



Digital Payment Services- A Study of Digital Platforms & Growth

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Abstract

The present paper aims to study the concept of digital payment services and their growth pattern. The digital payment services have become very popular these days due to their enormous features & benefits in the virtual environment. The technology has paved the path towards efficient use of the e-channels. The change in lifestyles and customer behaviour has also added in adoption and usage of digital payment services. Further, comfort and time saving qualities have contributed to wider acceptance of these digital services even by the laymen. This digitalization and technology inclusion has smoothened the process of payments for both urban and rural people. The payment banks have played a significant role in growth of these digital payment services. The present paper tried to study the various digital platforms and modes in comprehensive manner and growth of digital payment services. A comparative analysis is presented to have better understanding of concept and its usefulness for customers.

Keywords –Digital payments, Technology, E-channels, Digitalization & Inclusion

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Introduction

In the present world of technology, innovative channels play a very crucial role. The technological inclusion in all sectors of economy has made significant positive changes through various new avenues. One such major transformation was shift from cash to cashless economy by way of digital payment mechanism. The deeper technology penetration has filled the gaps of geographical restrictions & different other barriers by providing all anytime & anywhere access for digital payments globally at a comparative lower cost. However, digital infrastructure, high speed internet connectivity and digital literacy are the key requirements for managing digital payment system. The government has made huge efforts and taken initiatives in making the economy of India as a digital economy. In this direction, one major initiative was the launch of the Digital India Program by the Government of India with an initiative of the Ministry of Electronics & Information Technology. The main aim of the flagship program was to transform India into a digitally empowered society and a knowledge economy. The digital payment mechanism has boosted the efforts of government for Digital India in the sphere of cashless payments in the virtual environment. The adoption of digital payment services by both rural and urban people has revealed that people have trust in innovative channels with real time payments world wise. Further the virtual environment had promoted this non physical interface.

Review of Literature

A brief literature review of studies done in past on the research subject is presented in tabular form.

Table-1 **Review of Literature**

Authors	Year	Study description	Sample size & Tools used	Conclusion & suggestions
Dr.Nagaraju S.	2018	Analysed the innovative types of digital payment methods. He studied the importance of digital payments after demonetization as perceived by the people.	Sample size – 200 respondents, Analysis tools- Percentage, Chi-square Test.	Concluded that there was significant difference in perception of customers on digital payments.
Dr. Vasan M. & Sentil B.	2018	Studied the technological shift in banks from the year 2007 -2017	Trend analysis	They concluded that the existing payment system needs to be transformed. They recommended minimizing & limiting of cyber crimes & security threats.
Joshi Mrunal Chetanbhai	2017	Revealed the trend of various modes of digital payments in the last three years i.e. 2014- 2017	Trend percentage analysis, Line chart & Bar charts	He concluded that people proactively adopted the new modes of digital payments. He stated that demonetization also amplified the digital payment transactions.
Kumar Piyush & Dr Chaubey D S	2017	Examined the importance of digital payments after demonetization & also studied their trust in digital payments.	Sample size – 270 Analysis tools- Percentage	They concluded that people adopted technology at a slow pace but don't wanted to pay extra for digital payments.
Dr Thakur	2013	Analyzes the rationale behind low adoption rate of mobile payment systems by the consumers	Technology Acceptance Model	Suggested that awareness about the benefits will help in its promotion among consumers

Objectives of the study

- To study the concept of digital payment services and payment banks
- To highlight the features of digital payment services
- To analyze the growth of digital payment mechanism

Scope of the study

The present study focuses on digital payment services, their modes & growth of digital payments in India. A comparative analysis is presented for the last decade for digital payments. The analysis is based on secondary data and it has been collected from Books, Journals, Reports, Publications & websites.

