

## CRITICAL ANALYSIS OF DIGITAL PAYMENT

---

Dr. Neeta Maheshwari\*  
Mrs. Manawati Kumari\*\*

### ABSTRACT

*Government of India's recent demonetization in November 2016 and the Digital India initiative, launched in 2015 have provided substantial boost to the country's digital ecosystem. The ongoing digital and technology revolution, led by the ever-increasing penetration of smart phones and internet on mobile, has revolutionized digital payments. Some of the revolutionary developments in the recent past like launch of many digital wallets like – Paytm, Mobiwik, Free Charge etc. and government launching many UPI (united payment interface) solutions and BHIM app for smooth transition to digital payments, there are significant developments taking place. This paper explore the awareness and use of Digital money among the consumers & challenges towards cashless economy. This study also highlights how digital money is a better option. The topic that was hence chosen for this research is "Critical analysis of Digital Payment". The present paper is the outcome of an empirical study conducted with the objective of investigating customers view regarding digital payment. It covers the factors that influence customers in adoption of Digital Payments and risk & challenges faced by consumers.*

**KEYWORDS:** *Digital Money, Digitalisation, Revolution, Plastic Money, Digital Wallets.*

### Introduction

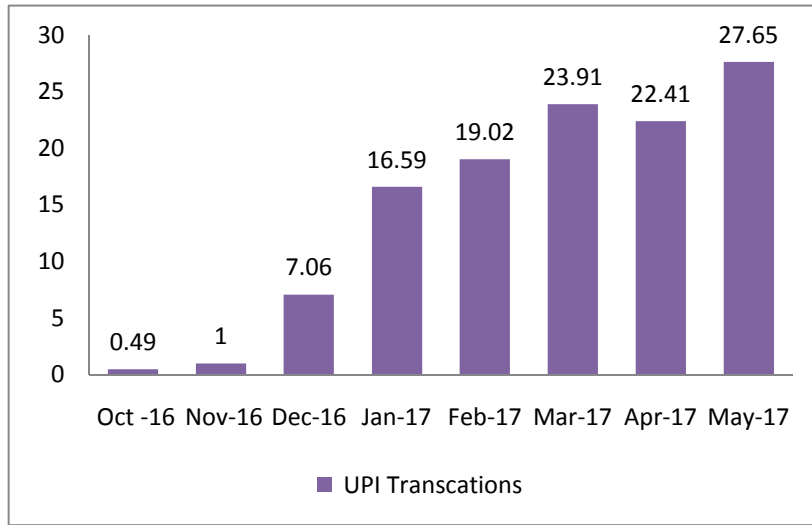
Indian economy is one of the fast growing economies of the world. It has been focusing on development. India has predominantly been a cash driven economy and the culturally the deep rooted trends of cash based purchases has widely been the economic culture. In the recent past, there are significant developments that has taken place in the Indian financial system, which has led to huge transformations, trends and changes in the business dynamics . The digitization of money has benefits for both governments and corporations as well as individuals. The pace of shift of digital payments has significantly increased with the strong move towards the cashless economy. Cashless economy is a situation in which the flow of cash within an economy is non-existent and all transactions are done through electronic media channels such as Immediate Payment Service (IMPS), has witnessed growth of 97 percent with about 72 million transaction, National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS)

---

\* Professor, Biyani Institute of Science and Management, Jaipur, Rajasthan, India.

\*\* Research Scholar, Rajasthan Technical University, Kota, Rajasthan, India.

