

A Study on Recent Trends in Digital Banking in India with Special Reference to Aadhaar Enabled Payment System (AePS)

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Abstract: *This study explores the recent trends in digital banking in India, with a special focus on the Aadhaar Enabled Payment System (AePS), a pivotal initiative that leverages India's biometric identification system, Aadhaar, to facilitate secure and seamless financial transactions. As digital banking continues to evolve, the introduction of AePS has played a critical role in promoting financial inclusion, particularly among underserved and rural populations. The study examines the growth of digital banking in India, the role of government policies, and the integration of AePS in ensuring effective delivery of financial services. Key features, benefits, and challenges associated with the system are analyzed, with an emphasis on its impact on cashless transactions, government welfare schemes, and overall financial accessibility. Despite the progress, challenges such as infrastructure limitations, cybersecurity issues, and digital literacy gaps remain, which could hinder the full potential of AePS. This study concludes by providing recommendations for improving the implementation and adoption of digital banking technologies like AePS, ensuring their long-term success and contributing to India's digital financial landscape.*

Keywords: Aadhaar Enabled Payment System (AePS), digital banking, biometric identification system

I. INTRODUCTION

Digital banking has seen significant growth in India over the past decade, especially with the increased penetration of smartphones and internet access across the country. Digital banking includes mobile banking, internet banking, and the adoption of digital payment systems. The government's push for financial inclusion through schemes like Jan Dhan Yojana and Make in India has further accelerated the growth of digital banking services.

Key trends in digital banking in India include:

- Digital Payment Solutions: Mobile wallets, UPI (Unified Payments Interface), and other contactless payment methods have revolutionized how people conduct financial transactions.
- Financial Inclusion: A significant effort has been made to bring unbanked populations into the formal financial system, especially in rural areas.
- Digitization of Government Services: Government-to-Citizen services (like subsidies, pension payments, etc.) have increasingly been made available through digital platforms.
- Emerging Technologies: The integration of Artificial Intelligence (AI), machine learning, and blockchain into banking services is growing to improve user experiences and security.
- Aadhaar Enabled Payment System (AePS): One of the most revolutionary initiatives in digital banking in India is the Aadhaar Enabled Payment System (AePS). Launched by the National Payments Corporation of India (NPCI), AePS allows individuals to access their bank accounts and perform basic banking transactions using their Aadhaar number and biometric authentication.

Key Features of AePS:

The Aadhaar Enabled Payment System (AePS) was launched in 2016. It is a bank-led model that allows financial transactions at MicroATMs using Aadhaar authentication. In March 2023, AePS recorded over 447.25 million transactions in India. The RBI has tightened AePS rules to combat fraud and boost security. New guidelines focus on improving the onboarding and monitoring processes for AePS Touchpoint Operators.

- **Biometric Authentication:** AePS uses fingerprints, iris scans, or other biometric data to authenticate users, ensuring security and accessibility for those without traditional bank accounts or smartphones.
- **Interbank Transactions:** It allows for fund transfers, balance inquiries, and cash withdrawals across different banks, even in rural or underserved areas.
- **Financial Inclusion:** AePS has greatly contributed to financial inclusion by enabling unbanked individuals to access financial services without the need for internet connectivity or a bank branch visit.

Recent Trends in Digital Banking with Reference to AePS:

1. Increased Adoption of AePS:

AePS has become an essential tool for rural banking, allowing people to withdraw money from their Aadhaar-linked accounts at micro-ATMs located in remote areas.

As of recent reports, the number of transactions through AePS has surged, driven by both government push for digital financial inclusion and its ease of use.

2. Government Initiatives:

Pradhan Mantri Jan Dhan Yojana (PMJDY), which aims to provide financial access to every household, has seen many accounts linked with Aadhaar numbers. AePS helps people access and manage these accounts, particularly in villages where conventional banking infrastructure is lacking.

Direct Benefit Transfers (DBT) and other subsidy schemes use AePS for efficient and transparent fund disbursement to beneficiaries.

