

A Study on The Future of Digital Payments In India

Shraddha Ramesh Bhor¹, Harshala D. Buwa², Shital Ravindra More³, Prasad Ramesh Joshi⁴
^{1, 2, 3, 4, 5}Jawahar Education Society's, Institute Of Technology, Management And Research, Nashik

Abstract- This paper seeks to identify the present trend towards the adoption of digital payments in India. e-RUPI is an advanced online resolution that has been launched by the National Payments Corporation of India (NPCI) in collaboration with the Department of Financial Services, Ministry of Health and Family Welfare, National Health Authority, and partner banks. It is just like a prepaid voucher that can be used by users to redeem an amount without card, Online payment application, or without accessing internet banking services. The present learning has explored the existing literature and aimed to discuss the merits and demerits of this emerging prepaid voucher, in the period of COVID -19 pandemic. It has been found that thee-RUPI initiative of the government will be fruitful for the beneficiaries as they will receive a direct benefit. It will be reliable and secure for both companies and customers.

Keywords- Digital Payments, Cash back, Incentives etc.

I. INTRODUCTION

This paper is about the attitude of E-RUPI is an advanced online resolution that has been launched by the National Payments Corporation of India (NPCI) in collaboration with the Department of Financial Services, Ministry of Health and Family Welfare, National Health Authority, and partner banks. It is just like a prepaid voucher that can be used by users to redeem an amount without a card, online payment application, or without accessing internet banking services. The present learning has explored the existing literature and aimed to discuss the merits and demerits of this emerging prepaid voucher, in the period of the COVID-19 pandemic. It has been found that the e-RUPI initiative of the government will be fruitful for the beneficiaries as they will receive a direct benefit. It will be reliable and secure for both companies and customers. It suffers from ICT-related risks such as cyber fraud, hacking, lack of efficiency, and attitude of people towards adoption of this new resolution.

OBJECTIVES OF THE STUDY

- To find out the attitude of people towards adoption of digital payments in India.
- To find out the problems faced by people in making digital transfers

- To find out the most popular method of digital payments.
- To have an idea regarding the expected future of digital payments in India.

II. REVIEW OF LITERATURE

Abu –Shanab ,E. A., Harb Y. A., Al-Zoubi ,S. Y.(2013) . stated that E- payment system in India, has shown tremendous growth, but still there has lot to be done to increase its usage. Still 90% of the transactions are cash based. Technology Acceptance Model used for the purpose of study. They found Innovation, incentive, customer convenience and legal framework are the four factors which contribute to strengthen the E- payment system.

Aladwani , A. M. (2016) in their research paper titled “A Study on Factors Influencing Consumer Adoption of Internet Banking in India” tried to examine the factors that influence internet banking adoption.

III. RESEARCH METHODOLOGY

For the purpose of our study, both Primary and Secondary Data have been used. Primary data has been collected using questionnaire method from 110 people. Secondary Data have been collected from various online sources such as websites, articles, Journals, news etc.

Various methods of Digital Payments available in India are as follows:

1. NFC or MST transmission waves platform

Companies have come up with making transaction through NFC (Near Field Communication) and MST (Magnetic Secure Transmission) technology. Without swiping your card through POS (Point of Sales) machines, you can easily make payment to merchants through its wireless transmitting magnetic waves. You can avail this facility by downloading MST enabled app and also, your phone should support NFC facility. Once it is done, after registering your card details, you can make contactless transactions through your phone on any of merchants' POS terminal.

2. Digital wallet payment system

Through this platform money is loaded in wallets. Similarly with the launch of e-wallets you can add money using digital wallet apps. However, the constraint is you can transfer fund to the same wallet only. It means that if you have PayTM or SBI's Buddy app on your phone then you can only transfer money to another person's PayTM wallet or SBI's Buddy app who is having these app's installed respectively. Simply in another way round, you cannot transfer money from PayTM wallet to SBI buddy wallet app. There are some other e-wallets available in the digital marketplace such as Mobikwik, Freecharge, Oxigen, JioMoney, Paypal, Buddy, Pockets etc.

3. USSD code payments system

If you do not have a smartphone or internet facility, still you can make payments through dialing USSD (Unstructured Supplementary Service Data) code even from your basic phone and following the certain instruction, you can easily make your payments done. It is GSM-based technology where transactions take place through messages. It is a platform which forms a medium between the telecommunication and banking financial services altogether. For every banking app, you have a different dialing code which you need to check from your service provider while making the transfer of payments.

4. Mobile Money Identifier

MMID is a seven digit unique number which issued by the bank once you have registered your mobile number. A person who wants to send money and the person who wants to receive that money should have MMID for the particular interbank funds transfer. However, through MMID you can transfer only a small amount (around Rs 10,000) within a day. Almost all banks are providing this facility of making small payments.