**Comparison between Digital Money and Plastic Money**

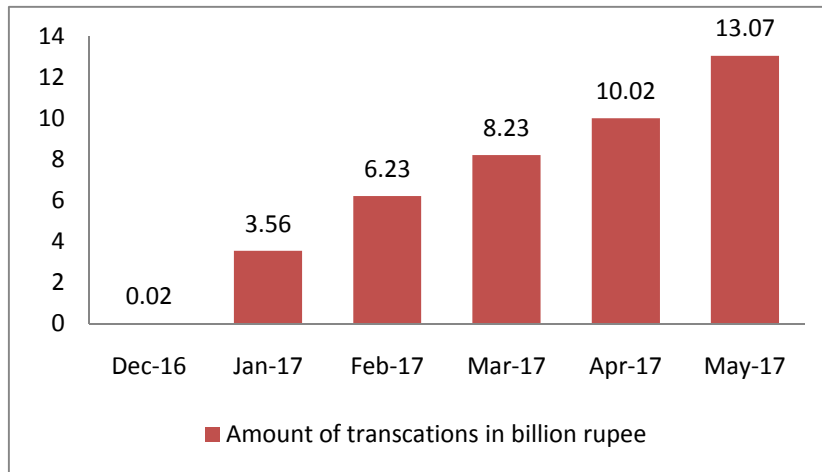


**Figure 1: UPI (Unified Payment Interface)**

The latest NPCI (National Payment Corporation of India) data shows that the UPI transactions made a giant leapfrog from just 1,03,060 transactions in October, 2016 to 91,67,277 transactions in May 2017, recording a stupendous 89 times growth. Value-wise, UPI recorded a growth of Rs 0.49 billion to Rs 27.65 billion, more than 56 times growth during the same period.

The graph shows the phenomenal growth achieved by the UPI transactions, prepared based on NPCI data.

**BHIM –Monthly Growth**

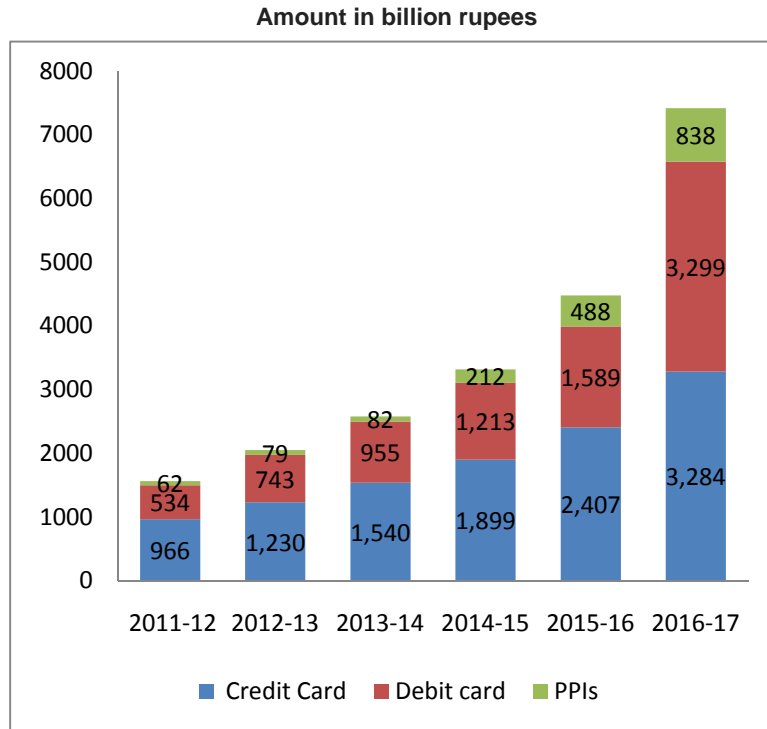


**Figure 2: BHIM App**

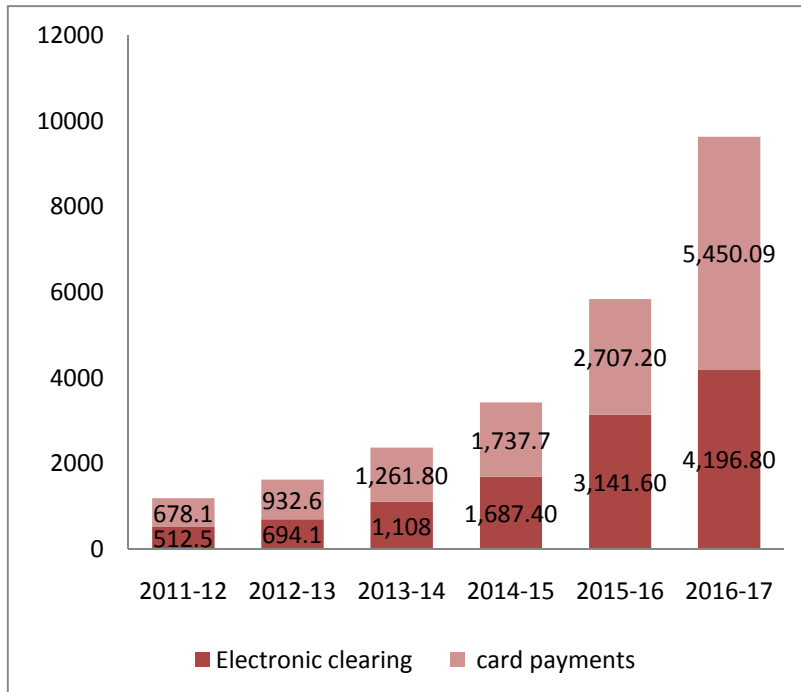
As per in fig.2 the NPCI data shows that the BHIM apps made a tremendous growth from 0.02 billion to 13.07 billion in the period Dec 2016 to May 2017.