3. Focus on Financial Inclusion:

AePS is crucial in India's drive for financial inclusion, ensuring people in remote areas, without access to bank branches or smartphones, can perform banking transactions.

Rural population adoption has grown significantly, as evidenced by the expansion of Aadhaar-linked bank accounts and the widespread use of AePS services in rural banking.

4. Integration with Other Digital Services:

AePS has been integrated with multiple other government services and schemes. For instance, it can be used to access payments related to MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act), pension disbursements, and more.

The potential integration with services like UPI and mobile wallets could create even broader access to digital banking.

5. Security and Trust:

Biometrics-based authentication enhances security and trust, making AePS one of the most reliable methods for financial transactions in remote areas. It also minimizes the need for physical banking infrastructure.

However, there are concerns regarding data privacy, as Aadhaar data is highly sensitive. The government and financial institutions are continuously working on strengthening the security frameworks around AePS to address these concerns.

6. Adoption by Banks and Financial Institutions:

Many Indian banks, including the State Bank of India (SBI), HDFC, ICICI, and others, have embraced AePS as part of their digital banking offerings. It allows these institutions to tap into rural markets with minimal investment in physical branches. AePS helps banks in improving their customer base by providing seamless services that can be delivered to remote and rural areas.

Challenges and Limitations of AePS:

While AePS has been successful in many aspects, some challenges remain:

- **Biometric Errors:** In some cases, poor fingerprint scans or biometric errors may prevent successful transactions, especially for older individuals whose fingerprints may have worn over time.
- **Connectivity Issues:** In some remote areas, reliable internet connectivity remains a hurdle, although AePS has been designed to work with basic infrastructure.
- **Awareness:** Although the government has made efforts to spread awareness, many rural populations are still not fully aware of how to use AePS services or how to access digital banking.
- **Future Prospects and Conclusion:**

The future of digital banking in India looks promising, with AePS continuing to play a crucial role in financial inclusion. As the government and financial institutions work to strengthen the infrastructure for digital payments and enhance security measures, Aadhaar-based systems like AePS are expected to expand significantly.

II. REVIEW OF LITERATURE

Vishnoi. Y. C. (2021) According to the survey, it took just five years for India to exceed the United States in terms of real-time payment transactions. The UPI system in India allows for the reduction of black money, corruption, and the promotion of green transactions, and it deserves all the credit for this accomplishment.

Satish Kumar, Sudheer (2018) Government of India has taken steps to develop the nation's digital economy, and as a result, NPCI has created the digital payment interface for online fund transfers like UPI, IMPS, etc. Although UPI has experienced faster growth in the payment system, further development of the digital payment system is still required.

Joshi. M. C. (2017) Throughout the past three years, individuals have gradually adapted to the digital world thanks to government attempts to improve digital payment in the nation. However, in the years following demonetization, people's attitudes regarding digital payments changed, and other payment methods including as NACH, IMPS, UPI, and BHIM(UPI) replaced digital payments. As a result, there is a potential that the country's digital economy may expand in the future.

Pandey, 2022, stated that "a study on Digital Payments system and consumer Perception: An Empirical Survey". The objective of the study was to examine digital payment system of India and understand various modes of digital payment in Indian Banking Industry before after pandemic and to understand the impact of user perception, payment systems of trust and experience of online fraud on the choice of mode of payments. The finding of study all government, regulator, services provides work together to improve payment systems and related infrastructure. The impact of fraud on digital options varies depending on the purpose of the transaction. The adoption of digital payments is expected to increase based on the general socio-economic development of the people. Although the data collection comes from a geographically diverse group of respondents, it is still limited to a certain segment of the population.

Research Objectives:

1. To analyze the evolution of digital banking in India.
2. To assess the impact of the Aadhaar Enabled Payment System (AePS) on financial inclusion.
3. To evaluate the role of AePS in reducing the cash dependency and enhancing digital transactions in India.

