

PROSPECTS OF PRIVATE ENTERPRISES IN E-PAYMENTS MECHANISM IN INDIA

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Abstract: Soon India will be cashless. In an effort to reduce the reliance of the Indian economy on money and to prevent money laundering, the Indian government launched the Digital India Campaign. Cashless India is on the verge of taking off, as various payment methods continue to emerge and develop while overall trends favour the use of digital payment systems. Developing countries like India, and the majority of the land is rural because only 6.5% of the population has literacy in computers. Once this is done, there will be the challenge of putting in place a digital currency. In the study, attention is paid to the difficulties faced by India's digital payment system and the ways in which people and the country's economy are affected. The study is researching how online payment systems will exist in the future.

Keywords: payments, UPI, NEFT, Cash, global payments, Indians, payment instruments

INTRODUCTION

It is widely accepted that the traditional method is being phased out in favour of the digital system. Cheques, withdrawals, draughts, direct deposit, letters with credits, travel cheques, and cash are all payment systems that are still widely used today. There are several reasons for the rise in electronic payments: payment systems are transforming into electronic payment systems using computers and the internet. Most frequently, the leakages and inefficiency in the traditional system are surmounted by the payment system. However, in India, digital technology is a rising trend, but not quite as popular or widespread as it is in the US or Europe. Payment systems used in India today include debit cards, car loans, but transfer of funds, internet banking, and the Unified Payment System (UPI) are less commonly used. This is because the financials of the digital payment system must be known, and its advancement in India is essential.

Digital Payment

Payment via digital and online means does not necessitate

a physical transaction. Because both sides, the payer as well as the payee, use digital communication to exchange money, this means that the parties use electronic mediums.

While payment systems can actually occur on both physical and online premises, be aware that transactions that occur on the internet do not go through bank accounts. One example of this is if you purchase something from Amazon using UPI, and pay for it that way. In fact, you can also use UPI to pay if you've bought anything from your kirana store.

Different methods of digital payments

At the moment, there are ten different ways to pay digitally in India. There are many methods that have been used for for even more than a century, a few which have gained prominence recently, and others that are fairly new.

Banking cards

Banking cards, debit/credit cards, and prepaid cards are widely used in India as a substitute to cash payments. Andhra Bank was the first bank in India to launch a credit card in 1981.

For several reasons, such as comfort, portability, safety, and security, cards are more popular. Digital payments such as debit cards, mobile payments, and even credit cards are used in both online and offline transactions. Due to the rise of card transaction apps like Cred, Square, etc., these apps are being decided to launch with only the goal of administering those transactions.

Unstructured Supplementary Service Data (USSD)

There are millions of people in India who do not have internet and banking services, and so, for those individuals, USSD was created. USSD, also known as Voice Dialing, makes it possible to carry out mobile banking transactions when the internet is not accessible by simply dialling *99# on any important feature phone.

All TSPs (the service providers who make up the telecom industry) can operate across this number, which provides customers with services including inter - bank checking account remittance, balance inquiry, and the ability to avail of prepaid miniature statements. Many major banks, including Union Bank of India, offer USSD service in multiple languages, including Hindi and English.

Aadhar Enabled payment system (AEPS)

It is a bank-led digital payment system that uses the fact that Aadhar is widely accepted. It makes it possible for customers to move money between two bank accounts connected to Aadhaar. According to the NPCI, AEPS is expected to surpass 205 million in February 2020. There is no need to go to a branch, use a card, or sign anything with AEPS. This bank-led approach enables payments at PoS (Point of Sale/Micro ATM) using Aadhaar. AePS costs for bank deposits are about Rs.15 at BC Points.

Unified payments interface (UPI)

The UPI is a single application that incorporates various bank balances into a single unit, facilitating money transfers between parties of any financial status. UPI is more well-defined and standardised especially in comparison to NEFT, RTGS, and IMPS. You can transfer money from your UPI-linked bank account with a few clicks using the UPI.

The advantage of using UPI is that you don't have

to enter your credit card or bank account details. It is now one of the most important online payment methods, with over 2 billion transactions that take place in October of 2020.

Mobile Wallet

This type of wallet allows you to carry cash but also in a digital form. In order to enable secure digital transactions, customers often link their bank balances or banking cards to their wallets. In addition, you can transfer money from your Mobile Wallet by adding money to it.

Many banks have decided to launch wallets in recent years. A number of private businesses have also entered the mobile wallet market. Paytm, Freecharge, Mobikwik, mRupee, Vodafone M-Pesa, Airtel Money, Jio Money, SBI Buddy, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, etc., are some of the most popular ones used.

