

ROLE OF DIGITAL PAYMENTS IN INDIA

Dr. Dasari Nivas¹

Abstract

Digital Banking is the new world view that offers significant advantages to banks as far as expanding benefit and efficiency just as to its clients regarding simplicity of payments and admittance to the banking administrations 24X7. It is cultivated by utilizing condition of - the-workmanship innovation foundation to achieve changes in interior cycles and outside interfaces. India is arguably one of the fastest growing countries in the world and has great potential to continually show a rapid progression in transformation of digital payments, largely due to its large population and demographics. The future outlook of digital payments industry in India looks promising. It has been attracting significant investments from private equity / venture capital firms and other international payment companies that want to enter India in the near future. With the focus on innovation and collaboration of various stakeholders such as Central Government, RBI, banks, payment service providers and the end consumers, it could be a game changer for India in its vision of moving towards a less-cash based economy. Presently, individuals can approach bank without remaining in long queues according to their benefit without agonizing over the financial hours.

On the prior, when digital payment present, individuals hesitant to change their exchange propensities yet after demonetization, they are left with no decision to do their exchanges with digital payment. Expanding utilization of web, versatile entrance and government activity, for example, Digital India are going about as an impetus which prompts dramatic development being used of digital payment. The shopper impression of digital payment has a critical and positive effect on appropriation of digital payment. Business banks give unrivaled customer administration as one of the greatest suppliers of banking and monetary administrations in our metropolitan and country hinterland. Steadfast customer base must be made through conveying Customer Delight. Yet, the essence of the issue is that to accomplish better execution, the Indian banks, both private and public, necessities to offer support quality.

Keywords: Digital Banking, Customer Delight, Digital Payment, Consumer Perception

¹ Assistant Professor (PT), Department of Economics, UPGC, KU, Wgl, TS

Introduction

Digital payments have witnessed steady growth across the globe with the emerging markets leading the charge in recent times. Global transaction value for digital payments is expected to reach \$12.4 trillion by 2025¹ on account of growing adoption, technology innovation and increasing customer preference for digital modes of interaction. Newer forms of payments are emerging across voice, biometric etc. that is expected to make digital payments even more convenient for customers, thereby resulting in increased adoption. Globally, payment sector has been shaped by five trends including the increasing degree of collaboration between fin tech players, payment service providers and banks, the emergence of BigTech as viable payment option, modernization of payment systems by leveraging new age technologies like AI/ML, RPA etc., regulatory reforms, evolving customer needs and the ability to deliver contextualized and personalized payment options by leveraging data. These trends have shaped the progress of payments globally and will be driving force behind the future of digital payments.

India's digital payments journey has been marked by specific events that have reshaped user preferences and needs. While, the issuance of debit and credit cards in India has grown steadily for many years now, the inflection point was the launch of the United Payments Interface (UPI) and demonetization in 2016. These events exposed the general population to the benefits of digital payments and also resulted in a new crop of startups that sought to change the status quo and reshape the contours of digital payments in India. Today, India is regarded as one of the leading payments ecosystems in the world, operating one of the largest real time payments systems in the world and delivering innovations across the entire payments continuum. It serves as a benchmark to many countries and a case study in leveraging technology to make payments accessible to all. Policymakers have played a proactive role in ensuring that payments innovations reach the masses and have ensured that the solutions developed are specific to the Indian context and take into account multiple factors such as demographics- the mix of rural and urban population along with their varying needs, internet and Smartphone penetration, assessment of convenience and security requirements for end users etc. The Reserve Bank of India (RBI) has also worked towards ensuring that the payment products offered are safe, secure, efficient and low cost enabling such products to succeed in the market. It is expected that the

innovations in digital payments space going forward would continue to be based on the factors mentioned earlier. As the nation moves towards a credit only climate after demonetization, the underlying frenzy and disarray have offered approach to whirlwind of concerns. Will the accentuation on online exchanges give comfort and significant advantages or simply add to pressure and extra charges? The Digital India program is a leader plan of the Government of India with a dream to change India into a digitally engaged society and information economy. Anonymous, paperless and credit only is one of the purported functions of Digital India. To boost the move towards a credit only economy, the Government has concocted a rash of limits and gifts on digital exchanges. In any case, will these be considerable enough and, alongside different advantages, counter the higher danger of data fraud once the cash notes are back available for use.

