Unified Payment Interface: Security

**About UPI:**
The Unified Payment Interface (UPI) provides a single interface that allows seamless interoperability between different payment systems.

**How it works**
- UPI works on the concept of a virtual payment address.
- Bank accounts, cards and wallets can be mapped to a unique virtual payment address.
- Payments can be made using an account number, mobile number and Aadhaar number (virtual payment address).
- UPI leverages the existing infrastructure for authentication.

**UPI’s benefits**
- The use of a virtual payment address affords interoperability and makes one-click payment possible.
- Funds transfer can be initiated by either the payee or the payer.
- UPI eliminates the need for exchanging sensitive information, such as bank account numbers, one-time passwords or phone numbers during a financial transaction.

**UPI market success factors**
- Game-changing electronic payment system that will facilitate the transition to a near cashless economy
- Provides a modern unique identifier for each individual
- Option for scheduling push and pull transactions

**Transaction flow**

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Flow model</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three-party</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Two-party</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Acquiring</td>
<td>1</td>
<td>2</td>
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<tr>
<td>channel (mobile app)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Payer payment system provider (PSP) (remitter bank)</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>UPI</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Payee PSP</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**UPI transaction: Key stages**
- Initiate transaction
- Debit payer account
- Send credit request to PSP through UPI
- Resolve address
- Credit beneficiary
- Intimate UPI and customer
What’s at stake?

- Virtual payment addresses
- Digital identity of individuals
- UPI ecosystem built and integrated for provisioning services
- Security of the identity, transaction information and data over the network
- Time to respond—transaction speed is the highest
- Customer confidence in the service, market trust and faster adoption by the customer
- Regulatory compliance
- Financial and reputational aspects

What should you do?

- Ensure security of UPI environment and interfacing systems
- Ensure security of identity on the mobile device
- Introduce new security tools to protect the changing business model
- Perform advanced and smart analytics for effective monitoring of security risks
- Ensure compliance with regulatory requirements and adoption of industry standards
- Maintain logs and security to help in forensics
- Ensure you have appropriate response processes in place so that you are able to act quickly in the event of an incident being discovered
- Share periodic knowledge/security bulletins with customers

How can PwC help?

PwC’s Cyber Security team can address your needs by offering:

- Vulnerability detection
- Technology controls
- Functional controls
- Process controls
Protecting UPI

Measures to ensure security of the UPI platform

Banks and PSPs need to think through their security strategies, governance models and predictive controls to build a secure UPI environment that ensures a seamless user experience and at the same time balances security risks.

Security considerations

- Product and digital vision
- Consideration for digital identity and potential reuse
- Compliance—regulatory and the IT Act
- Secure design
- Embedding the learnings
- Incident and event monitoring
- IT general controls implementation
- Network segregation
- Training and awareness
- Adoption of industry best practices

Your UPI environment + Our expertise = Benefit realisation

<table>
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<tr>
<th>Your UPI environment</th>
<th>Our expertise</th>
<th>Benefit realisation</th>
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<tr>
<td>UPI application</td>
<td>OWASP Mobile Top 10</td>
<td>• Secure ecosystem</td>
</tr>
<tr>
<td></td>
<td>Source code review</td>
<td>• Secure design</td>
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<tr>
<td></td>
<td>Functional testing</td>
<td>• Early compromise indicators and breach prevention</td>
</tr>
<tr>
<td>Web server</td>
<td>Web protection</td>
<td>• Scalable</td>
</tr>
<tr>
<td></td>
<td>• Protection from cyber frauds</td>
<td>• Next-generation solutions to protect new age frauds</td>
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<tr>
<td></td>
<td>• Protecting the digital identity</td>
<td>• Highest customer satisfaction</td>
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<tr>
<td>HSM</td>
<td>Fraud detection</td>
<td>• New age fraud and early detection tools</td>
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<tr>
<td>Application server</td>
<td>Secure design</td>
<td>• Embedding the security needs in the development programme</td>
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<td></td>
<td>• Embedding the security needs in the development programme</td>
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<tr>
<td>Authentication server</td>
<td>Technology design review</td>
<td>• Encryption and authentication strategies—public key infrastructure (PKI)/hardware security modules (HSM)</td>
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<td></td>
<td>• Network architecture</td>
<td>• Network architecture</td>
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<tr>
<td></td>
<td>• Application program interface (API)/web services</td>
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<tr>
<td></td>
<td>• Interface security</td>
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<tr>
<td>UPI switch</td>
<td>Operations readiness</td>
<td>• Compliance with National Payments Corporation of India (NPCI), Reserve Bank of India and IT Act guidelines</td>
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<tr>
<td></td>
<td>• Log maintenance and advanced log analytics</td>
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<td>NPCI switch</td>
<td>Functional review</td>
<td>• Transaction limits and other functional controls—maker/checker</td>
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<td></td>
<td>Data security</td>
<td>• Transaction limits and other functional controls—maker/checker</td>
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<tr>
<td></td>
<td>Network security</td>
<td>• Transaction limits and other functional controls—maker/checker</td>
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PwC helps you answer following key questions:

- Given that a customer is no longer required to give his/her personal credentials like account details and security PINs, could there be a risk of higher security compromise?
- What are the key technology, security and process solutions to ensure a secure UPI ecosystem?
- Banks are scaling up the mobile banking infrastructure to handle the exponential growth of the customer base; however, connectivity plays a crucial role in mobile banking transactions. Could this be a hindrance?
Contacts

Sivarama Krishnan
Leader, Cyber Security
Tel: +91 (124) 626 6707
sivarama.krishnan@in.pwc.com

Siddharth Vishwanath
Partner, Cyber Security
Tel: +91 (22) 66691559
siddharth.vishwanath@in.pwc.com

Manu Dwivedi
Partner, Cyber Security
Tel: +91 (0) 80 4079 7027
manu.dwivedi@in.pwc.com

Sundareshwar Krishnamurthy
Partner, Cyber Security
Tel: +91 (22) 6119 8171
sundareshwar.krishnamurthy@in.pwc.com

Hemant Arora
Executive Director, Cyber Security
Tel: +91 (124) 626 6717
hemant.arora@in.pwc.com

PVS Murthy
Executive Director, Cyber Security
Tel: +91 (22) 66691214
pvs.murthy@in.pwc.com

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