**Card Payments and PPIs**

Card payments consists of credit cards, debit cards and PPIs. This is the one sector which seen a remarkable year-to-year growth of 65% during the last 6 financial year.



**Fig. 3: Card Payment Transaction for last 6 years  
Transactions Volume in million**



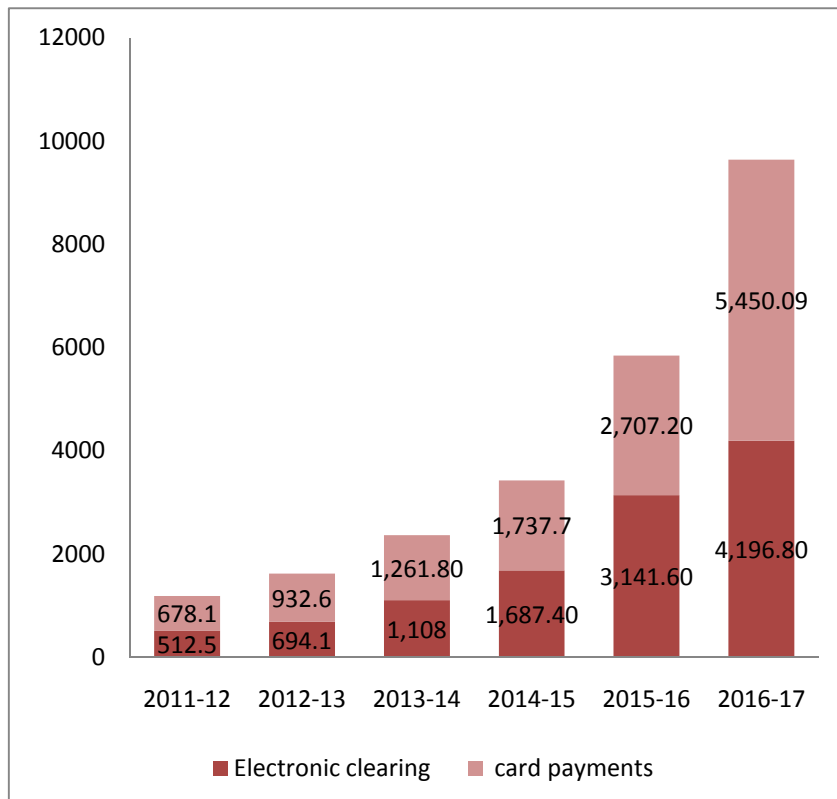
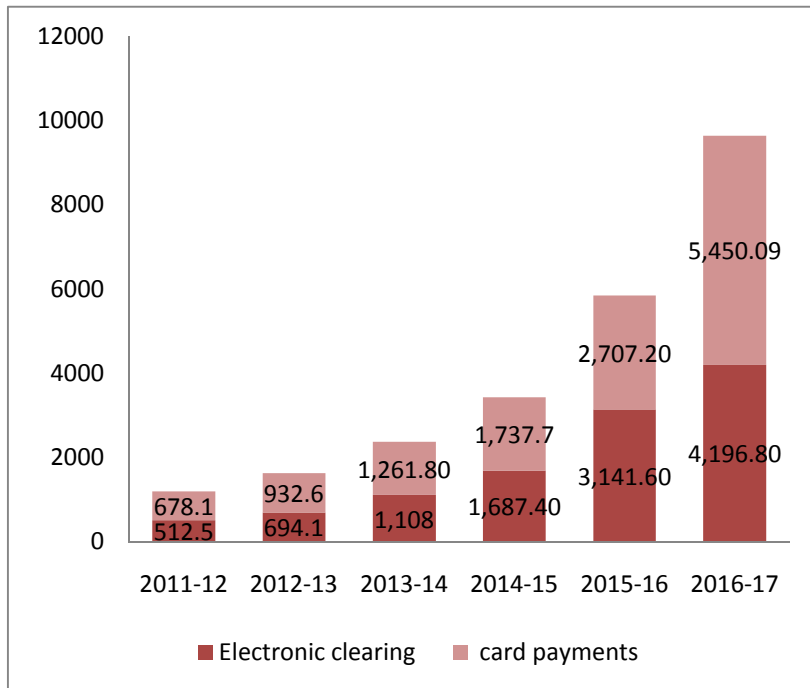
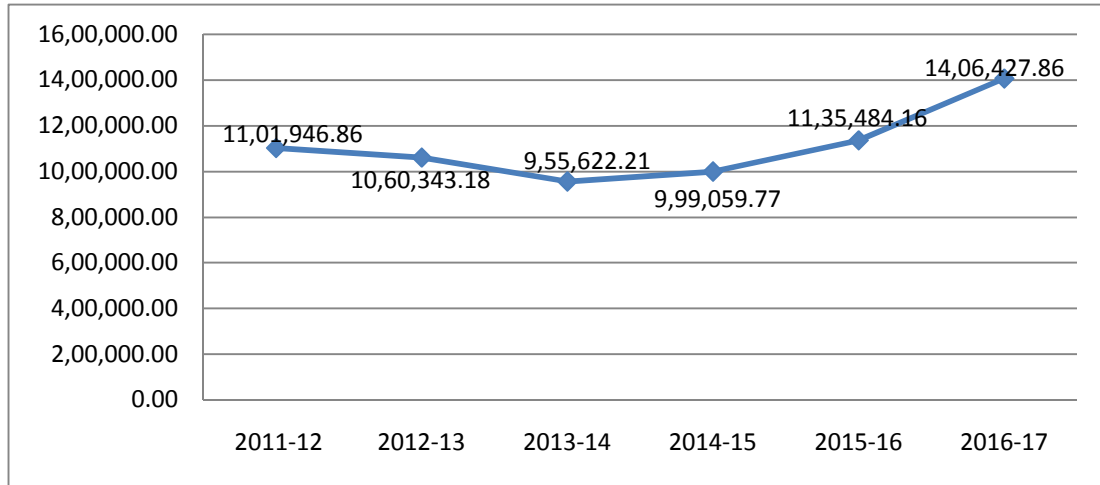
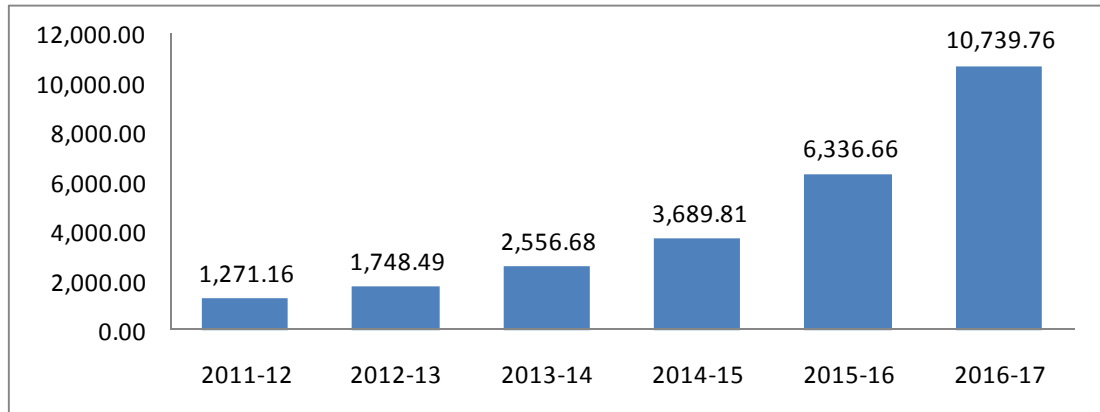