Internet banking

Customers may use Internet Banking (or e-banking) to perform transactions and other financial activities. E-banking needs a continuous internet connection to send or receive money and use a bank's website.

Banks increasingly provide online banking. Online purchases utilising PayPal are becoming more common. India's payment gateways all accept virtual cards. Among the most common methods of online banking transfers are: NEFT, RTGS, and IMPS

Mobile Banking

Mobile banking involves using a mobile device to perform various banking tasks. Mobile banking apps for handheld devices, such as mobile phones, tablets, and on desktops, and often on handheld devices are now commonplace for most banks. Mobile banking is expected to dominate the banking industry because of its versatility, ease, and speed. A single platform offers a multitude of digital payment options, such as IMPS, NEFT, RTGS, IMPS, investments, bank statements, bill payments, etc. Banks benefit their customers by encouraging them to convert to digital services.

REVIEW OF LITERATURE

With rapidly growing e-commerce, businesses have the ability to boost their revenue by selling over the web [4]. Nowadays, everyone and every business knows how to do e-commerce. As a result of the introduction of e-commerce, new financial requirements have emerged that conventional payment methods (check and credit cards) fail to provide. Electronic payment methods, rather than paper bills, are being used to pay for goods and services [7]. When the usage of electronic payment systems was introduced, sales of products and services rose dramatically, as card transactions became an increasingly major component of the payment system.

With e-payment, consumers may purchase internet-based services and products. E-payment system enables both customers and merchants to have a more convenient way to conduct transactions in e-commerce. Payers and payees will profit greatly from the use of the E-payment system, as will E-commerce, banks, organisations, and governments. More widespread payment systems may be obtained as a result of these advantages.

An effective and trustworthy e-payment system, among other things, helps speed up payments, reduces paperwork, promotes transparency, cuts costs, boosts trust, and allows a wide range of other advantages. Financial transactions are part of e-payment, and individuals who utilise this technology have expectations that are influenced by the use of excellent technology. Electronic payment methods, such as ATM transactions, credit and debit cards, internet mobile banking, are widely utilised nowadays. Significant cost reductions are provided on paper-based payments with the use of electronic payments.

Since the introduction of e-payment systems, banking services can be performed more efficiently, a multitude of operations may be conducted swiftly and correctly, and productivity is increased. A payment method that utilises electronic media that does not use currency as an underlying mechanism is an electronic payment. Inter-organizational information systems that connect different associations and link to individual customers are all part of electronic payment systems. A need for complicated interaction calls for the presence of a number of different parties: the technology and the surrounding environment.

An digital value transfer of a transaction from the payer to the receiver via an electronic payment method may be considered an electronic payment. With the inclusion of an e-payment service, users will be able to access their bank accounts and transactions via a web-based user interface. The terms “electronic payment” and “e-payment” are both used in connection with online transactions done through the Internet. Also known as a paperless payment method, electronic payments are mostly a procedure without paper.

A number of different e-payment methods involve electronic cash transactions. The most common method is when customers use electronic currency exchange. Other methodologies include prepaid cards that provide the customer with prepaid cards to spend a certain amount of money, and credit cards that verify the financial institutions have sufficient funds before a purchase is made. Customers are able to use debit cards if they keep a balance in their bank account.

An innovative new electronic payment system, which uses online credit cards, e-wallets, e-cash, and value systems, has recently been developed. Electronic payment methods in retail trade include debit cards, card fees, debit cards, and e-money.

OBJECTIVES

- To study the concept of Digital payment system and cashless transactions
- To know the Impact of Digital payment system
- To know the opportunities and challenges of e-payment system in India
- To know the problems of digital payment system

HYPOTHESES

1. There exists a significant impact of digital payment system on financial sector.
2. There is a strong correlation between the development of digital payment systems and the growth of the economy..
3. There exists a significant impact of cashless transactions on retail businesses.

Research justification

Many features of the cashless payment system, such as it being very handy in cases of emergency or other unexpected expenses, may be justified. Second, we receive excellent discounts on services when we pay online (e.g. using Cards, UPI, net banking, etc.), i.e. we obtain credit or debit card, UPI, or net banking benefits. By using cashless transactions, we can monitor exactly how much we spend on every service. We can pay the precise sum of money without bothering about currency exchange rates. Finally, we can make any transaction simply by a click by sitting in any location in the nation without having to worry about the security of our personal information.