Digital payments & digital platforms

Digital payment mechanism has made the payments easy, transparent and globally accessible. The technology is playing an efficient role in its acceptance at a larger scale. Various online platforms have made the virtual payments much affordable and interoperable

to benefit the end consumer, business and trade. The payment banks have further taken steps to boost safe transactions & healthy environment for promotion of digital payment services in the economy. There are many features of digital payment services. These include transparency, time & cost efficiency, privacy, safety, security and digital record of transactions. These features make the digital payment services more convincing & attractive to the users and also act a motivation in usage & promotion of digital payments. The digital platforms include the various modes. These include Unstructured Supplementary Service Data (USSD), Aadhar Enabled Payment System (AEPS), Unified Payments Interface (UPI), Internet Banking, Mobile Banking, Banking Cards (Debit & Credit cards), Mobile Wallets, Point of Sale (POS), Bank's Prepaid Cards & Micro ATMs etc.

Payment Banks

The Payment banks in India have been set up with the directions of the Reserve Bank of India under the head Guidelines for Licensing of Payment banks. The payment banks are a new model of banks in India, as these banks functions differ from conventional banks. These can issue specific cards only. Thus, a Payment bank is like any other bank, but operating on a smaller scale without involving any credit risk. The payment banks in India are setup to ensure for financial inclusion of all sections of the society. The main payment banks in India include Airtel Payments bank Ltd., India Post Payments bank Ltd., Fino Payments bank Ltd., Paytm Payments bank Ltd., Jio Payments bank Ltd. and NSDL Payments bank Ltd. The Payment banks are playing a significant role in economic development of the nation and also in social & financial inclusion of every section of society including the financially small earners.

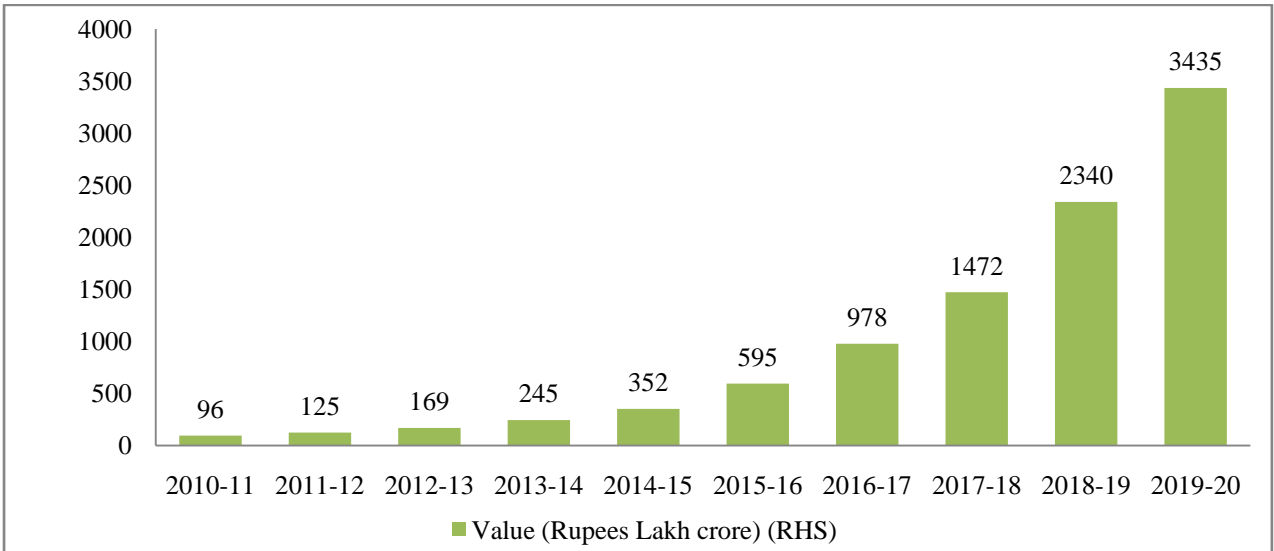
Digital payments in India- A comparative analysis

Table-2 Analysis of Digital payments in India (Year-wise)

Digital Payments	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Value (Lakh crore)	96	125	169	245	352	595	978	1472	2340	3435

