

Digital Payment Revolution in India

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Abstract: India's financial story is being rewritten at a remarkable pace by the digital payment revolution. Driven by the extraordinary success of the unified payments interface (UPI), digital transactions in India have experienced a remarkable rise. To put things in perspective, during the 2023 fiscal year, more than 100 billion digital transactions were made. The purpose of this study is to investigate the many variables driving India's shift towards digital payments. After demonetization, the digital payment revolution mostly got underway in 2016 and has been steadily expanding ever since. This revolution has been fulfilled by a number of factors, including demonetization, improved internet accessibility, the effects of covid-19, rising financial literacy, and different government initiatives.

Keywords: Digital payment, UPI transaction, demonetization, cashless transaction

I. INTRODUCTION

India has seen a dramatic change in the payment landscape as a result of rapid technical advancement and digitization. This shift, which is frequently called the "digital payment revolution." India has become a global leader in digital payments thanks to the country's extensive use of smartphones and government initiatives to promote a cashless economy. This revolution has a variety of driving forces. Demonetization in 2016 was one of the government's landmark efforts that forced millions of Indians to adopt digital payment methods overnight. The digital payment environment has been further democratized and streamlined by subsequent legislation, such as the implementation of the universal payments interface (UPI), making it available to a wider segment of the population. This transformation is not merely technological but also societal. Digital payments offer unparalleled convenience, speed, and security compared to traditional cash – based transactions. Moreover, they are fostering financial inclusion by bringing millions of underbanked individuals into the formal financial system, empowering them with access to credit, savings, and other financial services.

UPI APPS:

UPI or Unified Payment Interface is a payment mode which is used to make fund transfers through the mobile app. One can transfer funds between two accounts using UPI apps. For this he/she will have to register for mobile banking to use UPI apps. Currently, this service is only available for android phone users. Hence you can use UPI only when you have an android phone. You need to download a UPI app and create a VPA or UPI ID. There are too many good UPI apps available such as BHIM, SBI UPI app, HDFC UPI apps, I-Mobile, Phone-Pe app etc. It is not mandatory to use the UPI app from your bank to enjoy UPI service. You can download and use any UPI app. UPI apps are a faster solution to send money using VPA or even IFSC and account number.

AEPS:

AEPS is a digital payment method based on Aadhaar. AEPS, or Aadhaar Enabled Payment Service, is what it stands for. All a customer needs to pay any retailer is their Aadhaar number. Bank to bank transactions are enabled by AEPS. It indicates that the amount you pay will be immediately credited to the payee's account and subtracted from your own. To use AEPS, you must link your bank account to your Aadhaar number. There are no transaction fees associated with AEPS, in contrast to cards and USSD. Point of sale device enable you to employ AEPS. With it, you can transfer funds to another Aadhaar-linked account or withdraw and deposit cash. AEPS's benefit is that it doesn't require your signature, bank account information or any password. It uses your fingerprint as a password. No one can forge your finger-prints thus it is the most secure digital payment mode.

USSD:

USSD banking is a digital payment method based on mobile banking. Using USSD banking does not require a smartphone or an internet connection. It is simple to use with any typical feature phone. It's as simple to use USSD banking as checking your mobile balance. Numerous financial and non-financial tasks, including monitoring balances, sending money, changing MPINs, and obtaining MMID.

E-Wallets:

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. If you have a smart phone and a stable internet connection, you can use E-wallets to make payments. These E-Wallets also give additional cash back offers. Some of the most used E-wallets are State bank buddy, ICICI Pockets, Paytm etc.

Although they have certain drawbacks, e-wallets offer a quick and simple way to make payments. If you transfer money from one wallet to another, these apps are useful. However, these apps aren't appropriate if you wish to transfer money to a bank account. Additionally, you need to use these programs with extreme caution.

These applications don't require a password or PIN in order to transact with your wallet funds. Should you fail to secure your phone, The money in your wallet can be used by anyone.

Banking Cards:

Cards are provided by banks to their account holders. These have been the most used digital payment modes till now. Many of us use cards for transferring funds and making digital payments. Credit cards, debit cards and prepaid cards are the main types of cards. You can also use Ru-pay debit card for digital payments.

