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# “An Imperial Study on the Future of Digital Payments in India”

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**ABSTRACT:** The goal of this essay is to determine India's current trend in the use of digital payments. Making payments to other people electronically or through the internet in place of cash is referred to as "digital payment." The Indian government announced the demonetization on November 8, 2016, at which point it took the initiative to implement digital payments. The goal of digital payments is to eradicate dark money and increase transaction transparency. In actuality, it was a step towards a cashless society. Additionally, the use of digital payments was promoted in order to provide banks access to enough cash so they could grant consumers credit. Even if a sizable portion of society has adopted digital payment methods, many people are still afraid to use debit cards, e-cash, internet banking, and other services. The government first offered significant incentives for digital payments, but this effort has since waned. This study attempts to determine the factors that led Indians to adopt digital payments as well as the challenges they encounter when using 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. The Indian government promoted digital payments following the announcement of demonetization on November 8, 2016. The ultimate goal of the Digital Payments project was to establish a cashless economy over time. Obtaining the statement of transactions and transfers made by individuals to other parties was growing more challenging in India due to the rise in corruption and black money. The government started the "Digital India" effort to achieve governance and improve operational transparency.

## II. OBJECTIVES OF THE STUDY

To study the attitude of people towards adoption of digital payments in India.  
To search the problems faced by people in making digital transfers  
To find out the most popular method of digital payments.

## III. REVIEW OF LITERATURE

Sanghita Roy, Dr. Indrajit Sinha (2014) . 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. Rakesh H M & Ramya T J (2014) 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.

## 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.

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

1. 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. After it's done and your card details are registered, you can use your phone to pay contactless at any retailer-owned POS terminal just using your phone.

2. Digital wallet payment system: This platform loads money into wallets. Similarly, with the advent of e-wallets, digital wallet apps let you add money. However, you can only transfer money to the same wallet. It suggests that you can only send money to another user who has installed the PayTM wallet or SBI Buddy app if you have the PayTM or SBI Buddy app loaded on your phone. To put it another way, you can't move money from your PayTM wallet to the SBI buddy wallet app. There are numerous e-wallets available on the internet, such as Mobikwik, Freecharge, Oxigen, JioMoney, Paypal, Buddy, Pockets, and others.

3. USSD code payments system: You can still use your traditional phone to dial the USSD (Unstructured Supplementary Service Data) code and follow the instructions, even if you don't have access to a smartphone or the internet. 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. For every banking app, you have a special dialling number that you need to confirm with your service provider before making a money transfer.

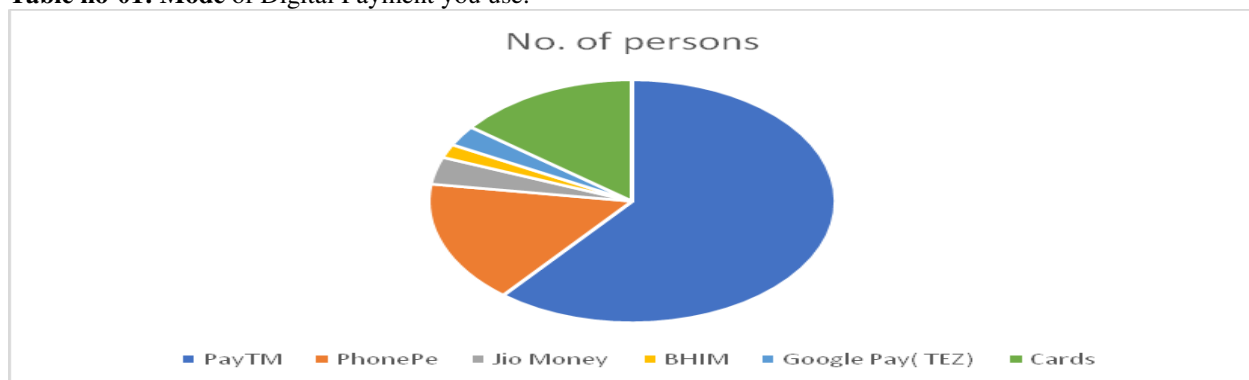
4. Mobile Money Identifier: After you register your mobile number, the bank will provide you an MMID, which is a seven-digit unique identity. The sender and the recipient of the cash must both have the MMID for the particular interbank funds transfer. Nevertheless, the maximum amount you may transmit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

5. 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 mobile banking apps.

6. 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. It is used by most digital payment apps, such BHIM and other banking apps, 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.