Fig. 4: Card Payment Transaction and Electronic clearing

**Digital Payment Indicators (Value Trends)****Fig. 5: Digital Payment Indicators( Value Trends)****Digital Payment Indicators (Volume Trends)****Fig. 6: Digital Payment Indicators (Volume Trends)**

**Figure 5 & 6** shows that digital transactions are welcomed and embraced by many people as a choice of convenience for the last several years as technology has become an easy choice of payment for e-commerce as well as retail. Last financial year, IMPS and card payments totally recorded 470.38 crore transactions while total retail sector digital transactions touched a figure of 964.69 crores. We can see that it increased from 1,271.16 million transactions in 2011-12 to 10,739.76 million transactions, growing at a yearly average of 53.8%. The numbers grew 69.5 % from 6,336.66 million in FY 2015-16 to 10,739.76 million (in volume) in FY2016-17.

**Objectives of the Study**

The main objective of this study is to examine the perception of the customers towards digital payment in Rajasthan. Other secondary objectives are:

- To understand how consumers perceive new technological services such as Digital Payment.
- To study the growth and progress of Digital Payment.
- To study the factors that influence consumers in adoption of Digital Payment.
- To Study the risk & challenges faced by consumers in use of Digital Payment modes.

**Research Methodology**

• **Research Type**

We use descriptive research and exploratory research design in our studies. The main goal of this type of research is describe the data and characteristics about what is being studied. The aim of this research paper is to find the various factors that affect customers in adopting digital payment and to find the various risks and challenges faced by users.

• **Data Collection**

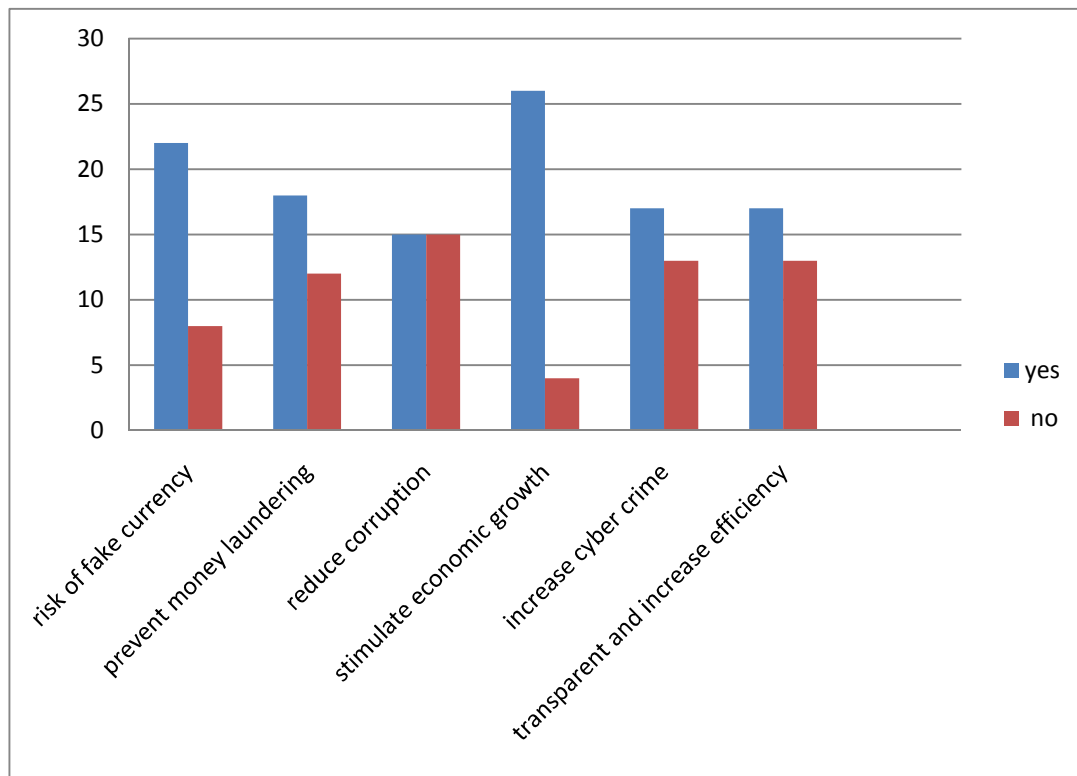
- Primary Data: Structured Questionnaire
- Secondary Data: Online Database, Journals, Surveys