5. UPI App based payments platform

UPI has come up with a unique feature of creating virtual address through which you can transfer money without disclosing your account number and IFS code to the receiver. UPI works on a real time basis which means the money is transferred instantaneously. UPI also supports the other medium of doing funds transfer. UPI facility is available with all the banking apps like HDFC UPI, SBI UPI, ICICI UPI, AXIS UPI, and almost all the other private and public banks. Now, most of the bank are embedding their UPI feature within their mobile banking app only.

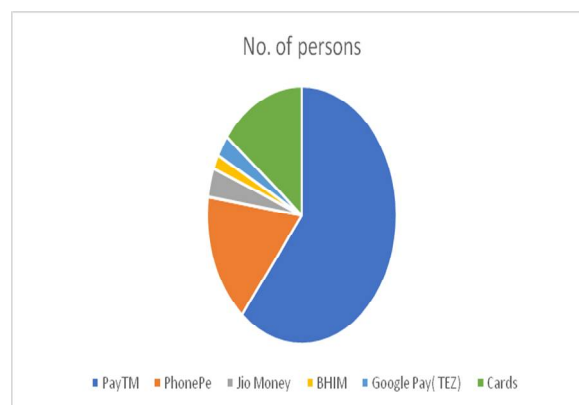
6. QR Code based payments system

QR code is again a different mechanism of making the transfer of payment where you only need to scan the QR code of the merchant and do the transfer of payments. It is being mostly used by all the digital payments app like BHIM, other banking apps to make the transfer of payments easily. The black square holds the information about the items whereby scanning the code information gets transmit automatically through the smartphone and payments get done. You do not have to enter anything manually while using QR code facility. Bharat QR code has been launched by the government to push the digital payment initiative in all the way round.

IV. DATA ANALYSIS AND INTERPRETATION

Q1- Which mode of Digital Payment you use ?

Answer:



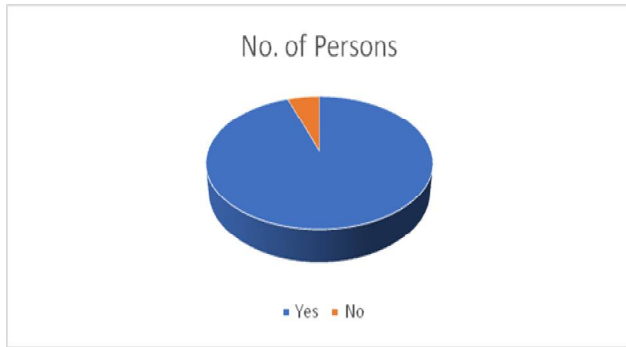
Interpretation

The above data has shown that PayTM has been the most favorite app for digital payments.

- 67 persons out of 110 persons use PayTM for their Payments.
- 18 persons use PhonePe.
- 4 persons use JioMoney.
- 2 persons use BHIM.
- 3 persons use GooglePay (TEZ).
- 16 persons use Cards for making payments.

Q2- Do you think that Digital Payments are safe enough?

Answer:

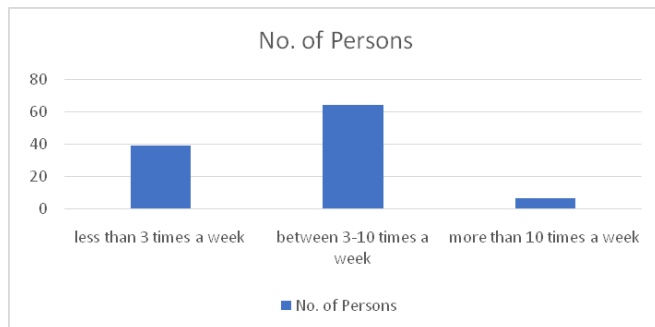


Interpretation

- 104 persons said they found digital payments safe enough.
- 6 persons said they found digital payments unsafe to some extent.

Q3- How frequently do you make Digital Payments in a week?

Answer:

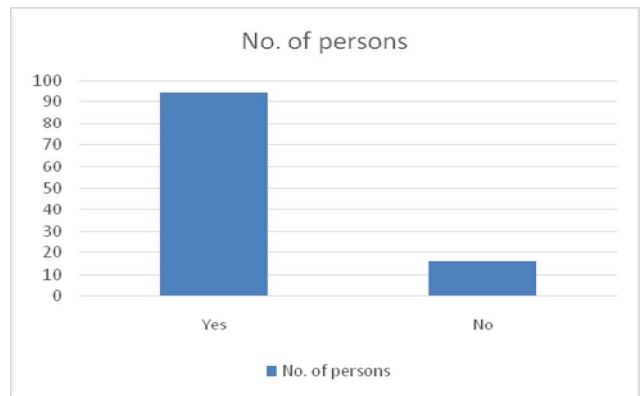


Interpretation

- 39 persons said they make Digital Payments for less than 3 times a week.
- 64 persons said they make Digital Payments between 3 to 10 times a week.
- 7 persons said they make Digital Payments for more than 10 times a week.