III. RESEARCH METHODOLOGY

Study is descriptive in nature. Secondary data is analysed with the help of statistical tools such as graphs, tables and charts. Objectives are verified with descriptive analysis in main discussion in a common way. Secondary data is collected from the authentic sources such as Indiastat, National Payments Corporation of India (NPCI), Reserve Bank of India (RBI)

Discussion:

1. Acquirer bank and Issuer bank

In the Aadhaar Enabled Payment System (AePS), the acquirer bank is the bank that processes the transaction, while the issuer bank is the bank that holds the customer's account.

Acquirer bank

- The bank that allows its infrastructure to be used by customers of other banks.
- The bank that has deployed the AePS terminal on which transactions are done

Issuer bank

- The bank that holds the customer's account and Aadhaar.
- The bank that the customer uses to initiate transactions.
- The bank that should be a member or submember of the NFS network.

Table 1: Bank-wise Volume and Value of AePS Payments and Cash Transactions of Acquirer Banks and Issuer Banks in India

Banks (December, 2024)	Bank-wise Volume and Value of Aadhaar Enabled Payment System (AePS) Payments and Cash Transactions of Acquirer Banks in India				Bank-wise Volume and Value of Aadhaar Enabled Payment System (AePS) Payments and Cash Transactions of Issuer Banks in India			
	Payment Transactions		Cash Withdrawal		Payment Transactions		Cash Withdrawal	
	Volume (In Lakh)	Value (Rs. in Crore)	Volume (In Lakh)	Value (Rs. in Crore)	Volume (In Lakh)	Value (Rs. in Crore)	Volume (In Lakh)	Value (Rs. in Crore)
Airtel Payment Bank	0	0	188.51	4588.15	0.17	7.41	13.74	402.8
Andhra Pradesh Grameena Vikash Bank	0	0	1.01	37.12	0.02	0.88	1.96	65.74
Andhra Pragathi Grameena Bank	0	0.07	0.29	9.36	0.02	1.03	1.67	50.69
Aryavart Bank Erstwhile Gramin Bank of Aryavart	0.03	1.84	1.29	46.65	0.53	13.41	4.71	116.8
Assam Gramin Vikash Bank	0	0.04	0.2	6.63	0.01	0.32	6.94	146.1
Au Small Finance Bank	0	0	0.3	10	0.02	1.01	2.56	80.72
Axis Bank	0	0.01	1.89	50.1	0.03	0.95	1.72	56.97
Bangiya Gramin Vikash Bank	0.01	0.28	0.84	28.14	0	0.05	14.74	336
Bank of Baroda	0.06	1.55	32.07	1030.08	0.45	13.88	24.63	699
Bank of India	0.01	0.23	11.19	372.55	1.87	57.43	41.15	1054
Bank of Maharashtra	0	0.02	0.76	25.59	0.15	5.2	12.53	332.5
Baroda Gujarat Gramin Bank	0	0.24	0.37	13.05	0.04	0.42	2.6	76.69
Baroda Rajasthan Kshetriya Gramin Bank	0.05	2.64	2.14	68.1	0.03	0.34	10.13	242.8
Baroda Uttar Pradesh Gramin Bank	0.02	1.36	7.33	225.6	0.71	18.07	37	957.5
Canara Bank	0	0.12	1.47	48.03	0.4	17.65	26.09	646.7
Central Bank of India	0.03	1.55	7.14	216.59	0.17	6.23	20.87	448.2
Chaitanya Godavari Gramin Bank	0	0.03	0.18	6.67	0	0.13	0.37	10.41
Chennai Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.01	0.06
Chhattisgarh Rajya Gramin Bank	0	0	2.24	60.42	0	0	7.29	60.92
City Union Bank	0.01	0.21	1.01	24.48	0	0.06	0.35	6.8
Cosmos Cooperative Bank	0	0	0	0	0	0	0	0.08
Cuttack Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.06	3.74
Dakshin Bihar Gramin Bank Erstwhile Madhya Bihar Gramin Bank	0.01	0.2	1.8	69.6	0.1	2.89	15.72	362.4
Dharmapuri States/UTs Central Co-Operative Bank Ltd.	0	0	0	0.01	0	0	0.21	4.44

