’s digital payments ecosystem is in the midst of rapid structural transformation marked by surging transaction volumes across UPI and card networks, and the expanding role of non-bank participants. In response, the Reserve Bank of India’s (**RBI**) current regulatory agenda is guided by two clear priorities: securing the payments ecosystem against emerging risks and enabling seamless cross-border transactions underpinned by a broader emphasis on consumer protection, and systemic resilience. With policy interventions increasingly shaping market structure, tightening compliance obligations on intermediaries, and setting the terms of participation, regulation is poised to be the defining force in how the ecosystem scales and who participates in it. This round-up offers a snapshot of the payments regulatory landscape over the last six months and a glimpse into the period ahead, by

- (a) providing an overview of key regulatory developments;
- (b) assessing their operational and compliance impact on market participants; and
- (c) highlighting upcoming regulatory trends and anticipated policy directions likely to influence the ecosystem in the near term.

II

Regulatory Developments

01

Regulation of Authorised Persons

THE LAW

The RBI issued the Authorised Persons Regulations, 2026 (**AP Regulations**). It overhauls the existing framework applicable to persons authorised to facilitate cross-border transactions in India.

WHAT'S NEW

Minimum net-worth criteria have been introduced for Authorised Dealers (**AD**): (i) INR 10 crore (approx. USD 1.2 million) for AD Category-II; and (ii) INR 2 crore (approx. USD 235,000) for AD Category-III. Promoters, directors and Key Managerial Personnel of authorised persons must meet the 'Fit and Proper' assessment criteria.

Entering into fresh franchise agreements has been prohibited, with existing agreements to be discontinued within 2 years. AD Category-I and AD Category-II may engage these entities as 'Forex Correspondents', authorising them to act as agents of the authorized person.

AD Category-II are now authorised to undertake all non-trade current account transactions. Earlier, there was a prescribed list of such transactions that AD Category-II could undertake under the Master Direction – Other Remittance Facilities, which has concurrently been omitted with the issuance of the AP Regulations.

IMPLICATIONS

▮ The shift from a franchise model to an agency relationship with Forex Correspondents places greater control and compliance obligations on the authorised person. Additionally, authorised persons must ensure that their personnel satisfy the prescribed 'fit and proper' criteria.

02 Outward Remittances by AD Banks

THE LAW

Non-bank entities no longer need RBI approval for tie-ups with AD Category-I banks for facilitating outward remittances.

WHAT'S NEW

Instead, AD banks must now comply with fresh instructions on facilitating cross-border outward remittances for non-trade current account transactions through third-party entities in online mode.

AD banks bear sole responsibility for compliance under FEMA and Know Your Customer requirements. AD banks must also ensure clear pre-transaction disclosure to customers using third-party interfaces.

Remitter funds must be transferred directly from the sender's bank account to the beneficiary's account. Routing through any third-party account in India is prohibited.

IMPLICATIONS

- ▮ The regulatory approach has shifted from an approval-based regime to a compliance-driven framework, placing the onus squarely on AD banks to ensure adherence to prescribed conditions when facilitating outward remittances through online platforms.
- ▮ AD banks must revisit their contractual arrangements with third-party entities to align with prescribed instructions, particularly regarding direct fund transfers, KYC obligations, and pre-transaction disclosure requirements.

03

Guidelines to facilitate faster cross-border inward payments

THE LAW

The RBI has issued 'Guidelines to facilitate faster cross-border inward payments', targeting delays at the beneficiary bank's end, aimed at timely payment intimation and credit.

WHAT'S NEW

Banks were directed to, inter alia: (i) notify customers immediately upon receipt of an inward message during operating hours; (ii) reconcile and confirm credit in nostro accounts in real time or at intervals not exceeding 30 minutes; (iii) credit inward payments within the same business day; and (iv) implement straight-through processing for crediting beneficiary accounts.

IMPLICATIONS

- ⌋ Systems must be recalibrated to support near real-time or ≤30-minute nostro reconciliation, which is a significant change from the erstwhile end-of-day reconciliation.
- ⌋ Banks are expected to implement straight-through processing for inward credits, reducing manual handling but requiring system upgrades.

04

Consolidation of the E-Mandate Framework

THE LAW

The Digital Payments - E-Mandate Framework, 2026, consolidates all prior e-mandate circulars for recurring payments into a single framework, repealing erstwhile circulars.

WHAT'S NEW

It is applicable to recurring transactions (both domestic and cross-border) conducted via cards, prepaid payment instruments (**PPIs**), or Unified Payments Interface (**UPI**).