Q4- Do you think Digital Payments can reduce or eliminate black money from India?

Answer

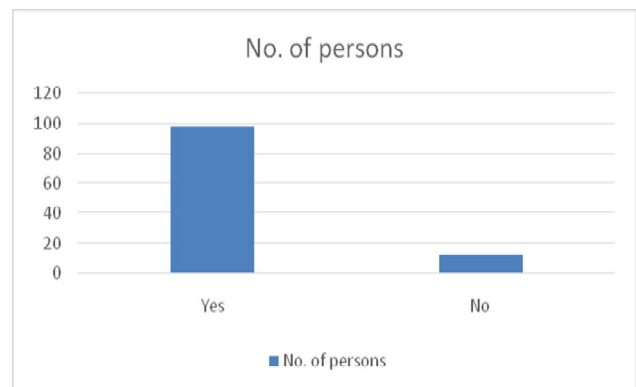


Interpretation

- 94 persons said digital payments can reduce or eliminate black money from India.
- 16 persons said they don't think it can help in reducing corruption or black money.

Q5- Do you find digital payments as cheap mode than cash payments?

Answer:



Interpretation

- 98 persons found digital payments to be cheaper than cash payments.
- 12 persons said they didn't found digital payments cheaper than cash payments.

Q6-What is the reason behind your shift towards digital payments?

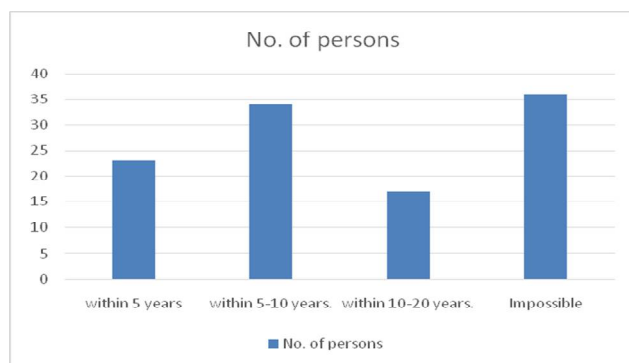
Answer: People provided mixed opinions and many reasons for their shift. These are as follows:

- No need to carry huge cash.

- Cashback offers.
- Easy and fast way to make payments.
- Easy to track the record of Payments.
- 24*7 transfer.
- Discounts and reward points.
- Timesaving.

Q7- In how much time do you think India can achieve completely cashless economy?

Answer:



Interpretation

- 23 persons said India can become completely cashless economy within 5 years.
- 34 persons said India can become completely cashless economy within 5-10 years.
- 17 persons said it will take 10-20 years to become completely cashless economy for India.
- 36 persons said it is impossible at all.

V. MAJOR CHALLENGES/ PROBLEMS OF DIGITAL PAYMENTS

- Lack of trust among people in digital payments.
- Lack of knowledge and awareness among uneducated or less advanced people.
- Less reliability due to scams and hacking cases.
- Loss of internet connection sometimes.
- Delay in cashback processing by E-commerce Companies and e- wallet Companies.
- Sometimes the payments get blocked and no confirmation is sent to customer regarding status of payment.

VI. FUTURE OF DIGITAL PAYMENTS IN INDIA

It seems that it will take enough time in India to become completely cashless economy. It will require complete support from people and more awareness and knowledge

among people. The problem of lack of education and digital literacy needs to be solved first to have more number of digital transactions. Further, cashback offers are working well at present but it will require a committed, secure and highly reliable payments network to boost digital transactions in India to have transparency in the transactions, eradication of black money and to have long run economic development by cashless economy. By doing this, we can surely have a great future of digital payments in India.

VII. CONCLUSION

The move towards cashless economy is definitely a good one but it will take much time to have a completely cashless economy. The efforts are going well by the government as well as the private sector companies having their e-wallets apps such as PayTM, PhonePe etc. The biggest challenge in front of government is the lack of knowledge and awareness among people and fear of loss of money by use of digital payment methods risk of hacking. The government needs to tackle these challenges to have cashless economy and to give a boost to digital payments to provide sustainable economic development to the country in the long run.

VIII. LIMITATIONS OF THE STUDY

- Limited coverage of areas.
- Small sample size of 110 people.
- Less interest shown by respondents in writing their opinions.

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