• **Sampling**

The study's objective was accomplished through the collection and analysis of primary data obtained from a purposive sampling technique. Likert scale questionnaire was used to measure the perception of customers about digital payments. In order to reach the aim a questionnaire was sent to 30 users who also use digital payment. Member of the population are chosen on the based on the relative ease of access. The respondents were categorised on the basis of gender, age and occupation. The sample relatives, friends, co-workers, businessman, govt. employees are all examples of convenience sampling.

**Result and Discussion**

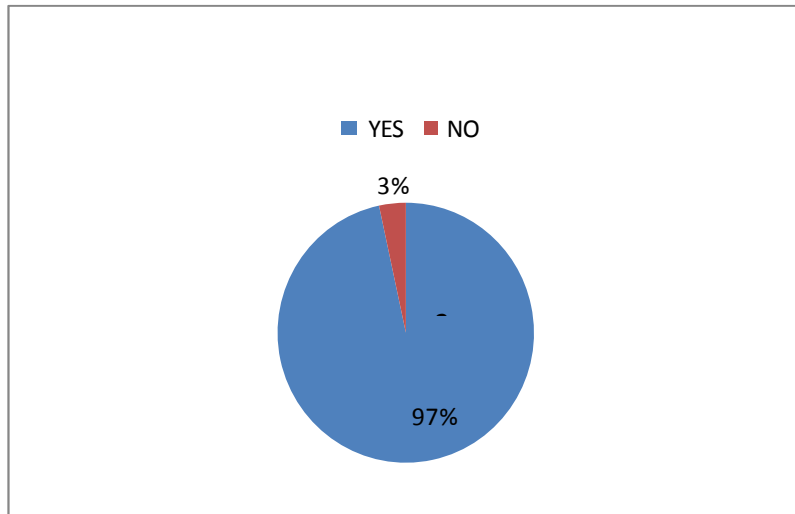
• **Cashless economy should be introduced in India**



**Fig. 7**

Above chart shows that respondents are aware about digital payment and it is clear that for the statement digital payment reduce risk of fake currency, prevent money laundering, reduce corruption, stimulate economic growth and transparent and increase efficiency. 70% of respondents are in favour of introduction of cashless economy but 30% respondents are having some issues related to cyber crime.

- **Process of depositing and withdrawing through digitally is easy and less time consuming**



**Fig. 8**

From the above chart , it is clear that 97% respondents say that depositing and withdrawing of money through digital mode is easy and less time consuming.

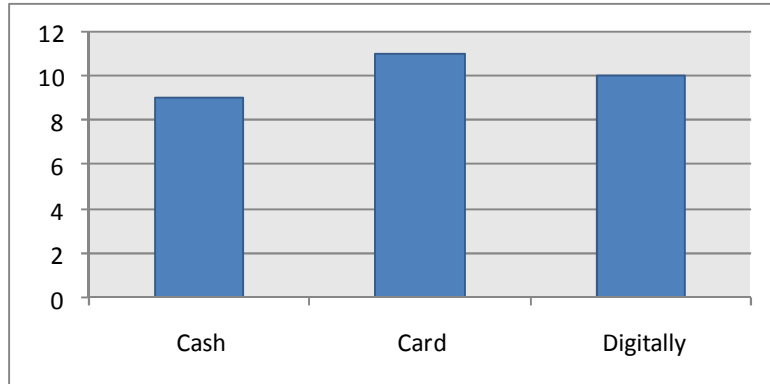
- **Why would you adopt a Digital Payment system**



**Fig. 9**

This chart shows that 30% respondents adopt digital payments as it is a convenient mode of payment where as 16% for discounts and reward points, 10% for easy tracking of transaction and 43% consider all the these.