A key change is that debits pursuant to an e-mandate will not be subject to customer-set limits or controls on the account.

Further, two changes, driven by stakeholder feedback, have also been introduced: (i) existing e-mandates on cards may be mapped to re-issued cards; and (ii) post-transaction notifications to include grievance redressal details.

IMPLICATIONS

- ▮ The framework enables seamless transition to re-issued cards, allowing regulated entities to offer better customer experience.
- ▮ Issuers must reconfigure systems to ensure e-mandate debits are processed, irrespective of customer-set per-transaction or daily limits.

05 Segregation of UPI Settlement Cycles

THE LAW

The National Payments Corporation of India has issued instructions to segregate AUTH settlement cycles from dispute settlement cycles, increasing the total number of cycles from 10 to 12.

WHAT'S NEW

Cycles 1 through 10 are reserved exclusively for AUTH transactions, no dispute settlements may be processed in these cycles.

Two dedicated cycles, 11 and 12, have been introduced exclusively for dispute-related settlements.

IMPLICATIONS

- ▮ Participants will have to reconfigure back-end systems to align processing workflows with the segregated settlement cycles.

06

Internal Ombudsman Framework for Non-Bank PPI Issuers

THE LAW

The RBI has introduced a standalone internal ombudsman (**IO**) framework for non-bank PPI issuers, replacing the erstwhile internal grievance redressal mechanisms. This marks a significant shift in how customer complaints are handled within non-bank PPIs.

WHAT'S NEW

The framework applies to issuers with more than 1 crore PPIs outstanding as on March 31, 2025, effective six months from meeting the eligibility criteria. Once applicable, the framework continues to apply even if the issuer's outstanding count subsequently falls below this threshold.

Moving away from the erstwhile internal grievance redressal structure, the framework requires partially resolved or wholly rejected complaints to be auto-escalated to the IO, without any manual filtering by the issuer.

IMPLICATIONS

- ▮ Large non-bank PPI issuers meeting the prescribed threshold will have to appoint an IO and Deputy IO (and additional IOs, as warranted by complaint volume and complexity), and ensure that their internal escalation mechanisms are aligned with the framework.
- ▮ Issuers must also put in place a Complaints Management System capable of supporting automated escalation and adopt an internal audit mechanism to verify ongoing compliance.

07

Draft Directions on the Horizon

- (a) **Limiting Liability in Fraudulent Electronic Banking Transactions:** The RBI has proposed amendments to the existing Responsible Business Conduct directions (applicable entity-wise) to:
- (i) Expand the scope of customer liability protections to cover additional categories of fraudulent transactions;
 - (ii) Shorten timelines for processing fraud-related complaints; and
 - (iii) Introduce a compensation mechanism for small-value fraudulent transactions.
- (b) **PPI Master Directions:** The RBI has issued Draft Master Directions on PPIs for stakeholder comments, proposing to simplify the PPI framework. Key changes include:
- (i) Removal of provisions permitting the use of PPIs for cross-border payments, limiting PPI usage to domestic transactions.
 - (ii) A higher debit limit of INR 5,00,000 for (approx. USD 5900) PPIs used by foreign nationals and non-resident Indians (**NRIs**).

While the increased debit limit for foreign nationals and NRIs enhances the domestic utility of PPIs, the removal of cross-border payments functionality may significantly impact market participants who have built product offerings around this use case.



Transactions

The payments sector witnessed significant activity on the market front, with sustained capital inflows, strategic M&A activity, and movement on the IPO pipeline.

01

Mergers & Acquisitions

- (a) Worldline Group, France, a leading European Financial Services Group, exited through a 100% sale of shares of Worldline India Private Limited, and Worldline ePayments India Private Limited to BillDesk (Indialdeas.com Limited).
- (b) Global Payments, Inc., a NYSE-listed global payments technology company, acquired Worldpay from Fidelity National Information Services, Inc. (**FIS**) and GTCR, LLC (**GTCR**), for USD 24.25 billion, while FIS concurrently acquired Global Payments' Issuer Solutions business at an enterprise value of USD 13.5 billion. As part of the same transaction, GTCR also acquired a 15 per cent equity stake in Global Payments.
- (c) Zaggie Prepaid Ocean Services entered into definitive agreements to acquire 100% stake in Rivpe Technology Private Limited for approximately INR 22 crore (approx. USD 2.57 million).

