

Bharat Interface for Money (BHIM): Notes for the UPSC Exam

Bharat Interface for Money (BHIM) is a mobile payments application based on NPCI's Unified Payments Interface (UPI). BHIM is developed by the National Payments Corporation of India (NPCI)—the umbrella organization for all retail payment systems in India.

Key Features of BHIM

The BHIM app was launched in December 2016 by the [National Payments Corporation of India](#) (NPCI). A new and modified version of Bharat Interface for Money (BHIM), BHIM 2.0 has been launched under the Ministry of Electronics and Information Technology. Under BHIM 2.0, the existing cap of Rs. 20,000 has been increased to Rs. 1,00,000, from verified merchants.

The BHIM app can replace the existing mobile wallets and can appear as a comparatively reliable option for the bank to bank transfers, unlike other e-wallets. Since the transactions happen directly from the bank accounts, there is no need to recharge the wallet and no commissions/hidden charges are required for using the app. With the BHIM UPI app, the upper limit of a single transaction is Rs. 10,000 and one can transfer Rs. 20,000 in 24 hours.

Some of the key features of BHIM are mentioned below:

1. The BHIM app is tied to the mobile number and device ID. So using the app on a different handset will require a separate authentication process.
2. Three-point authentication via mobile number, device ID, and UPI PIN.
3. Fingerprint-based biometric verification of transactions via Aadhaar will prevent fraudulent transactions.
4. UPI PIN is needed for both opening the app as well as for transactions.
5. Resetting UPI pin requires debit card details and OTP SMS to authenticate.

To know what other initiatives such as this is part of the [Digital India](#) campaign

Advantages of BHIM

The Bharat Interface for Money (BHIM) is an innovative payment system developed by the Government of India. BHIM provides an easy and secure mode of money transfer for users on a mobile platform. It provides the facility to easily send or receive money from other customers using the [Unified Payment Interface \(UPI\)](#). Some of the benefits provided by the Bharat Interface for Money (BHIM) to the users are mentioned below:

- Allows easy money transfer without the hassle of knowing the recipient's bank or account number. The entire transaction can be done in under a minute.
- Instant money transfer at all times. It does not require prior beneficiary registration, unlike net-banking.
- Allows the use of Unstructured Supplementary Service Data (USSD) to access bank account details, since it is UPI-based. USSD does not require an internet connection.
- Customers who don't have UPI accounts can also receive money via the Indian Financial System Code (IFSC) and Mobile Money Identifier (MMID) codes.
- It is available in English and Hindi, with other language interfaces in the pipeline.
- A fixed amount can be transferred by generating a QR code, in case the receiver does not want

- to share their phone number. Useful for merchants and vendors.
- A Virtual Payment Address is generated. Flexibility to transfer money either via the receiver's mobile number, the VPA, or the UPI ID.
- Nearly all commercial banks support BHIM. Unlike e-wallets, money can be directly transferred to bank accounts via BHIM.
- Aadhaar based payments at the scan of a "thumb" (biometric authentication) are also possible by the app.

BHIM has the potential to demolish private mobile wallets owing to the various advantages over the latter. Nevertheless, the challenge of advertising and creating awareness about the app and getting the merchants on board prevails. It would be difficult to make an impact unless BHIM is accepted at physical stores, public transport, etc.

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