

Digital Payments in India

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Abstract:- Digital payments have become a must now a days. As we see that digitization has become the future of the entire nation. A major boost was given to cashless payments when demonetization was announced. As digital media came into picture, many modes of digital payments also came in. Due to covid-19 and demonetization digital payments have grown like a bust. Digital payments also got a boost due to the Covid-19 pandemic. The beginning of Covid-19 pandemic gave a lot of boosts to one of the digital payment companies called as Paytm. A new reader may not be familiar with some of the phrases used in the realm of digital or e-payments. This section offers a means of comprehending various forms of electronic payments. Payment instruments are used to make payments. One type of payment tool is cash. Also, checks are. However, there are many distinct titles used for comparable services, sometimes even within the same country, making digital payments complicated. This raises the question, "Will the switch from cash to digital payments actually occur?"

is trying to become “paperless” and “cashless” economy. Digital India program has created a platform for a knowledge-based electronic transformation in governance for its citizen by engaging both central and state government. Digital payments were encouraged in India by the Indian government after the announcement of demonetization policy on 8th November 2016. Digital payments can also be defined as a means of electronic medium that allows consumers to make e-commerce transactions for their purchase.

The main objective of the announcement of digital payments was to encourage India to be a cashless economy. The question that arises here is that “Has demonetization really helped digital payments grow?” Digital payments also got a boost due to the Covid-19 pandemic. The beginning of Covid-19 pandemic gave a lot of boost to one of the digital payment companies called as Paytm.

- Due to the increased use of feature phones and low-cost smartphones, UPI transactions might have increased by three to four times. As a result, contactless payments in times of emergency could have benefited migrant, contract, and rural workers.
- The COVID-19 effort might have been able to speed up UPI acceptance by 1-2X.
- The result is a long-lasting change in behaviour brought on by the continued expansion of rural Internet users (304 million monthly active users by the end of 2020).
- Physical establishments' smooth transition to accepting digital payments may have easily been hampered.
- As a result, there are fewer early difficulties, timely payments improve financial position, and friction between physical and online delivery decreases.
- It's possible that NPCI's contactless and online onboarding for UPI and UPI QR was already established.

I. INTRODUCTION

India's journey with digital payments, which started in the early 2000s, has been nothing short of amazing! Digital payment methods have had spectacular development, increasing from 3 percent of all cash and non-monetary payments in 2005 to an expected 58 percent by 2025. Payments are made using payment instruments. Cash, for example, is a payment instrument. So too are checks. However, when it comes to digital payments, it can be confusing because of the range of different terms used for similar services, sometimes even within the same country! In this new era of digitization, digital payments have started evolving to a vast extent. Also, we see that our country India

Reasons	Strongly Agree	Agree	Disagree	Strongly Disagree	Neutral	Total
For digital payments	Agree					
The e-payment system is the need of the Hour	13	22	0	0	8	40
The current e-payment system is stimulating	4	28	0	0	8	40
I am satisfied with the system because it is error free	6	17	6	1	10	40
overall satisfaction	8	27	0	0	5	40
Total	31	94	6	1	31	

