

DIGITAL PAYMENT IN INDIA

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Abstract

The demonetization resulted in tremendous growth in digital payments. With the government initiative such as Digital India and increased use of mobile and internet are means to exponential growth in use of digital payment. This transformation towards digital payments benefits in more transparency in transactions which empowers the country's economy. In recent days many changes took place in the payment system like digital wallets, UPI and BHIM apps for smooth shift to digital payments. The objective of this research paper is to study the positive impact that Digitization of payment system. The present paper focuses on the analysis of the adoption level of these digital payment systems by customers. The term Digital Payment means making payment to other person with the help of internet or through electronic mode instead of paper money. The initiative of Digital Payments was taken by Government of India after the announcement of demonetization on 8th November 2016. Digital Payments was initiated to bring transparency in transactions and eliminating black money. It was actually a move towards cashless economy. Further, digital payments was encouraged to provide sufficient cash availability to the banks for providing credit to people. Till date, a considerable part of society has started using Digital mode of Payments, but still people feel scared of using Internet Banking, debit cards, e-cash etc. Initially the Government was providing considerable incentives for digital payments but now a decline has been seen in this push.

Key Words: Digital payments, demonitisation, E-Payments, online payments.

Introduction

The "Digital India" is the Indian Government's flagship programme with a vision to convert India into a digitally empowered country. "Faceless, Paperless, Cashless" is one of supposed function of Digital India. as part of government reforms Prime Minister Mr. Narendra Modi demonetized the high value currency of Rs. 500 and 1000 in November 2016 and also launched the „digital india“ initiative in 2015. These initiatives have provided extensive boost up to the digital payment system in the country. Government's other initiatives like BHIM and UPI are supporting in transition and faster adoption of digital payments. Electronics Consumer transaction made at point of sale (POS) for services and products either through internet banking or mobile banking using smart phone or card payment are called as digital payment. The digital payment system has the following phases, 1. Registration 2. Invoicing 3. Payment selection 4. Payment confirmation. This payment system generally includes 3 electronic payment instruments namely, cash, cheque and card. Post demonetization is effecting the e-commerce sector that Cash on Delivery is gradually getting stopped and other modes of payment is replace like Card on Delivery, Net Banking, Debit Card, Credit Card etc. .Demonetization will positively help out e-commerce industry in India enhances the chance for people to go cashless. As part of encouraging cashless transactions and transforming India into lesscash society, various modes of digital payments are available.

Debit / Credit Card

Suitable for: Online/offline merchant sale. Transaction limit: Set by card issuer Details required: Card number CVV Expiry date Cost: Debit cards: Up to 0.75% for transactions up to Rs 2,000; up to 1% for transactions above Rs 2,000. Credit cards: around 2.5% per transaction

RTGS / NEFT Suitable for: High value online transactions. Transaction limit: No upper limit, minimum Rs 2 lakh. Up to Rs 10 lakh, minimum Rs 1 Details required: Account number Password Beneficiary registration IFSC code Cost:

RTGS: Up to Rs 55 per transaction.

NEFT: Up to Rs 25 per transaction.

IMPS Suitable for: Instant transfer Transaction limit: Rs 2 lakh per day Details required: Account number Password Beneficiary registration IFSC code Cost: Rs 5-15, depending on transaction amount. UPI Suitable for: Instant transfer

USSD Suitable for: Feature phones without Internet connectivity Transaction limit: Rs 5,000 Details required: Only Aadhaar number, IFSC or code allotted by banks on registration Cost: As levied by the telecom operator.

E-WALLET Suitable for: Small-ticket transactions. Transaction limit: Rs 20,000 per month (Rs 1 lakh for KYC-compliant wallet holders) Details required: Login ID Cost: Only if you transfer money from your wallet into your bank account. RTGS: Real-time gross settlement systems **NEFT:** National Electronic Funds Transfer **IMPS:** Immediate Payment Service **UPI:** Unified Payment Interface **USSD:** Unstructured Supplementary Service Data 2. Literature Review Sanghita Roy, Dr. Indrajit Sinha (2014) . Stated that E- payment system in India.

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.

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.

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

Objective of the Study To examine the age of respondents impact on digital payments. • To analyze the impact of customers education on usage of digital • payments. To analyze the impact of customers income status on usage of digital • payments.

Hypothesis H01: there is no significant impact of customers age on usage of digital payments. H02: There is no significant impact of customers education on usage of digital payments. H03: There is no significant impact of customers income on usage of digital payments.

3. Research Methodology The study is conducted to obtain data on adoption of digital payment system in India. The study is conducted in Hyderabad region. A sample size of 200 was selected using the convenience sampling. out of which 183 were responded. This represents a response rate of 92%. Structured questionnaires are used for collecting data. The responses from the respondents were analyzed using the simple percentage analysis and Chi square test.

MAJOR CHALLENGES/ PROBLEMS OF DIGITAL PAYMENTS 1. Lack of trust among people in digital payments. 2. Lack of knowledge and awareness among uneducated or less advanced people. 3. Less reliability due to scams and hacking cases cases. 4. Loss of internet connection sometimes. 5. Delay in cashback processing by E-commerce Companies and e- wallet Companies. 6. Sometimes the payments get blocked and no confirmation is sent to customer regarding status of payment.

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.

CONCLUSION The move towards cashless economy is definitely a good one but it will take much time to have I completely cashless economy. The efforts are going well by the government as well as the private sector companies having there 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.

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