

## Digital Payment System and its Future Feasibility- An Indian Overview

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**Abstract** - This paper describes the recent development taking place since last few year as India moving towards cashless economy which is 'Faceless, Paperless, and Cashless'. Digital payment system in which there is no need for the exchange of hard cash. The transactions are made through electronic or digital mode. Payment industry paves the new methods to do payment anywhere anytime. Digital payment ensures the transformations which mainly focus on convenience, Competition, and Cost-Effectiveness. Paper discuss about predominantly on the topics pertaining to internet banking, mobile banking, mobile wallets, card payments, electronic and mobile payment systems, etc. Demonetization and Covid-19 pandemic drives the sudden adoption of digital payment and consumer behaviour towards digital payment is widely discussed. But still area of concern needs more emphasis are security problem, lack of technological knowledge and higher transaction cost. Due to the availability of internet as well as smart phone pave the way for digitalization. The paper covers the literature review about the digital payment adoption, modes of payment and throw light on future feasibility also.

**Key Words:** Digitalization, Online Payment System, Mobile Banking.

### 1.INTRODUCTION

Digital empowered economy which is faceless, cashless and paperless as intended by the Government of India as part of their 'Digital India' campaign generated various methods of the payment which are flexible and provide the access to do payment anytime, anywhere. The Reserve Bank of India (RBI) Ombudsman Scheme for Digital Transactions defined Digital Transactions as a seamless payment system in which there is no need for the exchange of hard cash. Electronic or digital transfer from both ends use digital medium to conduct the transaction. RBI vision of 2021 can be achieved by the 4Cs key - Competition, Cost-Effectiveness, Convenience and Confidence. In this context it was consider necessary to undertake a comprehensive review of the rules and procedure for levying charges in different payment system in the country with the objective of assessing their impact on the efficiency, growth and acceptance of payment system. (RBI, 2022) The digital payment system ensures the transformation through continuous innovations in the state of technology such as scanning of codes, contactless and wireless transfer just by clicking a button. It also involves new entrant and service provider like payment gateways. This revolution in the payment ecosystem offer the services at optimum cost to the users and also with the advent of mobile phone technology and data in affordable cost provides the wide reach results in effective utilization of digital payment ecosystem.

### 2. Literature Review

Gannamaneni *et. al.*, (2015) examine the past failure of mobile payment platforms which is the main objective and results shows that no technology standard, lack of collaboration, and low value added for consumers are some reasons for the repeated failure of transactions in past cases under study. Sponsor level, Platform level, User level are the various level which are majorly discussed in the light of transaction failure. Therefore, alignment of mobile payment platform in their context needs further research. Kakade & Veshne (2017) concluded that UPI has advantage over RTGS or NEFT as digital transaction service is available any time in case of UPI where NEFT or RTGS does not work in holidays or during out of banking hours. UPI facilitates the transfer of fund between two bank account over mobile platform. Mobile number need to be register with the bank account and requires Internet connection but rural area still big challenge as well as server error is also a problem in this area. UPI does not require any bank detail leads to transparent system and cashless economy.

Ali *et.al.*, (2017) analyzed digital payment model in rural India as important development taking place like launch of many digital wallets empowering the parallel economy and ensure transformation towards digital payment along with the benefits such as transparency and ease of business. However certain issues like limited access to featured phones, issue of awareness towards digital transaction still there and transaction based on Aadhar number could be a game changer if executed effectively. IT infrastructure in rural area and high transaction charge further more challenge towards creating payment solutions to the rural sector. Podle & Rajesh, (2017) argued that Demonetizations pave the way to electronic payment in India. People use digital payment solution, where all transactions are in records make the transparency in the society. It reduces cost and risk associated with carrying cash, attempts also made to identify the challenges during the transaction. Many people having negative mindset while adopting new system, security problem, lack of knowledge on technology, high transaction cost however concludes that banking system and government need to set up perception of the general public.

Sumathy & KP, (2017) focused on perception and concern among urban consumer as the vision of transforming India into digitally empowered society to realize ultimate goal of "Faceless, Paperless, and Cashless". The current study is

descriptive. People should move towards cashless system so that cost efficiency, transaction status, and fraud can be traced etc. Agrawal et. al, (2021) examines the various opportunities creates in the payment space results into advancement of technology, descriptive statistics and ANOVA technique taken to analyze the result. Cash to cashless economy is the main purpose to be attained and measure the extent it is done. Recent government also support cashless system, want to reduce the corruption and there is no significant difference based on Age, Gender, Profession, Education and Income. Everyone begins to accept digital payment in the country however proper execution possible only when the education provided to the people before implementation. Ghosh, (2021) concludes that there is shift in cashless transaction after the demonetization, people can easily perform the transaction on the timely manner due to reminder facility offered in the system. Core reason behind this huge success is easily availability of smartphone and internet facility at cheaper rate and as well as in every hand.

### 3. RESEARCH GAP

There is necessity to emphasize on current gap which undertakes in the context of review of charges related to digital payment system as cost is the important element which impact the use of digit payment system. Therefore, a comprehensive review which compare the transaction charges to that of previously prevailed in the offline system would be beneficial to the existing player in the market and also accelerate the growth of digital payment system in near future.

### 4. NOVELTY OF THE STUDY

Digital payment system will be one of the key factors which will decide the success of government's vision of making digital empowered economy. From being the management professional in finance sector we can contribute to fulfill the government's vision by performing the research related to payment charges in the relevant field which will be beneficial to whole ecosystem and pave the way of future digital India in the context of feasibility related to cost effectiveness.

### 5. CONCLUSIONS

The study concludes that the previous studies focused on the adoption of digital payment systems; some have studied factors affecting usage of digital payment systems. Similarly, earlier studies focused on dimensions of security, past researchers focused on measuring the impact of digital payment systems on customer satisfaction. Thus, most of the studies were limited to either one or two aspects of digital payment systems. On scrutinizing various published national and international literatures, research articles and studies, the researcher found that numerous researches were carried out predominantly on the topics pertaining to internet banking, mobile banking, mobile wallets, card payments, electronic and mobile payment systems, etc., Most of these studies conducted earlier have taken the factors available in the Technology Acceptance Model (TAM) model and Unified Theory of Technology Acceptance and Usage Theory (UTAUT) model and tested them accordingly with their sample of respondents. Overall remarkable growth in digital payment system in terms of value and volume are seen.

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