Table 1: Customer preference of digital payments

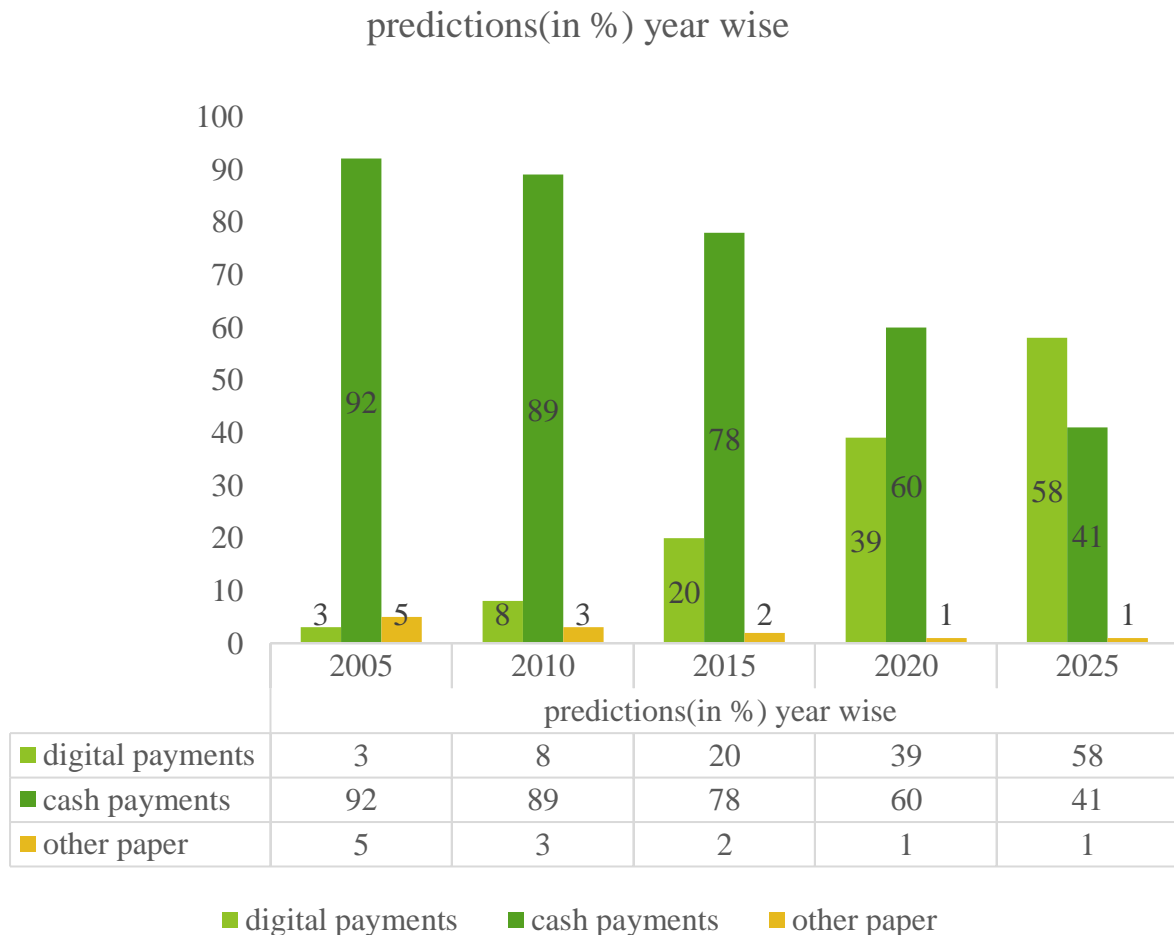
Exhibit 1 - [volume9-issue4\(7\)-2020.pdf \(ijmer.s3.amazonaws.com\)](https://www.ijmer.com/volume9-issue4(7)-2020.pdf)

Based on a current report. It is obvious that the impact of digital payments on customers will occur. The data in the table above plainly shows that most customers are happy with the necessity of accepting payments online.

Additionally, this table shows that customers favor digital payments over cash payments. It may so happen that many more digital payment platforms may come up and therefore cash transactions can be replaced with online transactions.

Year	predictions(in %) year wise				
	2005	2010	2015	2020	2025
digital payments	3	8	20	39	58
cash payments	92	89	78	60	41
other paper	5	3	2	1	1

