

Chapter-03

DIGITAL PAYMENT: TRENDS, OPPORTUNITY, ISSUES

¹UJJWAL KUMAR MUDGAL

Student, School of Business Studies,
Sharda University, Greater Noida

²Md. JUNAID ALAM

Assistant Professor, School of Business Studies
Sharda University, Greater Noida

ABSTRACT

An in-depth look at how digital payment systems are changing the way people shop in India is the subject of this report. Digital payments, according to the Indian government, will increase employment, reduce risks associated with cash, such as corruption and robbery, and eliminate the need for people to carry or store large amounts of cash. All transactions will now be cashless or digital, allowing people to send money quickly and securely. By removing cash from the economy, this policy advances modernization and globalisation. Providing digital tools like debit cards, mobile banking, and mobile wallets is a major role of the banking sector in digital payment systems. To ensure a smooth transition to digital payments, numerous changes have been made recently to the payment system, including the introduction of digital wallets, UPI, and BHIM apps. It is the goal of this project report to examine the potential benefits of India's digital payment system. Slow internet connections and additional fees for digital transactions are major roadblocks to the widespread adoption of this payment system in India. Despite the fact that India has been following a digital payment policy for over a year, some sectors in India still rely heavily on cash transactions, which is a major impediment to the country's economic development. The terms "digital payments," "e-payments," "online payments," and "cashless transactions" are used here to refer to electronic means of payment.

Keywords: *Internet, Digital Payments, Mobile banking, Technology*

INTRODUCTION

The term "digitalization" refers to a trend away from dealing in real cash and toward dealing with money digitally when it comes to money. The term "digital payments" is defined as "payments made using a computer or other electronic device." Digital Payments were specified by the Payment and Settlement Act of 2007. A transaction involving the electronic debit or credit of a bank account initiated by a person via a payment card payment, automated teller machine transaction, direct deposit, or other means of transferring money to or from the bank is defined as. This includes all of the previously listed electronic money transfer techniques. Even though India's economy is rising, roughly two-thirds of the country's population still lives in rural areas (World Bank, 2016).

Despite our 74 percent literacy rate, there is still a big population that lacks technology skills, making the digitalization problem in India considerably more severe than in other countries. The automated teller machine (ATM), India's first digital technology, was introduced in 1987. It took more than a decade for the general public to embrace it as a form of payment. People began to comprehend how to use it as time

went on, and its worth increased. The Reserve Bank of India (RBI) focused on the development of Ebanking in the country to ease the overcrowding at India's ATMs. When the population of the country grew

The Reserve Bank of India (RBI) was primarily concerned with making payments more secure and lawful for Indians. To achieve this purpose, the Electronic Clearing Service (ECS) was established in the 1990s.

Thanks to the National Electronic Clearing Cell, which has been established in 2008, individuals and businesses can now make many transactions in one go. It's been a boon to the economy because so many people favour this mode of transportation for its convenience, speed, and convenience. As part of this shift, a national e-governance initiative was developed in 2006.

LITERATURE REVIEW

India has entered a brand new technology of digitalization due to the government's virtual push. We can now not forget about the impact of era in our every day lives. You need to receive that that is the manner matters are. The effect of the virtual economic system and its gear on society and the following shaping of these evolving gear will decide our future. There are apparent questions on the virtual economic system that have not begun to be spoke back because it maintains to evolve. Some human beings in India are concerned that money becomes extinct due to demonetization, even as others are sceptical approximately India's virtual transformation. As a be counted of fact, many human beings are thinking if there'll ever be a unmarried worldwide currency. These questions, doubts, and misgivings are all addressed on this ee-e book. Journey Towards Cashless India through JayantParikshit explains all the applicable essential ideas with real-existence examples and case studies.. Those who're making ready for aggressive exams, consisting of the SAT, will discover this ee-e book useful. For everybody who desires to apprehend India's hard adventure towards a cashless economic system amidst the darkish clouds of black money, the UPSC, State PCS, Banking, MBA, etc. The purpose of accomplishing a literature evaluate is to get to the coronary heart of a specific studies question. Writers and scholars' theories are covered in an effort to attain a complete conclusion. India's unbanked populace stood at 233 million in 2015, in keeping with Price Waterhouse Coopers. There are simplest 1.forty six million factors of sale withinside the United States that receive debit or credit score card payments, even for the ones who've banking access. Wallet customers now outnumber those who use mobile banking and are three times as numerous as those who use credit cards, according to a study conducted by Boston Consulting Group and Google in July.

