From empty wallets to 24.5 billion transactions

The very idea of money is in flux. Digital money is gradually starting to behave like software



BANKER'S TRUST

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About two years back, in December 2024, I took a bet with a banker friend: Could UPI (United Payments Interface) really substitute cash in rural India? Could it work for everything — groceries, food, the smallest transactions? He was sceptical. I was convinced that it could.

I booked an Airbnb accommodation and drove down to Dahanu, a coastal town in Maharashtra's Palghar district, bordering Gujarat, about 110 km north of Mumbai, for a four-day holiday. Deliberately, I left my wallet behind — truly empty pockets, without even a one-rupee coin. During my entire stay, for everything I wanted — from pomfret curry and rice (₹250) to idli-vada (₹40), bananas (₹50 a dozen), and even *mitha-paan* (₹10) — UPI worked flawlessly. I even paid the tip to the caretaker of the house through UPI.

My phone became my wallet. Every vendor, no matter how small, had a QR code. I won the bet — a cup of Cappuccino.

I was convinced enough to plan a book and even thought of its title: The QR Revolution. My banker friend who lost the bet suggested alternatives: From *Cash to Code* or *The Billion Tap Economy*. He was even willing to come on board as a co-author. But I never got around to writing it. Last week, I read Cashless Nation: How UPI Changed Everything by Santanu Paul and B. Sambamurthy (Penguin Random House). I'm glad I didn't.

To use a cliche, this book is unputdownable.

Paul was a board member of the National Payments Corporation of India (NPCI) and served as the chairman of its Innovation Council. Sambamurthy headed the Institute for Development and Research in Banking Technology (IDRBT) and served as interim non-executive chairman of NPCI. They had ringside seats to India's payment revolution—not merely as observers, but as participants. They narrate the facts and figures with precision, but what makes the book magnetic is the duo's storytelling. It reads less like a policy document and more like a thriller about how an entire nation rewired itself. Reading it felt like watching a five-part OTT series — I opened the book after dinner and after finishing it almost at daybreak I realised that I had spent a sleepless night.

The book has five sections — each revealing a different layer of India's digital transformation.

The first chapter starts this way: "It was November 8, 2016, and the day had felt like any other. Barely ten days had passed since Diwali, and India was beginning to emerge from its after-effects. Diwali motivates and excites Indians like no other festival. From lighting oil lamps to setting off colourful fireworks, from buying shiny gifts to wearing new clothes, from scrubbing homes to gorging on sweets, Diwali is an opportunity to indulge in jubilant and boisterous excess... As the day turned to dusk, there was a sudden buzz in the air that Prime Minister Narendra Modi might address the nation later that evening... At 8 pm, the prime minister appeared on national television and cleared his throat." The rest, as they say, is history.

Months before, on April 11, 2016, a hot and humid day in Mumbai, a new journey had begun at the Taj Mahal Palace hotel. "The country has the most sophisticated public payment system in the world," exclaimed then Reserve Bank of India (RBI) governor Raghuram Rajan while soft-launching UPI.

And years before that, on September 29, 2010, Tembhli village in the Nandurbar district of northern Maharashtra, woke up to a festive look. New roads were laid, the water tank had been freshly painted, and the air crackled with anticipation as Prime Minister Manmohan Singh arrived, accompanied by UPA chairperson Sonia Gandhi, to lay the groundwork for financial inclusion.

Part One, 'Big Bang', weaves together demonetisation and what followed — the shock that forced a nation's hand.

Part Two, 'Long March', explores financial inclusion and introduces the India versus Bharat debate. India: Industrial, urban, fast-growing, aspirational. Bharat: Agrarian, rural, traditional, carrying the weight of poverty and cultural heritage.

Part Three, 'Turf Wars', chronicles the battle between telecom companies and banks for mobile payments. This is where NPCI emerged — born from conflict, designed to be a neutral ground. At the first NPCI board meeting in 2009, when Infosys founder N R Narayana Murthy took the chair, a senior board member who was planning to offer a formal welcome arrived a few minutes late. He found Murthy had already called the meeting to order without ceremony, checked quorum, and begun proceedings. No fuss, no protocol delays. Classic Murthy—a stickler for time who wouldn't wait for pageantry.

'Quest and Conquest', Part Four, traces UPI's rise and mass adoption. The authors pull back further, to 1970s New Delhi, where a business executive celebrates a promotion by flashing his Diners Club card at a swanky hotel restaurant. The waiter panics. The manager apologises: The hotel doesn't have an agreement with Diners Club. Bill paid in cash, dreams deferred. On the ride back, the executive spots a sign: "Diners Club cards accepted." One store in all of Delhi, in Khan Market — a boutique selling Kashmiri carpets to foreign tourists. Innovation always precedes infrastructure, sometimes by decades.

The UPI story, as Paul and Sambamurthy tell it, is fundamentally about converting adversity into advantage. At every step, disruption became momentum. Regulatory hurdles led to innovation; competition between players led to collaboration. Instead of being swept away by turbulence, UPI learned to ride tsunamis.

The final part, 'Billions and Billions,' is perhaps most crucial for what comes next. It looks hard at the present and peers into the future. The authors refer to a July 2025 fireside chat where RBI governor Sanjay Malhotra made a candid observation: Someone has to eventually pay for the system. Until now, the government has absorbed MDR (Merchant Discount Rate) costs to accelerate adoption, of late, partially though. Zero fees, complete subsidy. But as the system matures, that model becomes unsustainable.

Policy discussions are now focusing on a tiered MDR system — small merchants and micro-transactions stay completely free, while large commercial chains or high-value transactions incur a small, capped fee. It's the classic economics problem: How do you scale a public good without bankrupting the infrastructure?

The book captures a telling moment when Dilip Asbe, NPCI's managing director and chief executive officer, mused over green tea: "If left to themselves, UPI might reach 5 billion transactions a day in 15 years. The real challenge is compressing that to five years." Targets have only accelerated since — from 1 billion daily transactions, to 2 billion by 2030, to 3.5 billion. The ambition is intoxicating.

The numbers are staggering. In August, UPI processed 24.51 billion monthly transactions worth ₹29.82 trillion. Daily transactions averaged 791 million in volume and ₹96,205 crore in value. That's nearly 9,000 transactions per second, processed reliably. Many who use UPI are transacting for the first time in their lives.

The book's closing observation is something to ponder: The very idea of money is in flux. Digital money is gradually starting to behave like software. It's no longer inert—sitting passively in accounts. In the not-so-distant future, your money could become 'smart' and 'active,' understanding your preferences, paying your bills automatically, optimising your returns, and managing your risks — all without you having to manage the details.

That's the future *Cashless Nation* imagines.

After reading it, you'll understand why it's not just possible — it's inevitable. Paul and Sambamurthy have given us not just a book about payments, but a narrative on how an entire civilisation adapts to change, how disruption becomes progress, and how a small protocol can reshape a nation.

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