Table 2: Predictions(in %) year wise



Graph 1: Predictions(in %) year wise

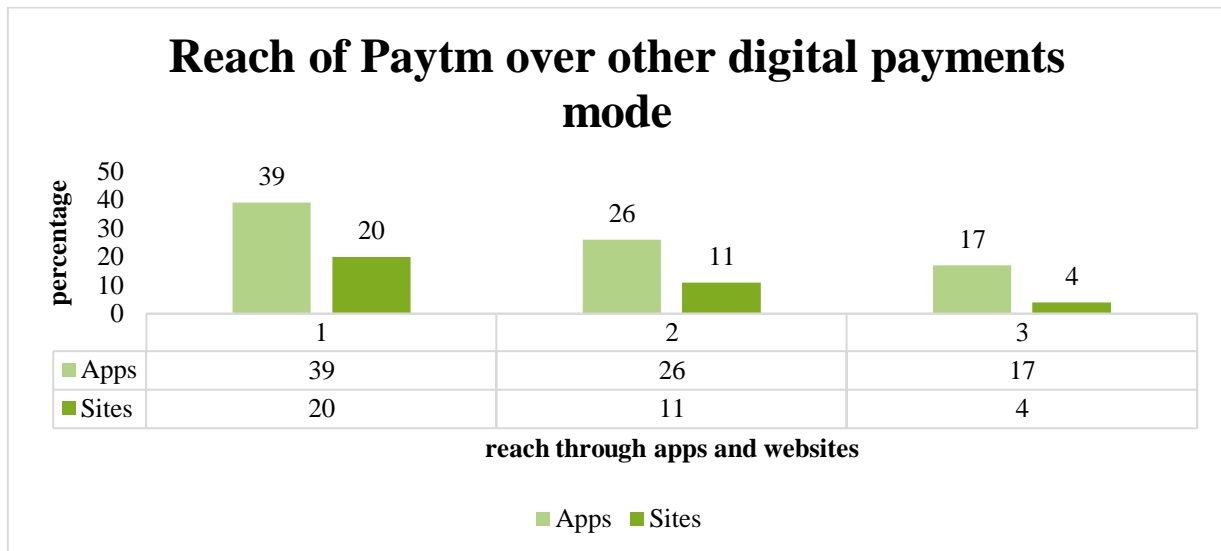
The above graph explains that there will be a shift from cash payments to digital payments soon. As we see that by 2025, 58% of the total payments will be in digital form. It may so happen that by 2025 many more platforms like Paytm may come up and therefore cash transactions can be replaced with online payment methods

One of the company which performed well as a digital payment company is Paytm. Paytm is a Noida-based global Indian technology company that specialises in digital

payment systems, e-commerce, and financial services. Paytm is currently available in 11 Indian languages and offers online services such as mobile recharges, utility bill payments, travel, movie, and event bookings, as well as in-store payments using the Paytm QR code at grocery stores, fruits and vegetable shops, restaurants, parking, tolls, pharmacies, and educational institutions. Paytm is expected to be worth US\$16 billion by 2020, making it one of the world's most valuable fintech companies.

Paytm over other digital payments websites			
Sno	Particulars	Reach	
		Apps	Sites
1	Paytm	39	20
2	Free Charge	26	11
3	MobiQuik	17	4