Dindigul Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.16	2.75
Ellaquai Dehati Bank	0	0	0.01	0.25	0	0	0.01	0.34
Equitas Small Finance Bank	0	0	0.25	5.65	0	0.03	0.06	1.98
Erode States/UTs Central Co-Operative Bank	0	0	0	0	0	0	0.04	0.5
Esaf Small Finance Bank	0	0	0.3	8.18	0	0.03	0.04	1.15
Federal Bank	0	0	0	0	0.01	0.35	0.85	26.13
Fino Payments Bank	2.45	75.06	103.94	2520.87	0.09	2.4	7.43	181.9
Himachal Pradesh Gramin Bank	0	0.01	0.02	0.68	0	0.02	0.15	4.82
Housing Development Finance Corporation Limited	0	0	2.57	72.51	0.05	2.42	3.75	108.8
India Post Payment Bank	0.02	0.53	10.28	310.24	0.44	17.39	81.9	2037
Indian Bank	0.02	0.82	3.94	121.59	0.47	19.94	60.6	1599
Indian Overseas Bank	0.01	0.37	2.43	61.58	0.16	5.85	22.16	513
Indusind Bank	0.25	8.33	53.54	1298.38	0.17	10.55	14.38	691
Industrial Credit and Investment Corporation of India	2.19	81.97	0.37	8.93	0.04	2.56	4.66	113.1
Industrial Development Bank of India	0	0.03	0.4	10.92	0.02	0.99	2.97	81.46
Infrastructure Development Finance Company First Bank	0	0	2.68	78.27	0.01	0.49	0.91	23.17
Jammu & Kashmir Bank	0	0.22	0.02	0.89	0	0.17	1.24	36.33
Jana Small Finance Bank Ltd.	0	0	0	0	0	0	0.07	5
Jharkhand Rajya Gramin Bank Erstwhile Vananchal Gramin Bank	0	0	1.27	38.6	0	0	3.47	75.34
Jio Payments Bank Limited	0	0	0.01	0.13	0	0	0.23	8.11
Kancheepuram Central Cooperative Bank	0	0	0	0	0	0	0.01	0.14
Karnataka Bank	0	0	0.03	0.7	0	0.22	0.87	24.62
Karnataka Gramin Bank Erstwhile Pragathi Krishna Gramin Bank	0	0.02	0.71	24.45	0	0.02	8.76	229.6
Karnataka Vikas Grameena Bank	0	0	0.14	4.88	0.07	2.41	3.92	115.4
Karur Vysya Bank	0	0.01	0.06	1.55	0	0.03	0.17	2.7
Keonjhar Central Cooperative Bank Limited	0	0	0	0	0	0	0	0.05
Kerala Gramin Bank	0	0	0.02	0.49	0	0	0.66	17.17
Koraput Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0	0.02
Kotak Mahindra Bank	0.68	29.22	2.36	59.42	0.01	0.48	1.47	41.34
Lakshmi Vilas Bank	0	0	0.06	1.18	0	0	0.16	3.32
Madhya Pradesh Gramin Bank Erstwhile Narmada Jhabua Gramin Bank	0.01	0.65	0.99	27.21	0.74	18.69	8.98	180.9
Madhyanchal Gramin Bank	0	0	0.55	13.78	0.86	18.84	4.4	93.54
Maharashtra State Co-Operative Bank	0	0	0	0	0	0	0	0.01
Manipur Rural Bank	0	0	0	0.07	0	0	0.56	18.52
Mayurbhanj Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0	0.14
Meghalaya Rural Bank	0	0	0.03	1.17	0	0	0.1	3.58

