

Difference between UPI and ULI, Features, Uses, Functions

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India is undergoing a digital transformation across sectors, from financial services to logistics and credit access. Two important innovations leading this change are UPI (Unified Payments Interface) and ULI (Unified Lending Interface). While UPI has revolutionized the way money transfers digitally, ULI is similarly used to do the same for the credit and lending ecosystem.

Both systems aim to simplify complex procedures by digitizing them, offering transparency, speed, and accessibility to users. UPI made real-time peer-to-peer transactions the norm, while ULI aims to enable fast, transparent, and inclusive access to credit by integrating lenders, borrowers, and financial data providers on a single platform.

What is UPI?

Unified Payments Interface (UPI) is a real-time payment system launched in 2016 by the National Payments Corporation of India (NPCI), regulated by the Reserve Bank of India (RBI). UPI allows users to instantly transfer funds between two bank accounts using a mobile app, without the need for complex bank details.

UPI has dramatically changed India’s digital payments landscape by enabling 24x7, instant, low-cost transactions using just a Virtual Payment Address (VPA). It supports services like merchant payments, peer-to-peer transfers, recurring payments (e.g., subscriptions), QR code payments, and even international transactions in selected corridors.

What is ULI?

Unified Lending Interface (ULI) is a digital lending infrastructure introduced by the Reserve Bank of India (RBI) in 2024 to streamline the loan and credit process in India. It enables real-time access to credit by connecting banks, NBFCs, fintechs, and borrowers via a single unified interface.

ULI aims to simplify the traditional lending process by integrating borrower data sources, such as GST filings, bank transactions, utility payments, and mobile wallet usage, to help lenders assess credit more efficiently. Unlike traditional models that rely heavily on CIBIL scores and collaterals, ULI introduces a data-driven lending framework, especially beneficial for underserved communities and informal sector borrowers.

Difference Between UPI and ULI

Though both ULI and UPI are built to simplify and digitize user experiences in finance, they operate in entirely different domains. UPI is designed for money transfers, while ULI focuses on loan and credit payments. Below is a detailed comparison:

Difference Between UPI and ULI		
Feature	UPI (Unified Payments Interface)	ULI (Unified Lending Interface)
Launched By	National Payments Corporation of India (NPCI)	Reserve Bank of India (RBI)
Launch Year	2016	2024
Function	Facilitates real-time digital payments between bank accounts	Streamlines access to credit by connecting lenders and borrowers
Primary Use Case	Peer-to-peer and peer-to-merchant payments	Loan discovery, credit comparison, and lending automation
Stakeholders Involved	Banks, mobile wallet providers, merchants, customers	Banks, NBFCs, fintechs, borrowers, credit bureaus, data providers
Data Sources Integrated	Bank account details, VPA, Aadhaar-linked mobile numbers	GST data, bank transactions, utility bills, Aadhaar, land records

Mode of Operation	Mobile apps, QR codes, UPI ID, bank apps	API-based real-time credit scoring and disbursement
Benefit to Users	Instant and free-of-cost money transfers	Easy access to best loan terms without physical paperwork
Inclusion Goal	Promotes cashless, inclusive digital payments	Targets unbanked and underserved borrowers
Regulatory Body	Reserve Bank of India and NPCI	Reserve Bank of India

Is ULI Bigger than UPI?

While UPI is currently bigger in scale, ULI has the potential to become equally transformative, especially in the credit sector. UPI has already established itself with over 10 billion monthly transactions, contributing significantly to India's digital economy. It revolutionized the way payments are made, reduced dependency on cash, and promoted financial transparency.

ULI addresses an entirely different challenge which includes access to credit, which remains one of the biggest challenges for informal and rural sectors of India. UPI solved the payment challenges by streamlining the process whereas ULI aims to solve the credit challenges.

In short:

UPI is more established, but ULI could be more impactful in terms of financial empowerment, particularly for rural entrepreneurs, small business owners, and daily wage earners. They both have varied advantages which will lead to streamlining the financial and credit infrastructure of India.

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