Table 3: Reach of Paytm over other digital payment platforms



Graph 2: Reach of Paytm over other digital payments mode

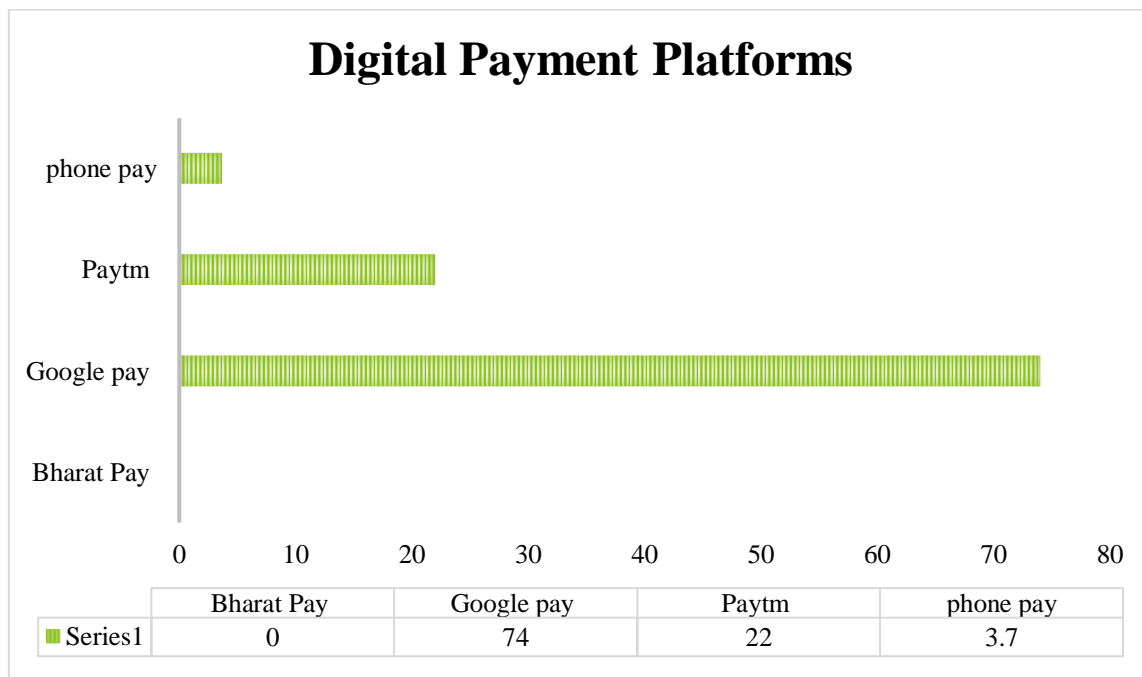
Source: Paytm market in India - Bing images

From the above data we can conclude that during the time of covid-19 pandemic, Paytm had the highest share in the market as compared to other digital payment platforms.

Most of the people logged into Paytm through its application.

Table on the platform of digital payment people use		
Sno	Particular	Percentage
1	Bharat Pay	0
2	Google pay	74
3	Paytm	22
4	phone pay	3.7