Nayagarh States/UTs Central Cooperative Bank	0	0	0	0	0	0	0	0.01
NsdI Payments Bank Limited	0	0	172.63	4190.85	0	0	0.49	16.41
Odisha Gramya Bank	0	0	0	0	0.03	0.8	2.78	72.65
Paytm Payments Bank	0	0	0	0	0	0	0	0.02
Prathma Up Gramin Bank Erstwhile Sarva Up Gramin Bank	0	0.12	0.78	29.91	0.07	1.84	9.64	237.2
Pudukottai States/UTs Central Cooperative Bank Ltd.	0	0	0	0.02	0	0	0.18	2.34
Puduvai Bharathiar Grama Bank	0	0	0.03	0.95	0	0.02	0.13	3.93
Punjab & Sind Bank	0	0.01	0.49	14.02	0.02	0.22	4.78	121
Punjab Gramin Bank	0	0	0.03	0.93	0.01	0.12	1.3	26.49
Punjab National Bank	0.03	1.12	11.2	358.55	0.83	22.98	113.1	2920
Rajasthan Marudhara Gramin Bank	0	0.06	1.06	36.91	0.03	1.3	4.66	130.8
Ratnakar Bank Limited	0	0	0.35	9.65	0.01	0.22	1.22	25.31
Saptagiri Grameena Bank	0	0.04	0.13	3.95	0.01	0.5	0.89	28.01
Sarva Haryana Gramin Bank	0	0.02	0.23	8.9	0.01	0.4	3.08	92.85
Saurashtra Gramin Bank	0	0	0.03	1.29	0	0.01	0.04	1.69
SBM Bank (India) Limited	0	0	0	0.06	0	0.01	0.01	0.47
Shivalik Mercantile Cooperative Bank	0	0	0.01	0.33	0	0	0.04	0.95
South Indian Bank	0	0.02	0.05	1.22	0	0.06	0.2	4.85
State Bank of India	0.08	2.96	14.7	472.7	2.86	51.63	188.4	5087
Suryoday Small Fianance Bank	0	0	0.43	11.49	0.01	0.37	0.35	18.08
Tamil Nadu State Apex Co-Operative Bank Ltd.	0	0	0	0	0	0	0	0.02
Familnad Mercantile Bank	0	0	0.14	2.78	0	0.02	0.28	5.71
Familnadu Grama Bank Erstwhile Pallavan Grama Bank	0	0.15	0.52	13.79	0.01	0.31	2.15	45.08
Telangana Grameena Bank	0	0	0.21	7.39	0.01	0.64	1.47	50.65
Thanjavur Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.14	1.71
The Angul United Central Cooperative Bank Ltd.	0	0	0	0	0	0	0	0.01
The Balasore Bhadrak Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0	0.02
The Banki Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0	0.07
The Berhampore Co Operative Central Bank Ltd.	0	0	0	0	0	0	0	0.01
The Bhawanipatna Central Cooperative Bank Ltd.	0	0	0	0	0	0	0.01	0.25
The Bolangir States/UTs Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.02	1.15
The Boudh Cooperative Central Bank Ltd.	0	0	0	0	0	0	0	0.04
The Coimbatore States/UTs Central Co-Operative Bank Limited	0	0	0	0	0	0	0.06	1.03

