

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 2487

ANSWERED ON TUESDAY, DECEMBER 17, 2024/AGRAHAYANA 26, 1946 (SAKA)

PROJECT NEXUS

2487. SHRI RAJEEV SHUKLA:

Will the Minister of FINANCE be pleased to state:

- (a) the aims and objectives of Project Nexus which enable instant cross-border retail payments;
- (b) the features of the proposed project and the progress made in this respect;
- (c) the mechanism in which UPI will be integrated with the international mechanisms under the said initiative;
- (d) the proposed benefits and challenges accruing out of the same; and
- (e) the details of other such measures being taken or proposed to be taken to enable cross-border transfer of payments?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b) Project Nexus is a multilateral international initiative aimed at enabling instant cross-border retail payments by interconnecting domestic Fast Payment Systems (FPSs). Its primary objective is to promote safe, efficient, accessible and transparent cross-border payments. Nexus seeks to enhance the speed, reduce the cost and improve the transparency and accessibility of such payments.

The Nexus design incorporates several key features to minimize costs for participants while ensuring scalability, reusability and standardization. These features include:

- i. Reusing the infrastructure of domestic FPSs to avoid duplication and reduce setup costs.
- ii. Adopting an 'integrate once' model which minimizes future changes to a payment service provider (PSP) or FPS operator's core systems when new countries join the network.
- iii. Utilizing PSPs' existing secure connections to their FPSs for streamlined integration.
- iv. Using widely adopted standards, such as ISO 20022 payment messages.
- v. Streamlining processes that are duplicative or highly administrative.

(c) The Reserve Bank of India (RBI) has joined the Nexus, which is conceptualised by the Innovation Hub of the Bank for International Settlements (BIS) and aims to connect the FPSs of India and four ASEAN countries (Malaysia, Philippines, Singapore, and Thailand).

An agreement was signed on June 30, 2024, by BIS and the central banks of these countries. Discussions and deliberations are taking place among the members to operationalize Nexus.

(d) & (e) Under the initiative, Nexus serves as a platform for FPS operators and their PSPs to facilitate instant cross-border payments. FPS operators connect to Nexus and use standardized APIs and messages to route transactions. Nexus can significantly boost instant cross-border payments by improving the speed, reducing the costs, enhancing access, and increasing transparency. FPS operators and PSPs need to initially invest resource in terms of time and technology to connect to Nexus but once connected, they gain seamless access to all countries on the Nexus network.

The Government and RBI have been taking up various initiatives to expand the global reach of Unified Payments Interface (UPI) and the RuPay Card network. These efforts include interlinking the FPS on intra-operable basis as well as provisioning of payments acceptance infrastructure in other countries. Presently UPI is live in 7 countries (UAE, Nepal, Bhutan, Singapore, Mauritius, France, and Sri Lanka), and RuPay Cards acceptance is live in 6 countries (Nepal, Bhutan, Singapore, UAE, Mauritius, and Maldives).
