



An Imperial Study on the Future of Digital Payments in India

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ABSTRACT: This essay seeks to ascertain the present trend in digital payment usage in India. "Digital payment" is the term used to describe sending money to other people electronically or via the internet rather than with cash. On November 8, 2016, the Indian government announced the demonetisation, which is when it started to introduce digital payments. Eliminating dark money and boosting transaction transparency are the two main objectives of digital payments; thereby making a move towards a cashless society.

Additionally, the promotion of e-payments aims to ensure that banks have adequate cash reserves to extend credit to their customers in need. Debit cards, e-cash, internet banking, and other services are still viewed with fear by many people, despite the fact that a large segment of society has embraced digital payment systems. When it came to digital payments, the government first provided considerable incentives, but these efforts have since faded. This study aims to identify the motivations behind Indians' adoption of digital payments as well as the difficulties they face utilising them.

KEYWORDS: Internet banking, Digital payment, Demonetization, challenges, cashless society.

I. INTRODUCTION

This essay explores people's attitudes towards the use of digital payment systems to increase operational transparency. After the announcement of demonetisation on November 8, 2016, the Indian government increased the use of digital payments. The Digital Payments project's long-term objective was to gradually create a cashless economy. Due to rising corruption and black money, obtaining statements of transactions and trades initiated by individuals to other parties in India was becoming increasingly challenging. The government started the "Digital India" effort to achieve governance and improve operational transparency.

II. PURPOSE OF THE STUDY

To study Indians' perspectives and attitude on the adoption of digital payments.
To look up the issues users have during digital transfers.
To figure out the most famous digital payments method.

III. REVIEW OF LITERATURE

Dr. Indrajit Sinha and Sanghita Roy (2014) noted that while the use of digital payment systems in India has increased substantially, there is still considerable work needed to enhance their adoption. Despite this growth, 90% of exchanges continue to be conducted in cash. Technology Acceptance Model was applied in the research. The study revealed that the four key aspects that enhance the effectiveness of the electronic payment system are innovation, incentives, customer convenience, and the regulatory framework. In their research paper titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India", Rakesh H M and Ramya T J (2014) investigated the variables that affect the acceptance of internet banking.

IV. RESEARCH METHODOLOGY

Both primary and secondary data have been employed in our investigation. 110 people's primary data were gathered through questionnaires. Secondary data have been gathered from a range of online resources, including news stories, journals, websites, and more.



The following are the various digital payment options that are available in India:

1. Digital wallet payment system: This platform uses e-wallets and loads money into them. Consequently, with the advent of e-wallets, digital wallet apps let you add money. However, you can only transfer money to the same wallet. If you have the SBI Buddy app or PayTM loaded in your phone, it suggests that you can only send money to another user who has installed the PayTM wallet or SBI Buddy app. To put it another way, it's not possible to transfer money from your SBI buddy app wallet to the PayTM wallet or vice-versa. Online e-wallets like Paypal, JioMoney, Freecharge, Oxigen, Mobikwik, Buddy, Pockets, and others are widely available.

2. NFC or MST transmission waves platform: Technologies for MST (Magnetic Secure Transmission) and NFC (Near Field Communication) transaction processing have been developed by businesses. Without needing to swipe your card, you may easily pay retailers using POS (Point of Sale) systems by transferring magnetic waves via a wireless network. Download an MST-enabled app and confirm that your phone supports NFC in order to take advantage of this functionality. Once your card information is registered, you can make contactless payments at any retailer's POS terminal using just your phone.

3. USSD code payments system: If you don't have access to a smartphone or the internet, you can still use your regular device to dial a USSD (Unstructured Supplementary Service Data) code and follow the provided instructions. Operation of this GSM-based system relies on message-based transactions. It is a platform that serves as an intermediary between all financial and banking services and the internet. Before transferring money, you must verify your unique dialing number with your service provider for each banking app.