Objectives of the Study

1. To examine the development of digital payments in India.
2. To know the impact of digital payment system in India.

Development of Digital Payments

Digital payment is a method of payment which is made through digital modes. In digital payments, payer and payee both utilize digital modes to send and get cash. It is likewise called electronic payment. No hard money is engaged with the digital payments. All the exchanges in digital payments are finished on the web. It is a moment and advantageous approach to make payments. In the event that we talk about money payments, you need to initially pull-out money from your record. At that point you utilize this money to pay at shops. Businessperson goes to the bank to store the money which he got from you. This cycle is tedious for you and furthermore for the retailer. Be that as it may, in digital payments, the cash moves from your record to the retailer's record right away. This cycle is programmed and neither you nor the retailer is needed to visit the bank. Payments have evolved rapidly – from traditional cash and cheques (paper money), to plastic cards (credit and debit), to an online single-channel, closed loop model to omni channel, integrated payment experiences. The global payments landscape has witnessed a steady stream of innovations that have enabled widespread adoption of payment methods and steady increase in transaction volumes. Multiple factors have contributed to this

growth in digital payment including the growth in organized retail and more specifically ecommerce or online retail. Payment methods have evolved in various regions based on the unique mix of infrastructure availability, regulatory landscape, demographics and other socio-economic factors. For example, while many of the developed nations steadily moved from cash to cards to mobile payments, emerging markets, predominantly China and India have leapfrogged into the era of mobile wallets, driven by the more widespread availability of smart phone and better internet penetration. It is estimated that globally over 1 billion shoppers will use mobile wallets-based payment in 2020. India has historically been a cash-based economy with the cash in circulation, even as of April 2020, at 12.4% of the GDP. RBI and central government have undertaken a multitude of initiatives for promoting the use of the country's digital infrastructure while taking measures to instill customer confidence therein. Thus, digital payments in India have and are expected to witness a continued revolution. UPI, Bharat QR and mobile wallets have ensured last-mile connectivity, covering small merchants, tea-sellers and even hawkers. Historically, given the challenges associated with a large and diverse population and a patchy payments infrastructure, the India's digital payments journey is unique in its own way. UPI, today, is among the largest real-time payment systems in the world, clocking over 1bn transactions every month.

Impact of Digital Payment Systems in India

India has a huge potential for digital payments. As of October 2021, the country had around 1.18 billion mobile connections, 700 million Internet users, and about 600 million smart phones. These numbers are growing rapidly each quarter. With about 25.5 billion real-time payment transactions, India ranked first in the world in terms of the number of transactions in 2020. In 1996, Industrial Credit and Investment Corporation of India (ICICI) introduced online banking services in India, by using electronic banking at its branches. Later in 1999, banks such as HDFC, Indus Ind, and Citi launched online banking facilities. The trend continued to grow with increasingly more banks launching net banking services in India. This marked the beginning of the digital transactions era in India – several new banks started offering services to users. In 2008, the National Payments Corporation of India (NPCI) started its journey. It was formed by the Reserve Bank of India (RBI) and Indian Banks' Association (IBA) in order to create a robust payment and settlement infrastructure in India. Since then, it has launched several products

such as Aadhaar Enabled Payments System, Bharat Bill Payments System (BBPS), BHIM, and Cheque Transaction System.

In order to transform India into a digitally empowered society and knowledge economy, the Government of India launched Digital India programme in 2015. The programme focuses on three main vision areas: digital infrastructure as a core utility to every citizen, governance and services on demand, and digital empowerment of citizens. Through the programme, the government wants to ensure the availability of high-speed Internet, provide mobile phones and bank accounts to every citizen, ensure availability of services in real-time from online and mobile platforms, make financial transactions electronic and cashless, and ensure digital literacy and availability of digital resources across the country.

Conclusion

Digital payment is one of the engaging frameworks in India advancing digital India began by our noteworthy Prime Minister Narendra Modi, which prompts straightforwardness of money in the nation and straightforwardly control the dark cash in India by charge payment and straightforward income of each person. Computerized installment helps India in each area by giving security and wellbeing according to money and furthermore by propelling the way of life by appropriation of most recent advancements for globalization and modernization of our nation which prompts the turn of events. All the means and arrangements creation by legislature of India causes Indian culture to get information and mindfulness. India government making all the strides and polices as computerized India, digitalization, demonetization, better foundation and so forth prompts the advancement of India. So, Indian culture ought to likewise help government to receive these framework and strategies according to Indian for our country improvement and development. Indeed, even gradually and step by step change is occurring however what amount of time it will require for it can't be decided at this hour when innovation and advanced installment market has recently begun in the nation.

References

1. Dr. Ravi CS “Digital payments system and rural India: A review of transaction to cashless economy”, International Journal of Commerce and Management Research, May, 2017.
2. S. MD. Shakir Ali, MD Wasim Akhtar and S. K. Safiuddin, “Digital Payments for Rural India - Challenges and Opportunities”, International Journal of Management and Applied Science, June, 2017.
3. Mamta, Prof. Hariom Tyagi and Dr. Abhishek Shukla, “The Study of Electronic Payment Systems”. International Journal of Advanced Research in Computer Science and Software Engineering, 2016.
4. Preeti Garg and Manvi Panchal the article entitled “Study on Introduction of Cashless Economy in India 2016: Benefits & Challenges”. IOSR Journal of Business and Management (IOSR-JBM), 2016.