Table 4: Platform of digital payment people use



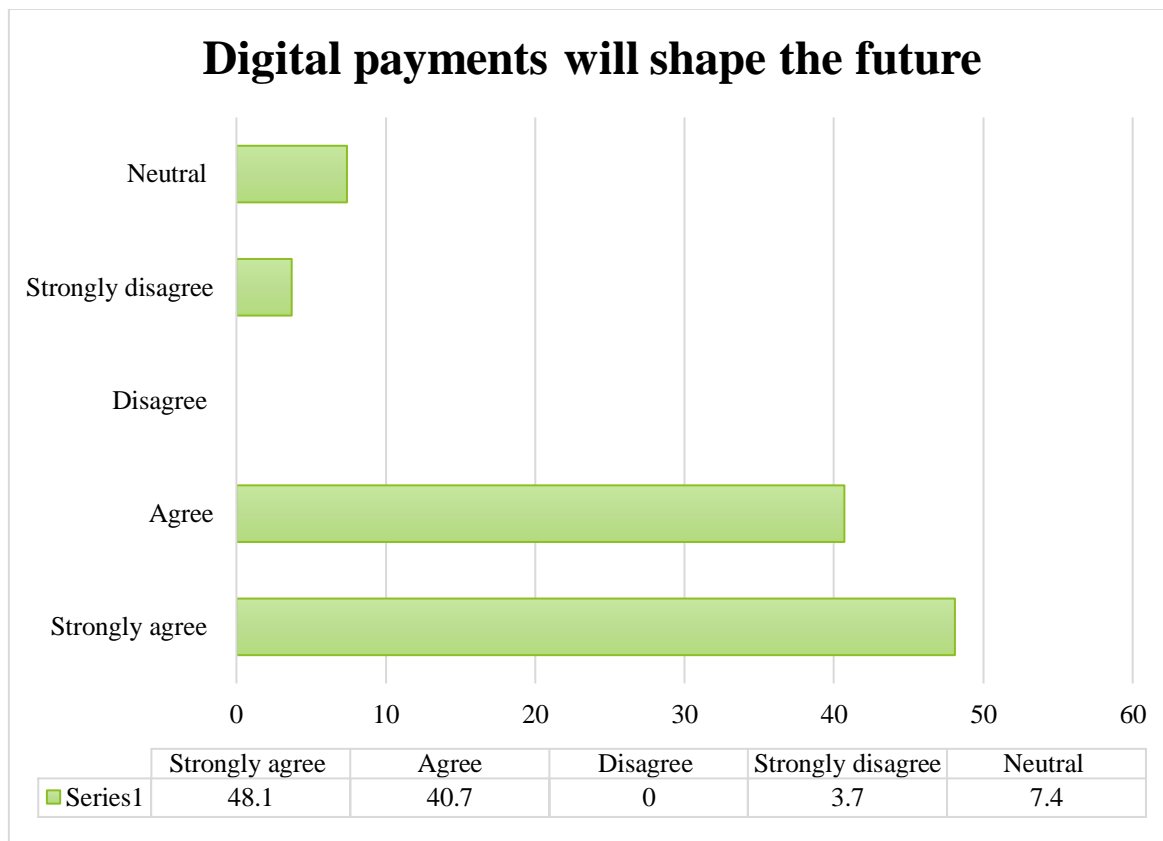
Graph 3: Digital Payment Platforms

Interpretation:- When the question was asked on the platform that people use to make payments, the results that came out were astonishing. The given graph shows that the

most preferred platform is Google pay. The reason here could be that google pay is one of the most preferred platform.

Future of digital payments		
Sno	Particular	Percentage
1	Strongly agree	48.1
2	Agree	40.7
3	Disagree	0
4	Strongly disagree	3.7
5	Neutral	7.4

Table 5: Future of digital payments



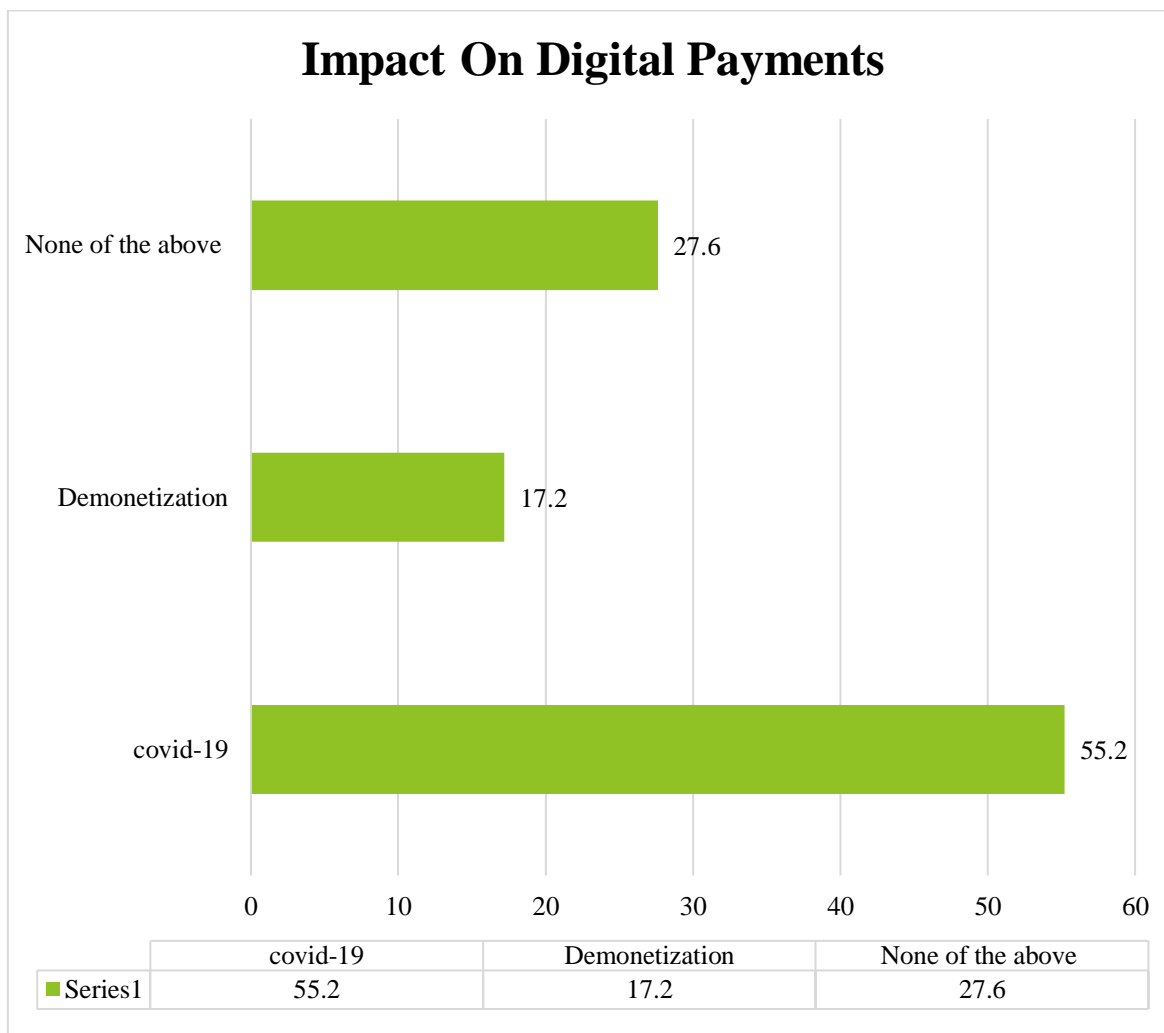
Graph 4: Digital payments will shape the future