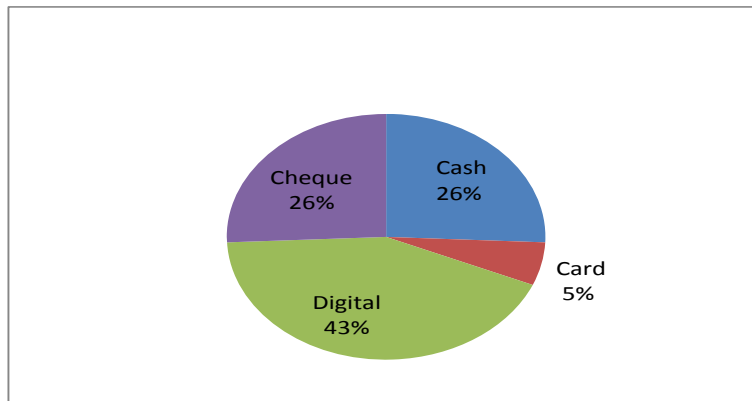
- **Most convenient way of payment**



**Fig. 10**

From this chart it is clear that the most convenient way of payment is through card but digital mode is more popular than cash among the respondents. It is 33%

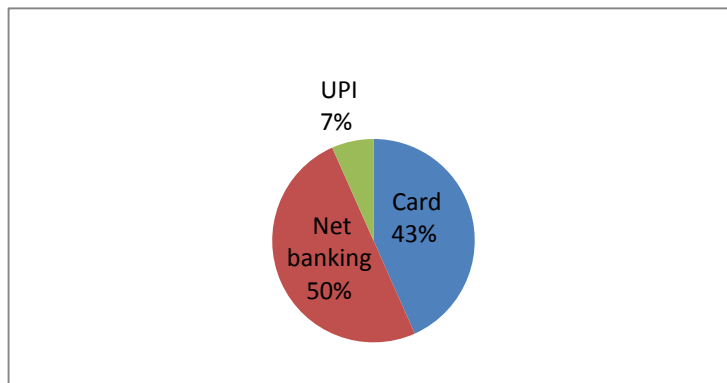
- **For high value transaction, preferred mode of payment**



**Fig. 11**

It is clear from the chart that for the high value transaction such as more than 3, 00,000 respondent prefer digital mode. Cash is also popular among the respondents but less than digital mode.

- **Which digital mode suits you**

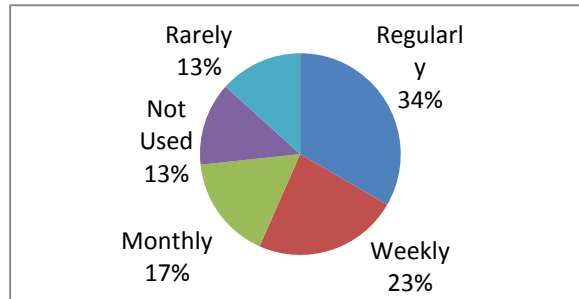


**Fig. 12**



The above chart shows that net banking is very popular among the respondents. 50% respondents use net banking as s mode of payment.

- **How frequently you done digital payments**



**Fig. 13**

From the chart it is clear that 34% respondents are regularly used digital payment through different mode. Only 13% respondents are not use digital mode for payment otherwise 87% respondents are use it as per their requirement.

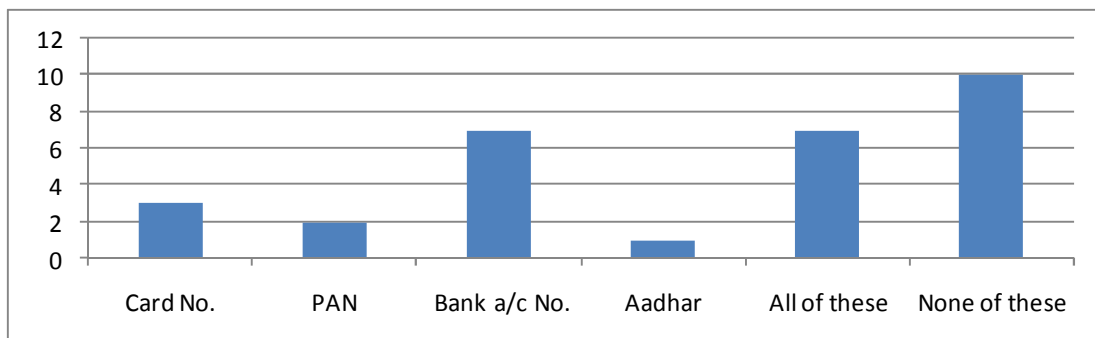
- **For which type of services you are using D-Payments mode**