RESEARCH METHODOLOGY

The methodology used for the paper is secondary data based research paper and it is conceptual research paper of Digital Payment system:

Banking card: To minimise time spent on financial transactions, different banking cards are available. In contrast to conventional payment methods, it provides greater security, convenience, and control to customers. When utilising cards like Rupay, mastercard, visa, the client is provided with greater security. The ability to buy goods in shops, the Internet, via mail-order catalogues, and by telephone is granted to individuals through payment cards. They are efficient at both customer and merchant service, thus they save consumers and merchants both time and money. This is why they allow for easy transactions..

USSD: The revolutionary payment service *99# operates on USSD, which is a different kind of USSD called Unstructural Supplementary Service Data (USSD). This service provides mobile banking for those who don't have internet access. A service is provided to allow individuals to transfer money via non-internet and non-smart phone methods for free. People throughout the nation will be able to access financial services via the new *99# service. The same number that is used across all of the major telecom service providers is what is used for mobile phone transactions. Checking balances, transferring money, and receiving statements are among the features that this client will be able to use.

Adhar enabled Payment system: In an AEPS

model, all banking transactions may be done via a business correspondent (BC) or bank mitra (BM). All BC/BM users must use the Aadhar authentication method..

UPI: A Unified Payments Interface (UPI) is a technology that combines several banking functions into a single mobile application. It is used to transmit money. It is now starting to get popular among Indian people. It is simple to use, doesn't need frequent input of a beneficiary's account number, and is fascinating to use. It is fast and easy for the client to see their payment transaction history.

Mobile Wallets: In addition to traditional mobile wallets, there are many other apps on the market. Each bank has their own version. Mobile wallets enable customers to store digital currency. A client may connect a debit card to their mobile device to complete a purchase by using a wallet. To have access to the money, an individual's account must be connected to the digital wallet. In India, there are a number of mobile wallets that people use, such as Paytm, Freecharge, Mobikwik, Airtel Money, Jio Money, SBI Buddy, itz Cash, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, and Speed Pay.

Internet banking: The most popular method of internet banking, known as online banking, e-banking, virtual banking, or simply e-banking, is an electronic account that allows clients of a bank to do transaction using the bank's website with ID and password.

National Electronic Fund Transfer: (NEFT) It is a national electronic payment system which permits money transfers from any bank, branch, or ATM machine to any other bank, branch, or ATM machine. Corporate and private businesses both use the technology to move money electronically from one bank branch to another. In other words, money may be transferred from one account to another by depositing funds from any source. To utilise this service, a person may deposit money into an account that has a maximum balance of Rs. 50000/-.

Mobile banking: mobile banking is a method offered by banks to customers on cell phones or tablets. the bank provides it for that reason A bank will usually provide its own mobile banking application for Android, Windows, and sometimes even for iOS.

Prospect

- The India banking sector is one of the best sector in India and it changes as per the requirement of the India country
- There are large scope of digital payment system in India because of it is increasing trend. The growth in volume and value of transactions using payment issued banks entities has been significant.
- There are several banks and near about all banks are in adaption of Digital banking and NPCI also promoted Adhar enabled payment system to involve all Indian in digital transaction
- UPI system the best system to make digital transaction and it is expected to give a progress in digital payment transactions
- Debit and credit card are shows as usual to make transaction but it is increasing trend from Demonetization of money IN 2016.
- The usage of cash will decline due to increased mobile banking services, the development of e-commerce, and the growing use of mobile payment apps..
- The government of India is focus on digital infrastructure and it can encourage digital transactions culture in India there are almost every persons have Jan dhanyojana account and Adhar card.

CONCLUSION

Electronic payment system is simple and quick to use for customers, but the bank officers and financial system employees in India have a variety of options to choose from. Indian people's digital literacy is poor, as a result digital payment systems have not fully evolved and are not widely available across the country. When dealing with digital payment systems, it is important to consider all of the societal and infrastructural obstacles. But mobile banking is more popular now since it is simple to use and people may use it whenever they want. It is also necessary to help increase the people's digital literacy. Additional risks include security and safety.

SUGGESTIONS

- A greater penetration of USSD adoption should commence.
- Providing a centralized payment mechanism for citizen services.
- Expand global scope for an unified global experience
- The government should standardize KYC requirements.
- Establishing the minimum KYC wallets.
- Allowing OTP-based e-KYC (Aadhaar verification) accounts to be opened in order to maintain minimum e-KYC accounts.

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