Source- Reserve Bank of India Data, compiled as per requirement

Fig:1 Growth of Digital payments in India (Year-wise)

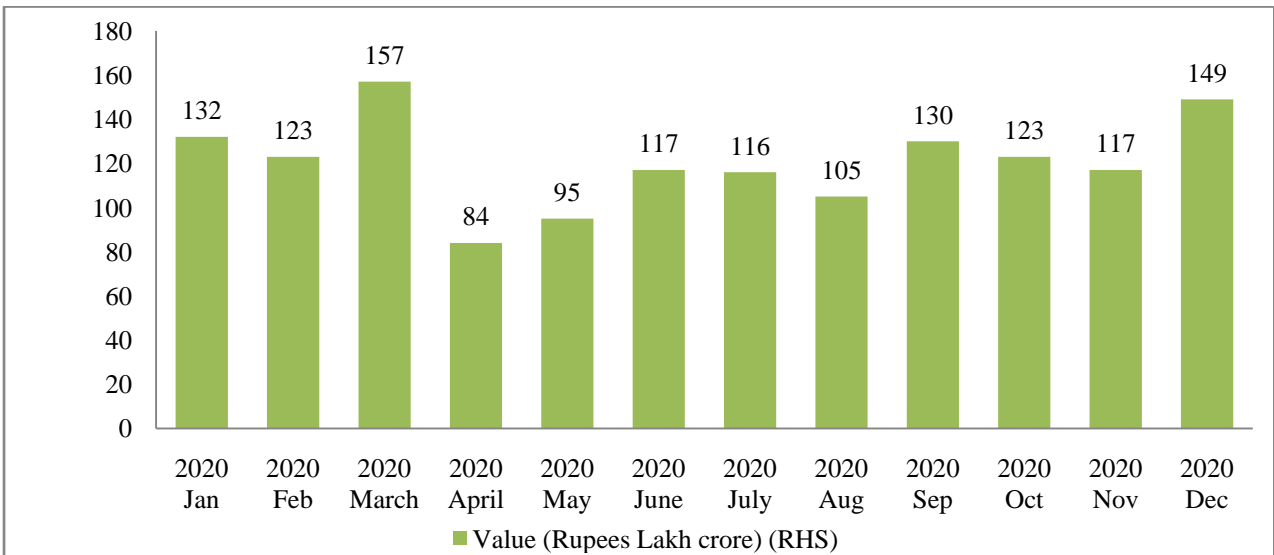


Source- Reserve Bank of India Data, compiled as per requirement

The growth of digital payments has been increased tremendously over the years. The position of the decade is presented to have a comparative view. From transactions value of 96 lakh crore during the financial year 2010-11, the digital payments have been grown to the value of 3435 lakh crore in the financial year 2019-20. This represents a CAGR of 43.01% (in terms of value), as reported by RBI.

Digital payments during Covid pandemic times- An analysis of year 2020

Fig:2 Position of Digital payments during the Year 2020 (Month-wise)



Source- Reserve Bank of India Data, compiled as per requirement

The status of digital payments has also been studied during the covid pandemic times for the year 2020. The position of Jan-2020 to Dec-2020 has been presented with the help of

graph. The pandemic has posed restrictions on cash handling and exchange of currency in physical terms for making various types of transactions. Thus, the digital payment mode was used as an alternative of cash initially. But later it was accepted by most of the people due to its ease and convenience. But the usage of digital payment services had also seen challenges on grounds of security reasons and technical incompetence by some of the users.

Conclusion

To sum up, the digital payment mechanism has seen growth in previous years. The features such as comfort, ease & time efficiency are contributing to its wider acceptance in global as well as national scale. A comparative analysis for last decade has been presented for digital payment services along with a brief discussion of digital payments during covid times for the year 2020. For further rise of digital payment services in future, more emphasis is to be laid on digital literacy in addition to the high speed internet connectivity. Also the security channels need to be strengthened to achieve customer trust in the mechanism. Efforts are also needed for awareness campaigns to have a secure & healthy digital environment.

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