Interpretation:- Digital payments can also be defined as a means of electronic medium that allows consumers to make e-commerce transactions for their purchase. It is quite

evident that digital payments are the future of Indian economy. But as per the above graph it is quite clear that digital payments will surely shape the future.

Effect on digital payments		
Sno	Particular	Percentage
1	covid-19	55.2
2	Demonetization	17.2
3	None of the above	27.6

Table 6: Effect on digital payments



Graph 5: Impact on digital payments

Interpretation:- Digital payments have created a lot of buzz. Some believe that such impact has been created due to covid-19 but on the other hand some believe that digital payments have been impacted by demonetization. The graph presents that covid-19 has created a lot of impact on digital payments.

II. CONCLUSION

- Digital payments do have an impact on customers, as this report properly points out. Different responders received a survey including a set of questions. "Has demonetization really aided the growth of digital payments?" is the issue that arises. Because of the Covid-19 epidemic, digital payments have gotten a boost. The outbreak of the Covid-19 virus boosted the popularity of Paytm, a digital payment company. Customers can benefit from digital payments, often known as cashless transactions, in the following ways. -
- One of the advantages of digital payment is that it makes making online payments more convenient. This means that the payment can be made, and the transaction completed with only one click.
- Tracking expenditures- Another significant advantage of digital payment is that it allows us to keep track of our spending. This means that we can easily trace how much

we spent using certain analytics. It serves as a crucial tool for keeping track of our everyday bills and internet transactions.

- Lower risk- The third advantage of digital payments is that they help to reduce the risk of losing money. This means that electronic payments are safer.
- E-payment systems have emerged as a significant facilitating engine in the e-commerce industry. This implies it has given the e-commerce industry a significant boost.

I believe that digital payments will be the future of Indian economy and will also act as an aid in making the economy cashless.

DECLARATION

I, Shreeyam Chaudhary, therefore certify that the work completed for this project, titled "Digital Payments in India " is exclusively based on my knowledge of the subject. All my conclusions are based on my own study and survey data. The references made by me to previous research done by other students have been given due mention in the paper and in the bibliography at the end of the dissertation. I, here by further declare that the work done in this

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