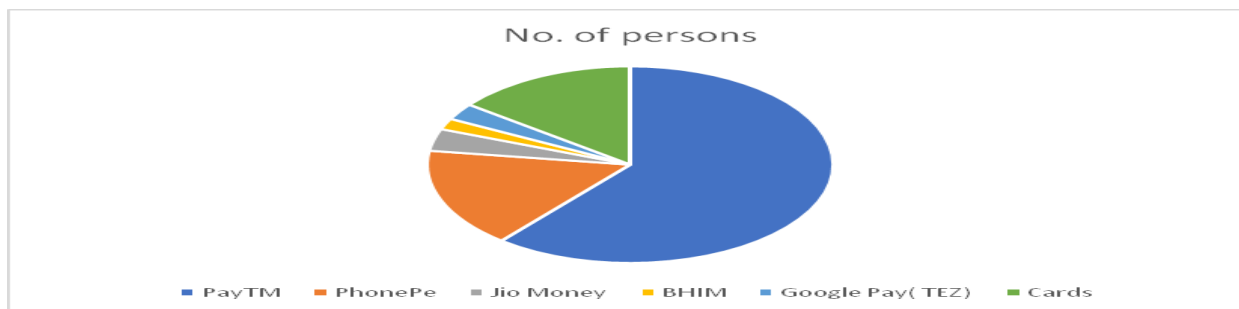
4. Mobile Money Identifier: After you register your mobile number, the bank will provide you an MMID, which is a seven-digit unique identity. The sender and the recipient of the cash must both have the MMID for the particular interbank funds transfer. Nevertheless, the maximum amount you may transmit with MMID in a single day is around Rs 10,000. Nearly all institutions provide this option to make small money payments.

5. QR Code based payments system: Here's another way to send money: all you have to do to finish the transaction is scan the QR code provided by the merchant. The majority of digital payment apps, including BHIM and other banking apps, employ it to enable easy money transactions. Payments are made by automatically sending the item information through the smartphone upon scanning the code, which is stored in the black square. Manual entry is not required while using the QR code feature. To promote digital payments across the country, the government unveiled the Bharat QR code.

6. UPI App based payments platform: You can send money to someone else using UPI's creative function without providing them with your account number or IFS code. Instantaneous money transfers are possible with UPI since it runs in real time. The alternative means of transmitting money is also made possible by UPI. The UPI feature is available through almost all other commercial and public banks, as well as SBI, ICICI, AXIS, and HDFC UPI. Most banks these days just incorporate their UPI functionality into their banking apps on mobile.

V. ANALYSING AND INTERPRETING DATA

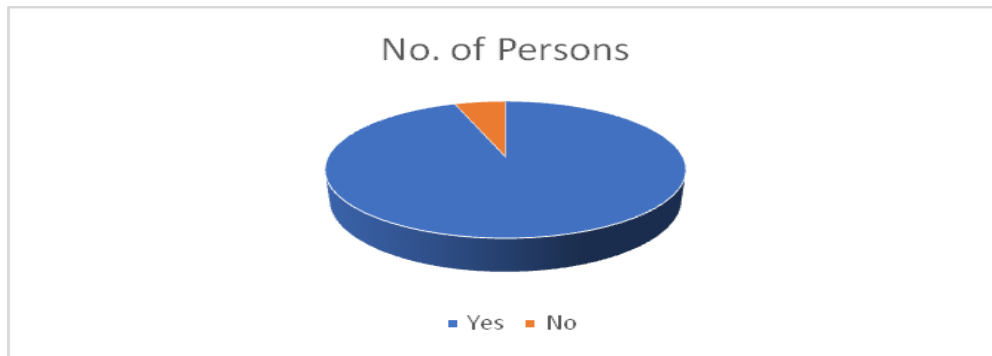
Table no-01: Digital Payment Modes Used.





