



## GROWTH OF DIGITAL PAYMENT SYSTEM IN INDIA

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**ABSTRACT**

Digital payments refer to electronic consumer transactions, which include payments for goods and services that are made over the internet, mobile payments at point-of-sale (PoS) via Smartphone applications (apps), and peer-to-peer transfers between private users. The sector is experiencing an unprecedented jump in growth since November 2017, when the government demonetized high currency bills (Rs 500 and 1000) – which represented 86 percent of India's cash in circulation. By February this year, digital wallet companies had shown a growth of 271 percent for a total value of US\$2.8 billion (Rs 191 crore). Prior to the sudden developments in 2016 enabling the massive disruption in India's payments landscape, a Google-BCG Report estimated that India's digital payments industry would grow to US\$500 billion by 2020, contributing to 15 percent of the country's GDP. An important driver of this growth is India's vast Smartphone user base – the second largest in the world.

**KEYWORDS :** Digital Payments, Demonetization**INTRODUCTION**

Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in the digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments. Earlier for making cash payments first withdraw cash from user account. Then use this cash to pay at shops. Shopkeeper goes to the bank to deposit the cash from the customer. Digital payments save you from long queues of ATMs and banks. Because, if you pay digitally, you won't need to withdraw cash from your account. It also lots of time and a little bit money as well.

**Objectives**

- To study the different types of digital payments popular in India
- To analyze the growth of digital payments in India over the years

**Different Types of Digital Payments**

From commonly used cards to newly launched UPI, digital payments have many types of payment. Some modes meant for tech-savvies and some for less-technical persons. Below are the different modes of digital payments.

**1. UPI APPS**

UPI or unified payment interface is a payment mode which is used to make fund transfers through the mobile app. You can transfer funds between two accounts using UPI apps. You will have to register for mobile banking to use UPI apps. Currently, this service is only available for android phone users.

**2. AEPS**

AEPS is an Aadhaar based digital payment mode. The term AEPS stands for Aadhaar Enabled Payment Service. Customer needs only his or her Aadhaar number to pay to any merchant. AEPS allows bank to bank transactions. It means the money you pay will be deducted from your account and credited to the payee's account directly.

**3. USSD**

USSD banking or \*99# Banking is a mobile banking based digital payment mode. You do not need to have a smartphone or internet connection to use USSD banking.

The \*99# code works as a bridge between your telecom operator's server and your bank's server. It uses your registered mobile number to connect with your bank account. Hence, dial \*99# with your registered number only. USSD banking has a transaction limit of Rs. 5000 per day per customer.

**4. CARDS**

Cards are provided by banks to their account holders. These have been the most used digital payment modes till now.

Credit cards are issued by banks and some other entities authorized by RBI. These cards give you the ability to withdraw or use extra money. Credit cards are used for domestic as well as international payments.

Debit cards are issued by the bank where you have your account. You can use these cards for the money in your account.

Prepaid cards are another type of cards which you use to pay digitally. You must have to recharge these cards before using just like prepaid SIM cards.

**5. E-WALLET**

E-wallet or mobile wallet is the digital version of your physical wallet with more functionality. You can keep your money in an E-wallet and use it when needed. Use the E-wallets to recharge your phone, pay at various places and send money to your friends.

There are many payment gateways in India, of which most popular are as follows:

**1. Airtel Money:**

With the Airtel Money app, users can easily recharge prepaid accounts or pay postpaid bills. You can also shop online if your digital wallet has cash loaded in it. It's also extremely safe as every transaction or payment you make requires a secret 4-digit mPin.

**2. Citi Masterpass:**

Citi MasterPass, a free digital wallet, helps make checking out while online shopping a speedier process. Once you've stored all your payment and shipping details in your Citi Wallet, simply click on the MasterPass button and it will take care of the rest.

**3. Citrus Pay:**

Citrus Pay, one of the top e-wallets in India, it offers a Citrus wallet for customers as well as payment solutions to businesses. With a strong base of 800 million customers, it has definitely earned its spot as one of the best mobile wallets in India.

**4. Ezetap:**

Ezetap, a Bangalore based digital payment solution founded in 2011, offers business owners solutions to accept card payments via electronic devices. It also send customers e-receipts through an SMS or email.

**5. Freecharge:**

Freecharge, one of the most famous names right now when it

comes to digital payment in India, has been known to target the youth in all their promotions. With equivalent amount of coupons given for every recharge you make, it's a great option to save while paying your bills online.

**6. HDFC Payzapp:**

HDFC PayZapp, making digital payment in India simplified with one click payments, is one of the top online wallets in India. Users can easily compare flight and hotel tickets and even buy music or pay bills with the app

**7. ICICI Pockets:**

While you might find a Pocket card redundant, considering you're opting for an e-wallet app to avoid using a card, they do have a pretty neat wallet app.

**8. Jiomoney:**

JioMoney, launched recently in 2016 by Jio, is a digital payment app. With JioMoney, one can receive great discounts and offers.

**9. Juspay:**

JusPay Safe is a payment browser with over 650+ transactions in a day. They offer a browser with which users can make payments quickly via cards with 2 clicks.

**10) LIME:**

LIME, launched by AXIS in 2015, was the first mobile app in India to integrate wallets, shopping, payments, and banking. Apart from the usual features like making payments, they also let you analyze what you spend.