### V.ANALYSING AND INTERPRETING DATA

**Table no-01: Mode of Digital Payment you use.**

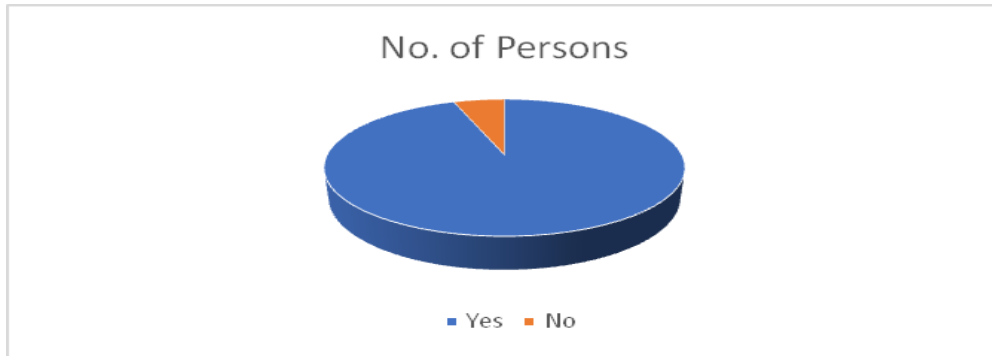


According to the data above, the most popular app for digital payments is PayTM. Of the 110 people, 67 use PayTM to make their payments. In order to make payments, 18 people use PhonePe, 4 use JioMoney, 2 use BHIM, 3 use Google Pay (TEZ), and 16 use cards.



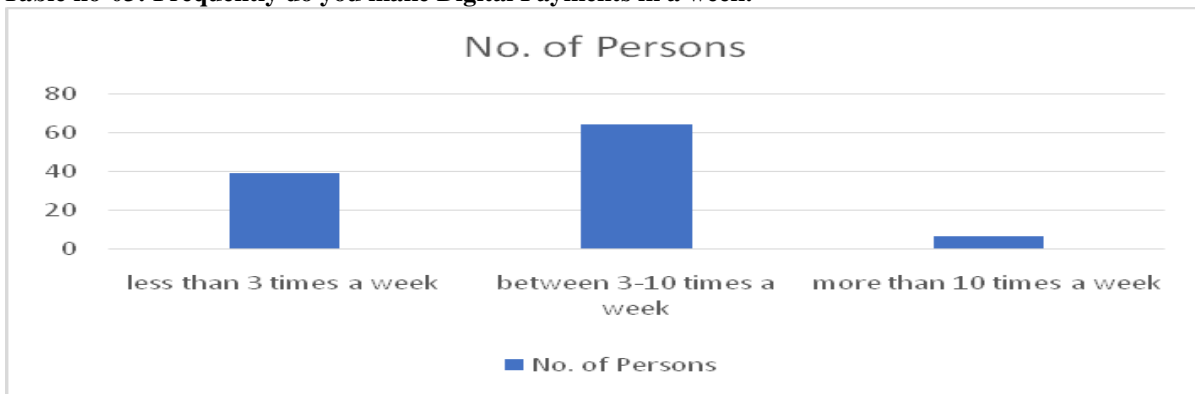
**Table no-02: That Digital Payments are safe enough.**

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



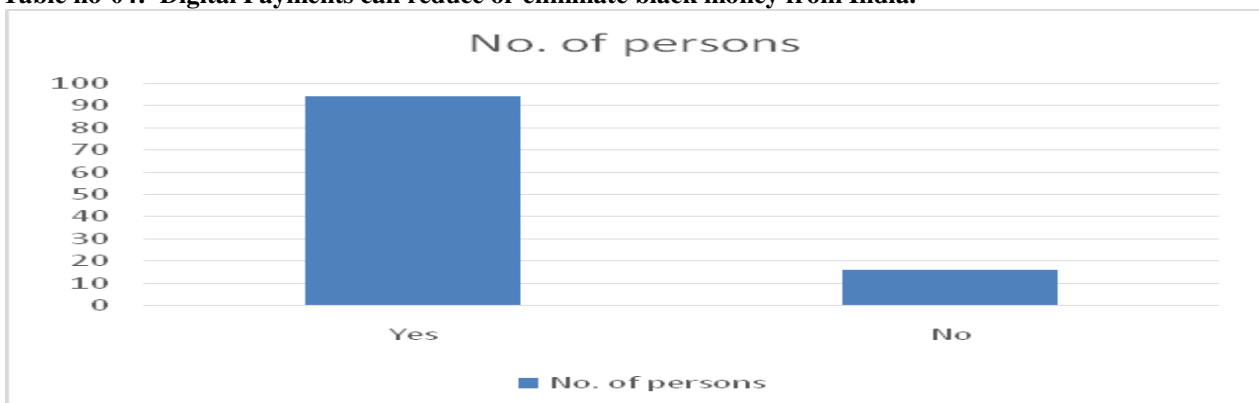
they somewhat felt insecure using digital payments.