Doctor Indrajit Sinha and Sanghita Roy (2014). said that E- charge gadget in India, has proven outstanding growth, however nonetheless there has lot to be achieved to boom its usage. Still ninety percentage of the transactions are coins based. Technology Acceptance Model used for the motive of study. They located Innovation, incentive, patron comfort and criminal framework are the 4 elements which make contributions to bolster the E- charge gadget. E-charge structures are critical mechanisms utilized by character and firms as a secured and handy manner of creating bills over the net and on the equal time a gateway to technological development withinside the subject of globalwide economy (Slozko&Pello, 2015). (Slozko&Pello, 2015). Rakesh H M & Ramya T J (2014) of their studies paper titled –A Study on Factors Influencing Consumer Adoption of Internet Banking in India attempted to observe the elements that impact net banking adoption.

RESEARCH OBJECTIVE & RESEARCH METHODOLOGY

Research Objective

Methods of Digital Payment Systems

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. –Faceless, Paperless, Cashless is one of professed role of Digital India. The payment system could be bifurcated into two main segments. The first segment consists of instruments which are covered under Systemically Important Financial Market Infrastructure (SIFMIs) and the second segment consist of Retail Payments. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available.

RESEARCH METHODOLOGY

This report is based on secondary data. One of the most important users of research methodology is that it helps in identifying the problem, collecting, analysing the required information data and providing an alternative solution to the problem.

Data Source: Secondary Data: Journals, websites, article, research papers, Magazines.

Software's & tools used: MS office, Personal computer, Internet.

NEED OF THE STUDY

- 21st century IT infrastructure in software capabilities
- E-governance of the future

- Health care of all
- Quality education for all
- Energy for all, Next generation financial services
- Doubling farmers income
- Jobs and skills for all

MAKING DIGITAL INDIA, MAKE FOR INDIA, MAKE FOR THE WORLD.

Findings

The following is what we determined as a set after absolutely greedy the concept: The extent and price of virtual bills are anticipated to develop swiftly in 2020-21. Growth in extent in 2020-21 became substantially better than the five-yr common boom price (201116). Total retail bills have grown at a price 3 instances extra than the five-yr common. ➤ The extent of UPI and IMPS transactions elevated dramatically in 2020-21. Consumers and organizations have embraced UPI in spite of it being a brand new product at the fee scene. As a result, general card fee endured to develop at a quicker price than its five-yr common, each in extent and price terms.

CONCLUSION

The demonetization of Rs. 500 and Rs. a thousand notes in India changed into step one in the direction of a virtual India. We realise that making such speedy modifications may be difficult, however the modern-day financial scenario in India will simplest get worse if no movement is taken soon. Our PM Mr. Narendra Modi has a clean imaginative and prescient for India's future, and it is as much as us, the human beings and the teens of India, to sell this brilliant India. Let us unfold the phrase approximately the advantages of ebanking, the Digital India Vision, etc. to our fellow citizens. This shift to a cashless economic system can have repercussions. One of the most important successes withinside the records of DIGITAL INDIA; it'll assist us acquire our intention of turning into a 'virtual nation' With virtual payments, you may do belongings you could not before. Customers' needs for valueadded offerings are growing across the world, as is opposition as a end result of recent technology and an ever-evolving regulatory landscape.

RECOMMENDATIONS

Dissociate valuable banking from the law of bills (RBI). Withdrawal expenses imposed on virtual bills through authorities departments. Reduce customs expenses on

charge processing equipment. Digital bills have a promising destiny in India, however the marketplace has grown drastically over the past 3 years. Over the subsequent 5 years, we consider that the seven key traits diagnosed could have a considerable effect at the bills area in India, making it greater virtual. Over the subsequent 5 to seven years, the coins-to-non-coins ratio for charge transactions can be reversed. Digital charge transactions' one-time price should upward push through a thing of ten through 2020.

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