The Cuddalore States/UTs Central Cooperative Bank	0	0	0	0	0	0	0.2	3.44
The Gayatri Cooperative Urban Bank Ltd.	0	0	0.04	1.09	0	0	0	0
The Kanyakumari States/UTs Central Cooperative Bank	0	0	0	0	0	0	0.01	0.09
The Khordha Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.01	0.28
The Kumbakonam Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.17	1.96
The Madurai States/UTs Central Cooperative Bank Ltd.	0	0	0	0	0	0	0.06	0.72
The Nilgiris States/UTs Central Coop Bank Ltd.	0	0	0	0	0	0	0.06	0.75
The Ramanathapuram States/UTs Central Co-Operative Bank Ltd.	0	0	0	0.02	0	0	0.08	1.88
The Salem States/UTs Central Co-Operative Bank Ltd.	0	0	0	0.01	0	0	0.08	0.97
The Sambalpur States/UTs Cooperative Central Bank Ltd.	0	0	0	0	0	0	0.03	1.21
The Saraswat Co-Operative Bank Ltd.	0	0	0	0	0	0	0.03	0.95
The Sundargarh States/UTs Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0	0.14
The Thoothukudi States/UTs Central Coop Bank Ltd.	0	0	0	0	0	0	0.02	0.24
The Tiruchirapalli Dist. Cent Cooperative Bank Ltd.	0	0	0	0	0	0	0.17	2.09
The Tirunelveli States/UTs Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.07	0.89
The Tiruvannamalai States/UTs Central Coop Bank Ltd.	0	0	0	0	0	0	0.08	1.86
The United Puri-Nimpara Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.01	0.63
The Vellore States/UTs Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.09	1.3
The Villupuram States/UTs Central Co-Operative Bank Ltd.	0	0	0	0.01	0	0	0.08	1.86
The Virudhunagar States/UTs Central Co-Operative Bank Ltd.	0	0	0	0	0	0	0.06	0.71
Tripura Gramin Bank	0	0	0.03	1.07	0	0	2.29	62.28
Tripura State Co-Operative Bank Ltd.	0	0	0.03	0.87	0	0	0.05	1.23
Ujjivan Small Finance Bank Limited	0	0	0.03	1.07	0	0.06	0.26	8.14
Union Bank of India	0	0.19	18.54	606.02	5.4	220.8	46.61	758.2
United Commercial Bank Limited	0.01	0.24	1.66	49.82	0.01	0.37	28.27	688.9
Utkal Gramin Bank	0	0	0.2	6.37	0	0	3.56	95.55
Utkarsh Small Finance Bank Ltd.	0	0	0.01	0.64	0	0	0.23	8.18
Uttar Banga Kshetriya Gramin Bank	0	0.02	0.1	3.28	0	0	0	0
Uttar Bihar Grameen Bank	0.01	0.32	1.26	46.31	0.11	0	0	202.9

Uttarakhand Gramin Bank	0	0	0.14	4.49	0.01	0.15	0.46	13.54
Vidarbha Konkan Gramin Bank	0.01	1.02	0.31	10.79	0.15	3.71	1.17	28.51
Yes Bank	11.5	349.79	236.49	5687.29	0	0.06	0.15	4.73
Total	17.49	563.71	910.87	23194.53	17.49	563.7	910.9	23195

(Source: <https://www.indiastat.com/table/banks-and-financial-institutions/bank-wise-volume-value-aadhaar-enabled-payment-sys/1474417> <https://www.indiastat.com/table/banks-and-financial-institutions/bank-wise-volume-value-aadhaar-enabled-payment-sys/1474419>)

From the Table 1, it is evident that almost all the banks are acquirer bank and issuer bank. Table 1 indicates the statistics as on December 2024 for both payment and cash transactions.

