

India and UAE agree on UPI integration to facilitate cross-border transactions

India became the first country with which the United Arab Emirates (UAE) signed a Comprehensive Economic Partnership Agreement (CEPA). The bilateral trade has increased by approximately 15% since the CEPA came into force on 1 May 2022.

Recently, the Reserve Bank of India (RBI) and the Central Bank of United Arab Emirates (CBUAE) signed two Memorandums of Understanding (MoUs) on 15 July 2023 in Abu Dhabi to establish a framework for promoting the use of local currencies for cross-border transactions and cooperation for interlinking their payment and messaging systems.

The MoU aims to establish a local currency settlement system for promoting the use of INR and AED bilaterally. Also, India and the UAE agreed on UPI integration to facilitate cross-border transactions. Such cooperation will also include the mutual acceptance of domestic card schemes by interlinking national card switches. Integration between these systems will enhance the access to payment services for the benefit of the citizens and residents of the two countries.

The Abu Dhabi Investment Authority (ADIA) will also set up a presence in the Gujarat International Finance Tec-City (GIFT City), a financial free zone in Gujarat, in the next few months. This will further facilitate investment opportunities for the UAE in India.