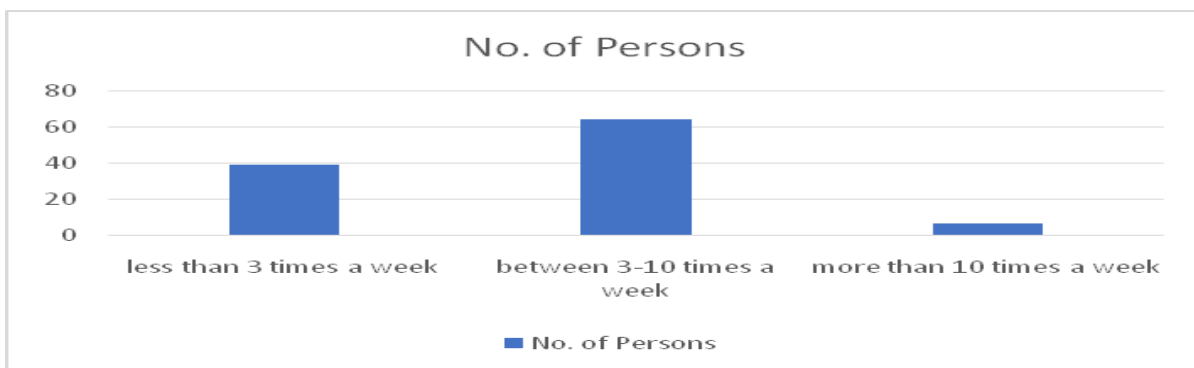
According to the data depicted by the pie chart above, the most popular app for digital payments is PayTM. Of the 110 people, 67 use PayTM to make their payments. In order to make payments, the chart suggests that 16 use cards, 18 people use PhonePe, 2 use BHIM, 3 use Google Pay (TEZ) and 4 use JioMoney.

Table no-02: That Digital Payments are safe enough.



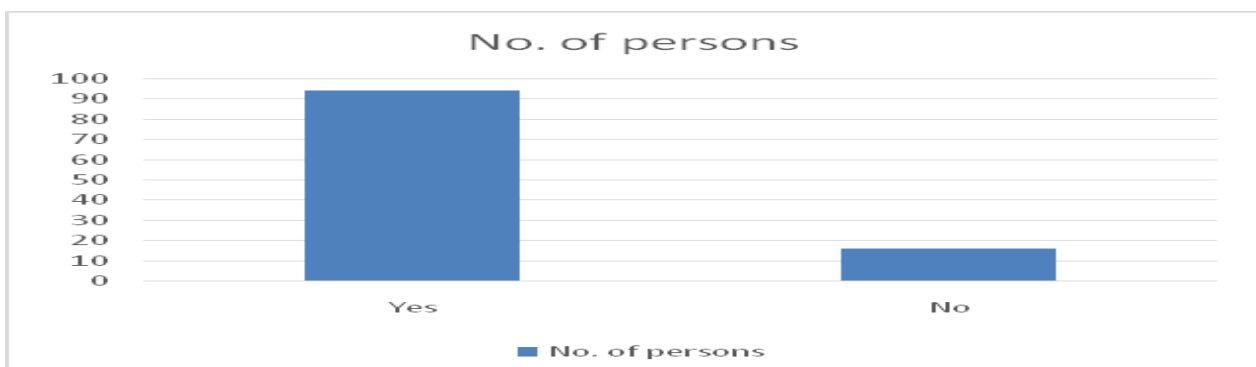
As can be seen from the above table, 104 people felt that digital payments were sufficiently safe. Six people stated that they somewhat felt insecure using digital payments.

Table no-03: Frequently do you make Digital Payments in a week.



According to the above table, 39 individuals reported making digital payments fewer than three times each week. 64 respondents indicated they make digital payments three to ten times a week on average. Seven respondents indicated they use e-payments more than ten times every week.

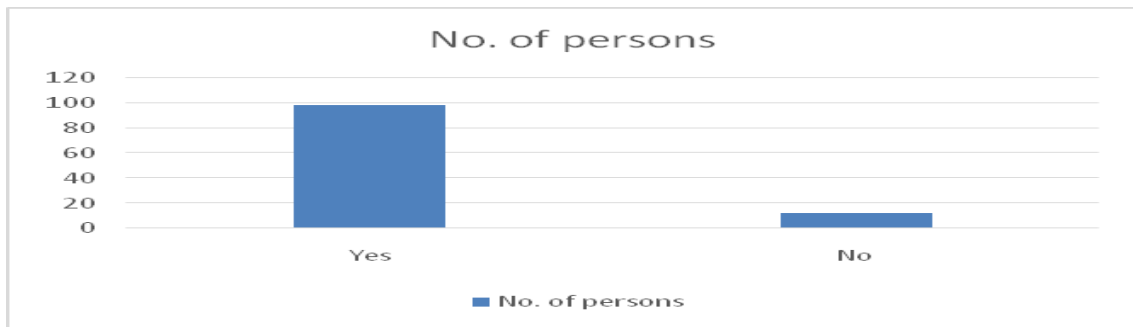
Table no-04: Digital payments have the potential to diminish or eradicate black money in India.