2. Value and volume of AePS transactions:

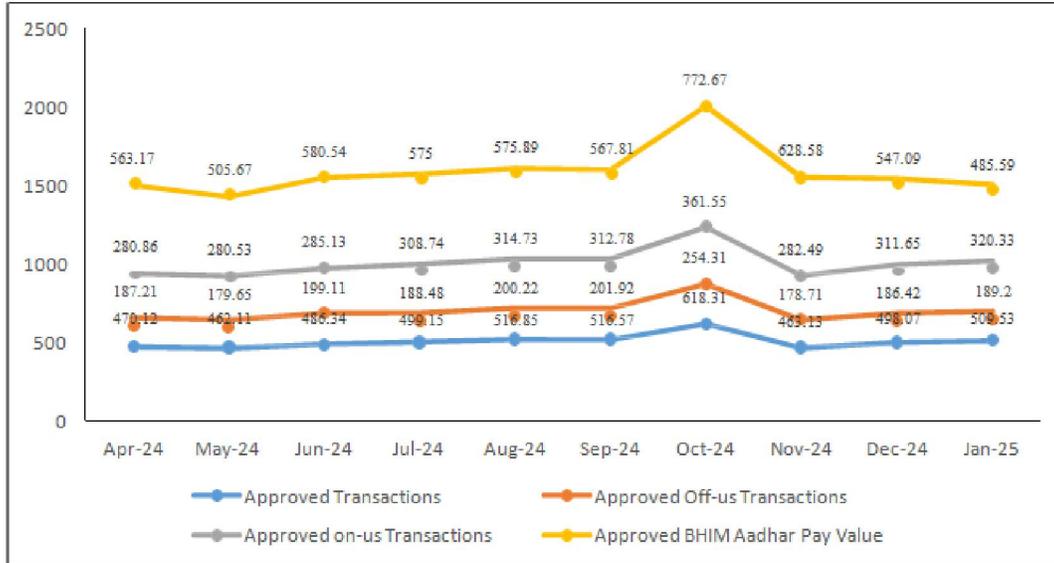
- An approved transaction is a business action that has been approved or authorized.
- "Approved off transactions" means a transaction that has been reviewed and authorized by the relevant party, essentially signifying that the payment or action has been given the green light to proceed, but could also imply that the transaction is now considered "off" the pending list and is being processed further.
- BHIM Aadhaar Pay is a digital payment service that allows merchants to accept payments from customers using their Aadhaar number and biometrics. It's available for merchants and customers who have an Aadhaar-linked bank account.
- An "approved on-us transaction" means a payment or transaction that was authorized and processed within the same bank, where the cardholder's bank is also the bank where the transaction is taking place, essentially meaning there are no inter-bank fees involved because the entire transaction happens within the same financial institution; this is often referred to as an "on-us" transaction in banking terminology.

Table 3 : Month-wise Status of AePS in India (April 2024-2025 to January 2025) for Approved Transactions, Approved Off-us Transaction, Approved BHIM Aadhaar Pay Value, Approved On-us Transaction

Month-wise Status of Aadhaar Enabled Payment System (AePS) in India				
(April 2024-2025 to January 2025)				
(Value : Rs. in Crore; Volume : In Million)				
Month	Approved Transactions	Approved Off-us Transaction	Approved BHIM Aadhaar Pay Value	Approved On-us Transaction
Apr-24	470.12	187.21	563.17	280.86
May-24	462.11	179.65	505.67	280.53
Jun-24	486.34	199.11	580.54	285.13
Jul-24	499.15	188.48	575	308.74
Aug-24	516.85	200.22	575.89	314.73
Sep-24	516.57	201.92	567.81	312.78
Oct-24	618.31	254.31	772.67	361.55
Nov-24	463.13	178.71	628.58	282.49
Dec-24	498.07	186.42	547.09	311.65
Jan-25	509.53	189.2	485.59	320.33

(Source: <https://www.indiastat.com/table/banks-and-financial-institutions/month-wise-status-aadhaar-enabled-payment-system-a/1457411>)

Figure 1: Month-wise Status of AePS in India (April 2024-2025 to January 2025) for Approved Transactions, Approved Off-us Transaction, Approved BHIM Aadhaar Pay Value, Approved On-us Transaction



(Note: Value : Rs. in Crore; Volume : In Million Source: <https://www.indiastat.com/table/banks-and-financial-institutions/month-wise-status-aadhaar-enabled-payment-system-a/1457411>)