**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 digital payments more than ten times every week.

**Table no-04: Digital Payments can reduce or eliminate black money from India.**

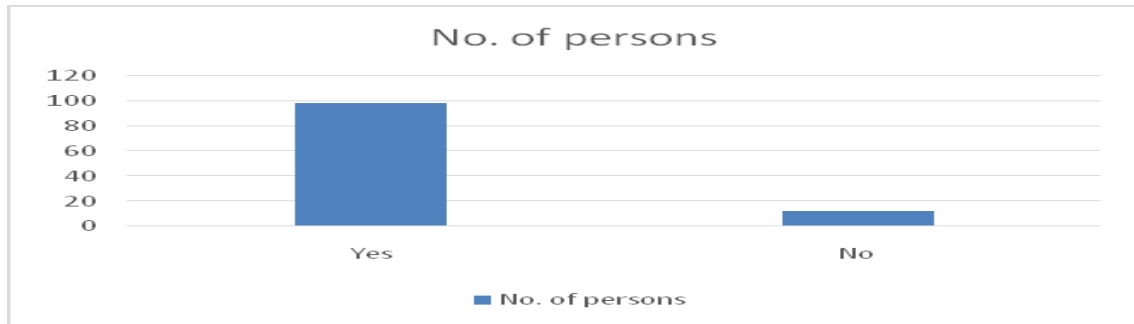


According to 94 respondents from the preceding table, digital payments can lessen or completely eradicate black money in India. 16 people stated that they did not believe it could contribute in the decrease of black money or corruption.



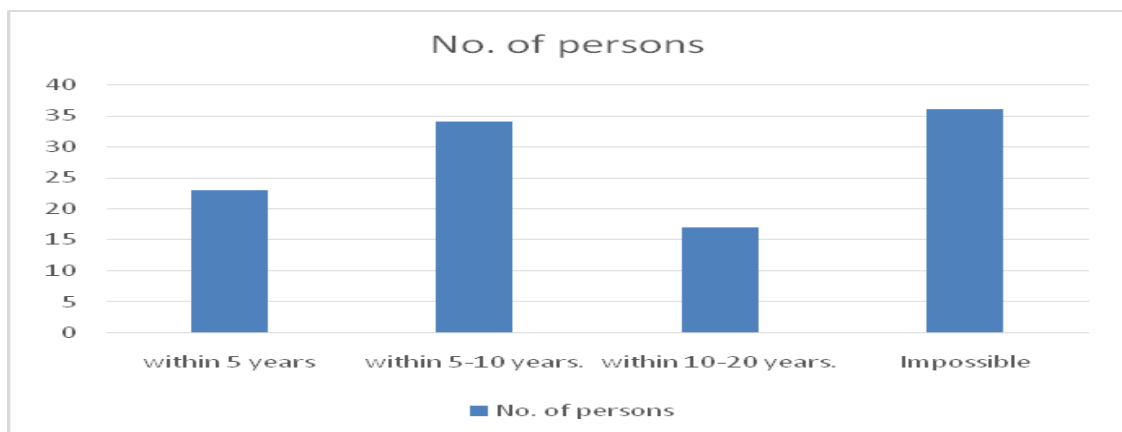
**Table no-05: Digital payments as cheap mode than cash payments.**

According to the table above, 98 people thought that digital payments were less expensive than cash payments. Twelve respondents claimed not to have found digital payments to be more affordable than cash payments.



**Table no-06: In how much time do you think India can achieve completely cashless economy:**

According to 23 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 CHALLENGES/ PROBLEMS OF DIGITAL PAYMENTS**

1. People's lack of confidence in digital payments.
2. Lack of awareness and understanding among those who are less educated or sophisticated.
3. Reduced dependability as a result of fraud and hacking incidents.
4. Loss of internet connection sometimes.
5. E-wallet and e-commerce companies' delays in processing cashback.
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**

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.

### **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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