- (a) Juspay Technologies Private Limited, a payments infrastructure firm, has raised USD 50 million in a Series D follow-on round led by WestBridge Capital, valuing the company at USD 1.2 billion.
- (b) Xflow Payments India Pvt. Ltd. raised approx. USD 16.6 million in a Series A funding round led by General Catalyst, with participation from existing investors.
- (c) Peak XV Partners exited Indian fintech company One MobiKwik Systems Limited (**Mobikiwik**) through a block deal worth approx. INR 130 crore (approx. USD 14 million).

- (a) The payments sectors witnessed two IPOs: (i) Sessaasai Technologies Limited's IPO in September 2025; and (ii) Pine Labs Ltd's in November 2025.
- (b) 2026 anticipates two more IPOs, including that of PhonePe Limited (**PhonePe**) and PayU Payments Private Limited (**PayU**). PhonePe has recently filed an updated Draft Red Herring Prospectus with the securities regulator. It plans to raise USD 1.3 million via an offer for sale.

- (a) OpenAI, National Payments Corporation of India (**NPCI**) and Razorpay Payments Private Limited (**Razorpay**) are exploring the use-case of Agentic AI in payments.
- (b) NPCI International Payments Limited signed a partnership with Bahrain's BENEFIT Company to facilitate instant and secure cross-border remittances.
- (c) Pine Labs Ltd. collaborated with UAE-based digital lending platform Wio Bank to build Credit+, an API-first acquiring platform to be deployed by Wio Bank.

- (a) A notable trend is the receipt of cross-border PA authorisations received by entities, including in-principle authorisation given to Payoneer India Private Limited and authorisations granted to PayU, Skydo Technologies Private Limited and Razorpay.
- (b) Skydo Payments IFSC Private Limited has also obtained in-principle approval to operate as a Payment Service Provider at GIFT City IFSC.
- (c) Dreamplug Paytech Solutions Private Limited (operating the CRED platform) and PB Pay Private Limited have also received authorisations to operate as an online PA.
- (d) Mobikwik's application for a Non-Banking Financial Company (**NBFC**) licence has been approved by the RBI, resulting in the launch of Mobikwik Financial Services Limited and Mobikwik entering into the lending space.

IV

Way Forward: The Second Half of 2026

Two documents, in particular, signal the direction for the second half of 2026: (a) the Payments Vision 2028 and; (b) the discussion paper on Exploring Safeguards in Digital Payments to Curb Frauds.

01 Payments Vision 2028

The Payments Vision 2028 sets the strategic direction for the payments space through December 2028. The RBI listed a few key proposals under the Vision, alongside its implications, which are as follows:

- (a) Bringing e-commerce marketplaces and centralised platforms within the RBI's regulatory framework;
- (b) Enabling customers to switch individual digital payment modes on or off across all digital payment channels, which will require regulated entities to build the necessary technological infrastructure;
- (c) Implementation of a cyber key risk indicators framework for non-bank payment system operators, potentially entailing ongoing reporting to and monitoring by the RBI;
- (d) Use of a 'Domestic Legal Entity Identifier' for non-individual customers, requiring regulated entities to adopt existing or new DLEIs, as may be prescribed;
- (e) Implementation of an open and interoperable card ecosystem, supported by smart tokenisation and transparent pricing, which would require ecosystem-wide technological adaptation; and
- (f) Imposition of joint liability on both payer's and beneficiary's banks in cases of unauthorised transactions, which may result in potential contractual and operational implications down the chain to merchants and PSPs.

02 Proposals to Curb Frauds in Digital Payments

Addressing the issue of authorised push payment fraud, the RBI issued a discussion paper titled “*Exploring Safeguards in Digital Payments to Curb Frauds*” (**Discussion Paper**), which puts forth four proposals:

- (a) A mandatory one-hour hold on transactions above INR 10,000 (approx. USD 105);
- (b) Authentication by a designated “*trusted person*” for transactions initiated by vulnerable segments, namely, senior citizens (*70 years and above*) and persons with disabilities.
- (c) A default credit ceiling for individuals, sole proprietors, and partnerships; amounts above the ceiling would be classified as “*shadow credit*” and withheld from the beneficiary pending justification.
- (d) An on/ off switch for customers to disable individual digital payment modes, and a single “*kill switch*” enabling them to disable all digital payment transactions.

The Payments Vision 2028 and the Discussion Paper signal two dominant themes for the near term: (i) greater customer control over digital payment modes, including the ability to disable specific channels as a fraud prevention measure; and (ii) deeper interoperability across payment systems.

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