The G20 and India's Digital Public Infrastructure

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Summary

One of the key declarations of the G20 members was to recognise the need for a safe, secure, trusted, accountable and inclusive digital public infrastructure (DPI). India's role in pioneering and deploying DPI has been lauded by the World Bank report and the Global Partnership for Financial Inclusion. The Indian experience was suggested for adoption among countries seeking to have an open and interoperable system. India has been tasked to build and maintain a Global Digital Public Infrastructure Repository, a virtual repository of DPI to be voluntarily shared by G20 members and beyond.

India has been asserting itself as a pioneer in deploying and providing an impetus for digital public infrastructure. During the course of its G20 presidency, its theme was to build consensus on the deployment of digital public infrastructure (DPI) for good governance and to push for equitable growth and a shared future for all, by leveraging DPI in advancing financial inclusion and productivity gains.

India leveraged its own experience of deploying the digital medium for direct benefit transfer to encourage the adoption of cashless transactions. This experience has been instrumental in the G20 nations accepting the benefits of DPI to enable service delivery and innovation. India's relentless push for its adoption saw acceptance in the Digital Economy Working Group (DEWG) and the Global Partnership for Financial Inclusion(GPFI). The GPFI developed the indicators, which were endorsed by G20 leaders in 2012. An expanded set of indicators, including financial literacy, use and quality of financial services, was endorsed by the GPFI in 2013.

Under India's presidency of the G20, a detailed report of the GPFI, prepared by the World Bank, complementing the work done by the DEWG, provides a detailed analysis of the progress made towards financial inclusion all over the world and specifically in emerging economies. It lauds the successful initiatives undertaken by the Indian government in leveraging technology to provide financial inclusion to allow households and businesses to digitally access the services and products they need. This has indeed brought about a transformative impact of DPI in India over the last decade.

The DPI, has conventionally been an interoperable, open and inclusive system supported by technology to provide essential, society-wide, public and private services. Taking a cue from the Indian experience, the GPFI indicates the significant financing gap that existed in micro, small and or medium-sized enterprises, especially those owned by women. To bridge these gaps and accelerate development, India successfully adopted an open, interoperable and inclusive DPI. Consequently, DPI has amplified the gains that would otherwise have taken years to achieve by reducing transaction costs, encouraging innovation and promoting competition. Arguing that digital transformation has reshape the way Indians have been transacting business, and often, across country frontiers to make payments. DPI has served

as an enabler for more inclusive service delivery and innovation across sectors – from individuals opening an account from their mobile devices to individuals transferring funds with a simple click on their phone and businesses applying remotely for licences.

The report has listed out a set of best practices to guide countries setting out to design a well-architectured and functional DPI catered to meet their specific requirement. DPIs need to be designed to be open and interoperable, not only with each other but also with the digital systems of the private and public entities that connect to them. They also need to be adaptable and expandable so that they can respond to evolutions in technology as well as the demand for new products and services. The report also emphasises the use of privacy-enhancing technologies to render these systems to be trustworthy. It further emphasises the role of the private sector in promoting a culture of innovation, recommending coordination between the public and private sectors to ensure that the consumer receives quality services.

United Payments Interface in India

The GPFI report has drawn inspiration from the Indian experience with its robust online payments platform – the United Payments Interface(UPI) – pointing to the success it has achieved and the benefit it has accorded to a vast multitude of persons. The UPI uses an instant, real-time fast payment network in the country that can map payment accounts to a single payment identifier, which can be a virtual payment address or as simple as one's mobile number. This system has enabled individuals, businesses and governments to transfer money between one another easily and securely. The report records that more than 9.41 billion transactions valued at about ₹14.89 trillion (S$245 billion) were transacted in May 2023 alone. As per the latest information from the National Payments Corporation of India, which manages the real-time payments system, UPI transactions surged 67 per cent year-on-year to 10.58 billion in August 2023.

The G20 Declaration

The members welcomed the G20 Framework for Systems of DPI, a voluntary and suggested framework for the development, deployment and governance of DPI. It was also agreed to accept India's plan to build and maintain a Global Digital Public Infrastructure Repository, a virtual repository of DPI, to be voluntarily shared by the G20 members and beyond, to drive a mutually beneficial ecosystem. The declaration also took note of India's proposal to create 'One Future Alliance', which is a voluntary initiative aimed at building capacity and providing technical assistance and adequate funding support to implement digital public infrastructure in low and middle-income countries. This has been a major step forward in introducing digitisation and creating a digital infrastructure for the benefit of millions of persons who did not have access to such convenient and safe modes of making payments or transferring funds across countries.

India has been one of the world's fastest-growing digital markets. It has relied on DPI for good governance and delivery of public services. It has helped create jobs and enhance connectivity while facilitating services to citizens. The acceptance by the members of the

G20 countries to draw upon the Indian experience to build DPI infrastructure will be a big boost for financial inclusion and ensuring consumer protection across nations.

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