3. Online Payment Aggregators (PA)

Why in News?

- The Reserve Bank of India (RBI) has recently given in-principle approval to 32 firms to operate as Online Payment Aggregators (PA), under the Payment and Settlement Systems Act, 2007 (PSS Act).

Highlights

- The PSS Act, 2007 provides for the regulation and supervision of payment systems in India and designates the RBI as the authority for that purpose and all related matters.
- Online payment aggregators are companies that facilitate online payments by acting as intermediaries between the customer and the merchant.
- The RBI introduced Guidelines for Regulating Pas and Payment Gateway in March 2020.
- They typically provide a range of payment options to customers, including credit and debit cards, bank transfers, and e-wallets.
- Payment aggregators collect and process payment information, ensuring that transactions are secure and reliable.
- By using a payment aggregator, businesses can avoid the need to set up and manage their own payment processing systems, which can be complex and expensive.
- Some examples of payment aggregators include PayPal, Stripe, Square, and Amazon Pay.
- They involve high setup costs and are difficult to integrate.
- They lack many of the popular payment options along with detailed reporting features. Because of the high cost, bank payment aggregators are not suitable for small businesses and startups.
- Third-party Pas offer innovative payment solutions to businesses and have become more popular these days.
- Their user-friendly features include a comprehensive dashboard, easy merchant onboarding, and quick customer support.