3. e-KYC and Demo Authentication

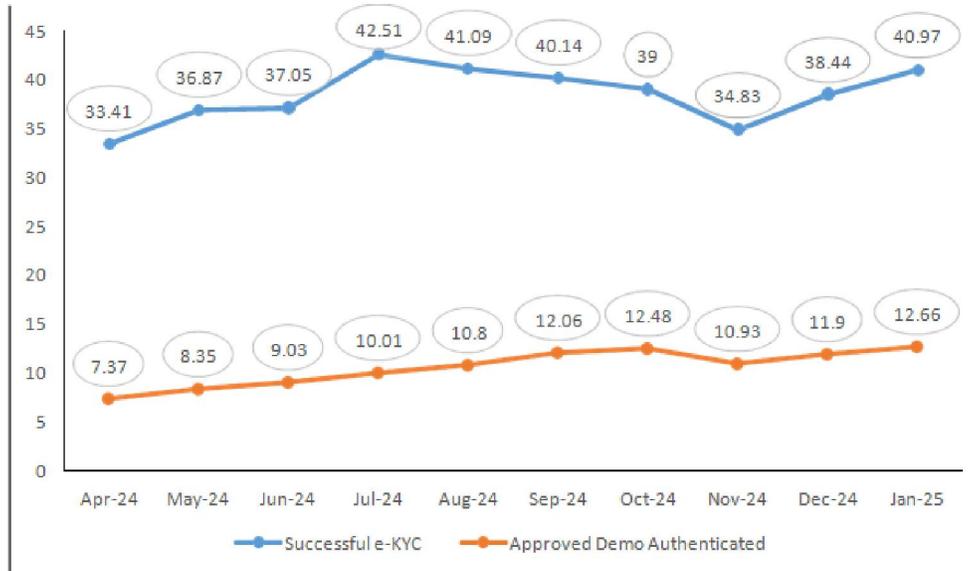
- E-KYC stands for Electronic Know Your Customer. It's a digital process that verifies a customer's identity and address without the need for paper documents.
- Demo authentication is a process that matches a customer's demographic details with the details in the UIDAI database.

Table 4: Month-wise Status of AePS in India (April 2024-2025 to January 2025) for e-KYC & Demo Authentication

Month-wise Status of Aadhaar Enabled Payment System (AePS) in India (April 2024 to January 2025)		
(Volume : In Million)		
Month	Successful e-KYC	Approved Demo Authenticated
Apr-24	33.41	7.37
May-24	36.87	8.35
Jun-24	37.05	9.03
Jul-24	42.51	10.01
Aug-24	41.09	10.8
Sep-24	40.14	12.06
Oct-24	39	12.48
Nov-24	34.83	10.93
Dec-24	38.44	11.9
Jan-25	40.97	12.66

(Source: <https://www.indiastat.com/table/banks-and-financial-institutions/month-wise-status-aadhaar-enabled-payment-system-a/1457411>)

Figure 2: Month-wise Status of AePS in India (April 2024-2025 to January 2025) for e-KYC & Demo Authentication



(Note: Figures in Million) (Source: <https://www.indiastat.com/table/banks-and-financial-institutions/month-wise-status-aadhaar-enabled-payment-system-a/1457411>)

IV. CONCLUSION

In conclusion, the study on the recent trends in digital banking in India, with a specific focus on the Aadhaar Enabled Payment System (AePS), highlights the transformative role that digital banking has played in enhancing financial inclusion and accessibility in the country. AePS, by leveraging Aadhaar, has enabled secure, efficient, and instant banking services to the unbanked and underbanked population, especially in rural and remote areas.

The increasing adoption of AePS has significantly contributed to the growth of digital transactions and has fostered a cashless economy, aligning with the government's vision of a Digital India. The system has proven to be a reliable tool in improving the delivery of public welfare benefits, such as subsidies, pensions, and social security payments, directly to beneficiaries' bank accounts.

However, challenges such as digital literacy, infrastructure limitations, security concerns, and operational inefficiencies need to be addressed to ensure the system's sustainability and scalability. Overcoming these obstacles through continued innovation, investment in infrastructure, and stronger regulatory frameworks will further empower the Indian banking sector and its customers.

In essence, while AePS has shown promising progress, it is crucial for stakeholders, including banks, technology providers, and government agencies, to collaborate and focus on maximizing the system's potential to build a more inclusive, transparent, and efficient financial ecosystem in India.

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