

**High Commissioner's speech at the launch of
PhonePe UPI payments in Sri Lanka on May 15, 2024**

*Dr Nandalal Weerasinghe, Governor of Central Bank of Sri Lanka
Chairman, LankaPay, Dr Kenneth De Zilwa
CEO, International Payments, PhonePe, Mr Ritesh Pai
CEO, LankaPay, Mr Channa De Silva
Representatives of banks, chambers of commerce and media
Ladies and Gentlemen,*

2. At the outset, I would like to thank LankaPay and PhonePe for inviting me to speak with you today, marking the launch of PhonePe UPI International Payments in Sri Lanka.

3. As you would all recall, in February 2024, Prime Minister Narendra Modi and President Ranil Wickramasinghe witnessed the launch of the UPI based payments in Sri Lanka, adding the important dimension of fintech in the overall India-Sri Lanka connectivity matrix.

4. India and Sri Lanka are bound by historical, civilizational, linguistic, cultural bonds that connects our economy, our people and also our aspirations. We have embarked on an ambitious roadmap of strengthening connectivity in all aspects with a view towards shared growth and prosperity. We are becoming increasingly more connected through enhanced air connectivity and revitalization of the ferry connectivity.

5. India and Sri Lanka are also working together to foster connectivity in the energy sector through interconnection of the power grid and a multiproduct pipeline. The Connectivity Corridor is another important initiative that will bring our people and our economies closer, in a mutually beneficial manner.

6. With the launch of the UPI in Sri Lanka, we have reached a new milestone in the India-Sri Lanka bilateral relationship. For the first time, our people are connected in the digital domain. This is a big step for people-to-people connectivity between our two countries. It is also a stellar example of India-Sri Lanka partnership in new and emerging

domains of technology, keeping in pace with the aspirations and expectations of our people.

Ladies and Gentlemen,

7. India's own journey stands as testimony to the power of Digital Public Infrastructure. As of 2008, India was one of the world's most unbanked, with banking penetration being less than 20%. In the last decade, banking penetration shot up to over 80%, fueling a rapid surge in digital transactions. In 2016, Indians mostly used cash. In 6 years, India had highest volume of digital payments globally. The digital transformation in India over the last decade or so has been driven by the interoperable and open protocols of DPI, such as the UPI.

8. India's DPI journey started with the basic need to provide direct access to public services and Government benefits to our citizens. This is what gave birth to India's Digital Identity Number AADHAAR- and the Unique Identification Authority of India in 2016. This became the foundational building block of DPI- which was built on by innovators and the private sector. India built the world's largest G2P payment infrastructure, which began with Aadhaar (Digital ID), enabling shared authentication and e-KYC infrastructure for the country. With 890 million ID-linked bank accounts and 470 million opened in 8 years, India's financial inclusion efforts have been monumental, supported by 90%+ mobile density and 1.39 billion unique digital ID holders. Telecom eKYC in fact pushed teledensity from 37% to 93% in 8 years and the cost of mobile data plummeted, energizing the economy.

9. India constructed the most extensive G2P payment infrastructure globally, facilitating the transfer of \$425 billion to beneficiary accounts and achieving savings of \$34 billion by curbing leakages across over 1000 government programs. India's foundational digital infrastructure is setting the stage for turbocharging the transaction economy.

10. The India Stack: government-backed APIs, or Application Programming Interfaces is now a strong brand on which third parties have built platforms including payment networks. The UPI truly has last mile connectivity in India, with the QR code reaching the most

inaccessible places, contributing to financial inclusion, commerce and enterprise. In the last 6 years alone, India had the highest volume of digital payments globally, with around 12.5 Billion transactions per month. DPI has also brought about innovation in SME lending, with small loans being disbursed in 5-10 minutes.

Ladies and gentlemen,

11. As many of you are aware, India has been the leading economic partner of Sri Lanka - we are the largest trade partner of Sri Lanka, the largest source of FDI in recent years and also the largest contributor to tourist traffic into Sri Lanka. And we remain determined to support our Sri Lankan friends in promoting tourism and investments into this country.

12. In 2023, more than 3,00,000 (3,02,844) Indian tourists travelled to Sri Lanka, making them the largest group of tourists visiting Sri Lanka (20.36%) [Source: Sri Lanka Tourism Development Authority]. With the launch of the UPI QR based payments in Sri Lanka, Indians travelling to Sri Lanka are able to use UPI to make payments. This will not only provide ease and convenience to Indian travelers but will provide a boost to the Sri Lankan economy and tourism ecosystem.

13. I am delighted to be among you today to witness the further deepening of the fintech partnership between our two countries, with the launch of PhonePe UPI international payments in Sri Lanka. Being one of India's leading fintech companies, PhonePe has scaled up rapidly to become India's largest consumer payments app (530+ million registered users) as well as India's largest digital payments acceptance network (39 million merchants), processing 250 million daily transactions with an annualized total payment value of USD 1.5 Trillion. With PhonePe's expansion in other financial services such as insurance, lending, wealth etc, I hope that its launch will provide further impetus for collaboration in the fintech sector.

14. I urge merchants in Sri Lanka to take full advantage of the UPI, to promote their tourism footprint. I urge Indian travelling to Sri Lanka to also benefit from the ease of a much familiar payments system. I also urge the companies in Sri Lanka to engage with Indian

companies to build on the UPI stack for innovations in hotel bookings, cab bookings, delivery services etc.

15. I am confident that with greater commercial engagement in the fintech sector, India and Sri Lanka will unlock innovation and transformation in the digital domain. We see the UPI-LankaQR partnership as an important part of a larger goal to collaborate towards a full-fledged modern digital partnership. With this in mind, India is also supporting Sri Lanka in the development of its Unique Digital Identity Program. We are also holding technical discussions on the DigiLocker. You would find it interesting that until 2014, paper-based certificates and data were prevalent in India. Today 6.5 billion verifiable certificates are on DigiLocker, used by more than 250 million people, driving down the cost of compliance while increasing convenience.

16. I see Sri Lanka at the cusp of not only recovery and stabilization, but a far-reaching transformation. Collaboration between our leading companies such as PhonePe and LankaPay provides the energy and the dynamism that would shape a formidable economic partnership between our two countries. To this end, we look forward to working with the captains of industry, innovation and commerce of both countries.