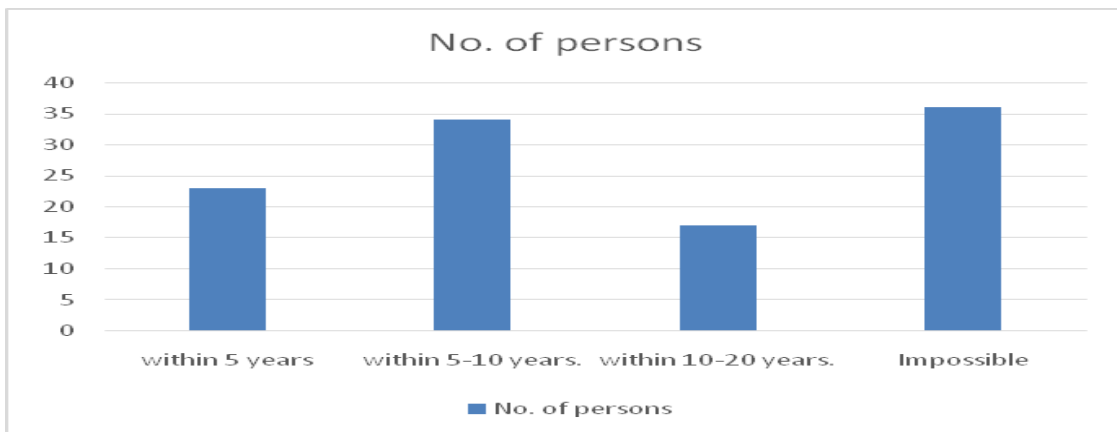
94 responders from the previous table stated that digital payments can reduce or eliminate black money in India. Also, 16 people stated that they did not believe it could contribute in the decrease of black money or corruption.

Table no-05: Digital payments as cheap mode than cash payments.



According to the table above, 98 people thought that digital payments were less expensive than cash payments. It was stated by twelve respondents that they did not think digital payments were more cost-effective than cash payments.

Table no-06: How long do you think it will take India to become a cashless society entirely?



According to twenty three respondents from the above table, India can have a fully cashless economy in 5 years. 34 people claimed that India's economy may go entirely cashless in five to ten years. 17 people stated that it will take India 10–20 years to transition to a fully cashless economy. 36 people said that's completely impossible.

VI. MAJOR PROBLEMS/CHALLENGES OF DIGITAL PAYMENTS

1. A lack of trust and confidence in online payments among individuals.
2. Limited information and understanding of digital payments amid those with lower levels of education or sophistication.
3. Reduced dependability as a result of hacking and fraud incidents.
4. E-wallet and e-commerce companies' delays in processing cashback.
5. Occasionally losing the internet connection
6. Occasionally, payments are blocked and the consumer does not receive a confirmation regarding the status of their payment.

VII. FUTURE OF DIGITAL PAYMENTS IN INDIA

It seems that India's shift to a completely cashless economy will take some time. It will require the entire support of the populace in addition to a rise in knowledge and awareness. The problem of low education and digital literacy needs to



be solved before there can be more digital transactions. Cashback programs are also already successful. On the other hand, a specialised, secure, and highly reliable payments network would be required in order to promote a long-term cashless economy, enhance digital transactions in India, and remove black money. If we take this step, digital payments in India have a promising future.

VIII. CONCLUSION

Although the shift towards a cashless society is undoubtedly positive, achieving a fully cashless society will take some time. Both the public and private sectors are making good progress with their e-wallet applications, which include PayTM, PhonePe, and others. The largest issue facing the government is the public's ignorance, lack of information, and fear of financial loss from using digital payment systems due to hacking risks. In order to promote digital payments and establish a cashless economy, the government must address these issues in order to eventually foster sustainable economic growth in the nation.

IX. LIMITATIONS OF THE STUDY

Restricted area coverage. – 110 participants is a small sample size. Respondents' interest in penning their thoughts was diminished.

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