Banks and some other RBI-approved organizations are the ones who issue credit cards. With these cards, you can use or withdraw additional funds. Both foreign and domestic payments are made with credit cards. The bank where you have your account issues debit cards. These cards can be used to access the funds in your account.

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When you use these cards to make payments, your account is immediately debited and the payee's account is immediately credited. These cards can be used to transfer money between bank accounts.

An additional card type that you can use for digital payments is prepaid card. These cards require recharging before use, just like prepaid SIM cards.

II. REVIEW OF LITERATURE:

The article, "An overview on Digital payments," authored by FRANCIKA and SAHAYASELVI, examines the impact of Information Technology on digital transaction Published in the International Journal of Research (October 2017)[8], looks at how information technology affects digital transactions.

The Journal of Internet Banking and Commerce published a Research by Singh and Rana that examines how digital payments are developing in India. The study evaluates the effects of various factors, including enhanced internet connectivity, government initiatives, and diversified methods of payment. Results show a notable post – demonetization increase, particularly in digital wallets.

Ashish Baghla (2018) the article "A STUDY ON THE FUTURE OF DIGITAL PAYMENTS IN INDIA". The study demonstrates that while the shift toward a cashless society will take a long time to establish. The government's and private sector companies' efforts, which include e- wallet apps like PAYTM and Phone Pe, are progressing satisfactorily.

III. METHODOLOGY

Secondary data from books, papers, and research reports was gathered and used in the report. The primary goal of the research is to comprehend how digital payments transformed India. We've discovered that there are a few significant events including the introduction of UPI, the start of Digital India program, demonetization, and COVID-19 that contributed to the expansion of digital payments. The cumulative effect of all these events was significant for the Indian digital payment system. India now has the largest number of digital payment users. In 2016, there were 103060

transactions and 2023, there are over 100 billion transactions and growing. It also had a great positive impact on the development of the Indian economy.

OBJECTIVE:

- The study's goal is to understand the impact of the digital payment revolution on the Indian economy.
- To understand how consumer views changed after the COVID-19 and demonization crises.
- To examine the significant government measures that elevated India to the forefront of the world's digital payment systems

IV. FINDING

Digital payments are causing a rapid shift in India's financial landscape. A staggering 100 billion digital transactions took place in 2023, demonstrating how much consumers prefer cashless methods, particularly when using the well-liked Unified Payments Interface (UPI). UPI transactions were quite little in 2016—just 1,03,060 in October, but in the same month in 2023, they had 17,15,768.34 crore UPI transactions.

The COVID-19 pandemic, increased internet usage, and the 2016 ban on some banknotes all contributed to the significant change in payment methods to digital ones. It is important to ensure that everyone is included in addition to considering payment methods. Plans by the government like as 457 million new bank accounts are opened via initiatives like Pradhan Mantri. The Jan Dhan Yojana and Digital India were significant factors. The Reserve Bank of India (RBI) oversaw the security of these online transactions and even has plans to launch a brand-new digital currency. India's goal of having a \$5 trillion economy by 2025 makes the digital payment revolution a major role, demonstrating the nation's sustainable progress in an environment.

V. DISCUSSION

The way people utilize money has evolved in both cities and rural, particularly with the emergence of apps like GooglePay and Paytm. However, there were other difficulties, such as hackers interfering with UPI transactions. The Reserve Bank of India (RBI) nevertheless ensured the security of digital payments and even has plans for a Digital money later on. Examining studies and research, we observed how the demonetization process affected people's behaviours.

Roughly 83% of respondents began making more use of digital payments. Government initiatives and fintech businesses both contributed significantly to the development of digital money.

We were able to ascertain how India grew to be a major participant in digital payments by looking into several events such as the introduction of UPI, the Digital India program, demonetization, and the influence of COVID-19.

VI. CONCLUSION

India has made a remarkable transition to digital payments, to put it briefly. In 2023, there were over 100 billion digital transactions in India because of the unified payments interface's (UPI) popularity, sending and receiving money using phone has never been easier. 2016 saw the start of the revolution. With demonetization and continued expanding, with assistance from the government, increased internet access, and the effects of COVID-19. In addition to altering the way we make purchase digital payments will enable India's economy to grow. Making ensuring everyone can participate in digital world, regardless of where they reside.