**11) Mobikwik:**

Mobikwik is a Gurgaon based e-wallet payment system in India that helps its users store their money. Founded in 2009 by Bipin Singh and Upasana Taku, this digital wallet enables users to recharge, pay bills, and make third-party purchases with one tap.

**12) Momoexpress:**

MomoeXpress, a Bangalore based digital wallet in India, claims to have the fastest checkout system. Though they're only available in Bangalore, they have a wide range of solutions they offer to residents on the city.

**13) Money On Mobile:**

MoneyOnMobile, authorized by the Reserve Bank of India, enables users to buy goods, products, and services from registered merchants.

**14) Mswipe:**

Mswipe, the first mobile point-of-sales solution in India was founded in 2012. They don't exactly offer an app, but they do provide a machine that can be attached to your mobile device to accept card payments.

**15) Ola Money:**

Ola Money, launched in 2015, is a digital wallet in India offered by Ola. While it's majorly being used to make payments for Ola cab rides, making cashless traveling a dream come true, it can also be used to buy groceries or flight tickets and much more.

**16) Oxigen:**

Oxigen, a FinTech company founded in July 2004, is one of the major providers of digital payment in India. Along with making online purchases and paying bills, you can also send gift cards to your dear ones.

**17) Paymate:**

PayMate, founded in 2006 by Ajay Adishesann, launched PayPOS in 2012, an app for small businessowners to receive payments conveniently via debit cards and credit cards and also process electronic transactions.

**18) Paytm:**

Paytm, launched in 2010, is currently the largest mobile wallet app in India. With payments via Paytm being accepted almost everywhere, it's hard not to simply switch to it completely. From paying mobile bills to buying movie tickets, there's almost nothing you can't do with Paytm.

**19) Pay Umoney:**

PayUmoney, a part of PayU India, is a free payment gateway solution for merchants to collect payments from customers via debit/credit cards or net banking, and more.

**20) State Bank Buddy:**

State Bank Buddy, a product of State Bank of India, is an online wallet in India that's available in 13 languages. Users (non SBI account holders too) can send money via Facebook, or to other bank accounts, book hotels or movie tickets and much more!

**Growth of Digital Payments Companies in India**

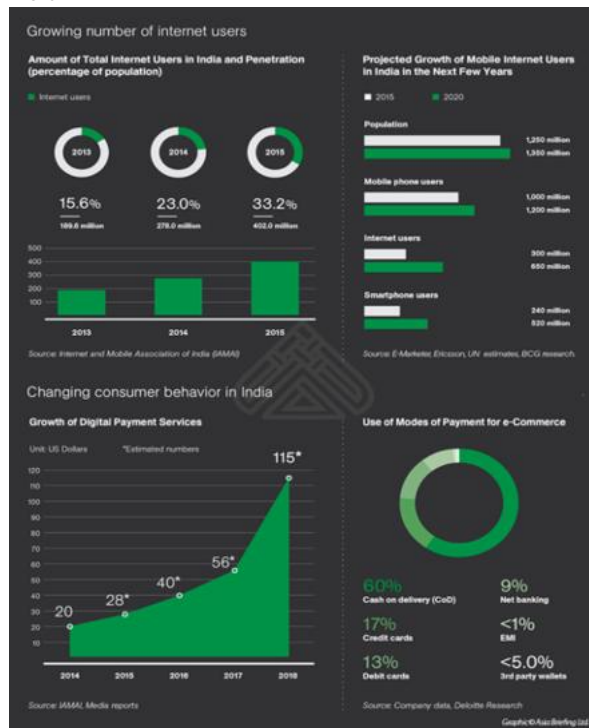
Digital payment companies have seen a substantial jump in their business as a result of the government's measures towards promoting cashless transactions post demonetisation last year. These firms are likely to further consolidate their business with more incentives for digital transactions. "In the last 12 months, we saw over three times growth. Before demonetisation, we were processing monthly transactions of Rs 3,000 crore, which now stands at Rs 6,800 crore across all our verticals," Atom Technologies Managing Director and CEO Dewang Neralla said.

The major contributor to this growth was online payments business, he indicated.

"Our focus has been largely on the education, travel ticketing financial services, C2G payments and cable and wireless industries and we have seen all round growth both in terms of enrolments as well as transactions." Payment processing volumes have grown three times to what they were since demonetisation and we still continue to see a healthy growth of around 20 per cent on a month-on-month basis in transactions in our online payment gateway."

The company is targeting to bring into the fold over 10 lakh merchants over the next few months, it said. The Digital Payment Systems Market in India market will witness a CAGR of 58.90% during the forecast period FY2017-FY2023. The private sector is experiencing an unprecedented jump in growth since November 2017, when the government demonetized high currency bills (Rs 500 and 1000) – which represented 86 percent of India's cash in circulation. By February this year, digital wallet companies had shown a growth of 271 percent for a total value of US\$2.8 billion (Rs 191 crore).

The following table shows the shift towards payment system in India



## CONCLUSION

Electronic Payments (e-payments) refers to the technological breakthrough that enables us to perform financial transactions electronically, thus avoiding long lines and other hassles. Electronic Payments provides greater freedom to individuals in paying their taxes, licenses, fees, fines and purchases at unconventional locations and at whichever time of the day, 365 days of the year.

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