20 True or False

Decide, then check the answer and reason below each statement.

Question 1

UPI is operated by the National Payments Corporation of India (NPCI).

TRUE

NPCI runs the central UPI switch under the Reserve Bank of India's regulatory oversight.

Question 2

UPI requires the payer to always enter the beneficiary's full account number and IFSC code.

FALSE

UPI uses a Virtual Payment Address instead, so account number and IFSC are not required from the payer.

Question 3

A UPI Virtual Payment Address (VPA) can take a form like name@bank.

TRUE

The VPA hides the underlying account number while identifying the customer's linked bank account.

Question 4

UPI transactions require multi-day clearing before the payer's account is confirmed to be debited.

FALSE

UPI confirmation is returned to both apps within seconds because it rides on the real-time IMPS rail.

Question 5

UPI was launched in 2016.

TRUE

NPCI launched UPI in 2016 to enable instant mobile-based fund transfers in India.

Question 6

The UPI ecosystem follows a four-party model comprising payer PSP, payee PSP, remitter bank, and beneficiary bank.

TRUE

Each of the four parties has a distinct role in authenticating, routing, and settling a UPI transaction.

Question 7

Any fintech app can connect directly to the UPI switch without partnering with a bank.

FALSE

Third-party app providers must route through a regulated sponsor PSP bank to access the UPI switch.

Question 8

NPCI performs address resolution by mapping a VPA to the underlying bank account.

TRUE

Address resolution lets the UPI switch identify the correct beneficiary bank and account for a payment.

Question 9

UPI uses only a single-factor authentication method for every transaction.

FALSE

UPI uses single-click two-factor authentication, combining device binding with the UPI PIN.

Question 10

The UPI PIN is the second authentication factor a customer enters to approve a UPI transaction.

TRUE

Device binding serves as the first factor, and the UPI PIN entered by the customer is the second.

Question 11

UPI is regulated by the Securities and Exchange Board of India (SEBI).

FALSE

UPI is regulated by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007.

Question 12

Inter-bank settlement of UPI transactions happens on a deferred net basis through RBI systems.

TRUE

Although customer confirmation is instant, actual settlement between member banks is net-settled later.

Question 13

UPI 123Pay is a variant designed exclusively for smartphone users with high-speed internet.

FALSE

UPI 123Pay was created to let feature phone users make UPI payments without a smartphone.

Question 14

UPI Lite is designed to support small-value, offline-style payments.

TRUE

UPI Lite reduces load on core banking systems by processing low-value transactions differently.

Question 15

UPI AutoPay allows customers to set up recurring mandates for subscriptions and EMIs.

TRUE

AutoPay lets customers authorize standing instructions that execute automatically on due dates.

Question 16

AePS requires a smartphone and mobile internet connection to withdraw cash.

FALSE

AePS enables Aadhaar-based cash withdrawal at micro-ATMs using biometric authentication, not a smartphone.

Question 17

RuPay is India's domestic card payment scheme and can now be linked to UPI.

TRUE

Linking RuPay to UPI lets customers transact using credit rather than only their bank balance.

Question 18

UPI builds on the RTGS settlement rail rather than IMPS.

FALSE

UPI is built on top of the Immediate Payment Service (IMPS) rails, not RTGS.

Question 19

A merchant can accept UPI payments using only a printed QR code.

TRUE

This low-cost acceptance model is a key reason UPI has scaled rapidly among small merchants.

Question 20

UPI interoperability means a customer can only pay merchants who use the same PSP app as the customer.

FALSE

UPI interoperability allows a customer on one PSP app to pay a merchant using a different PSP app.