**Fig. 14**

This chart shows that 50% respondents made digital payment for shopping, 33% for bill payments, 13% for hotel booking and restaurant and 20% for other purposes also.

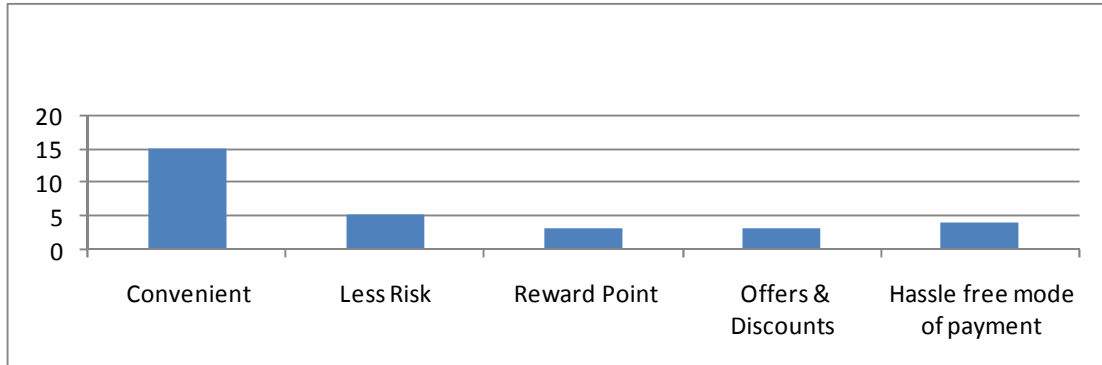
- **What can be safely shared when you do cashless transactions**



**Fig. 15**

From the chart it is clear that 66% respondents are ready to share their card no., Pan no. etc. only 33% respondents are not interested in sharing their bank a/c no., card no., PAN no. as security concern.

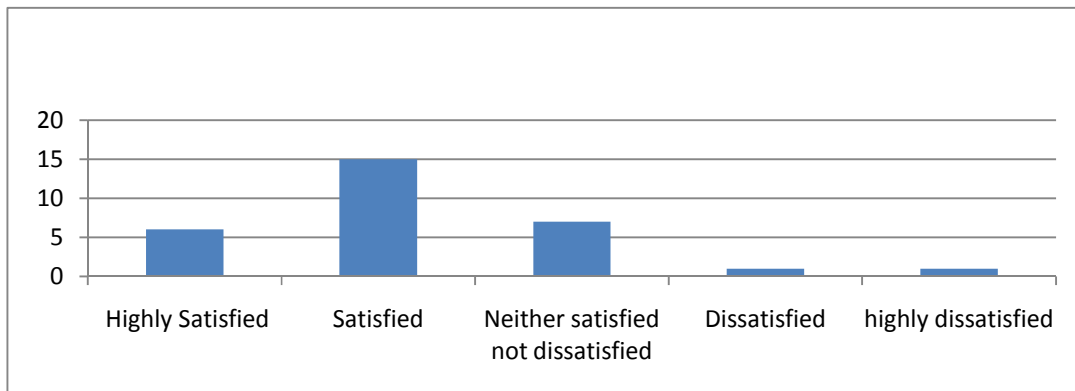
• **Why do you prefer D-Payment services that you have used**



**Fig. 16**

It is clear from the chart that 50% respondents are use digital payment as the most convenient way of payment. 16% respondents view digital payment as less risky, 10% use for reward point and offers and 13% as hassle free mode of payment

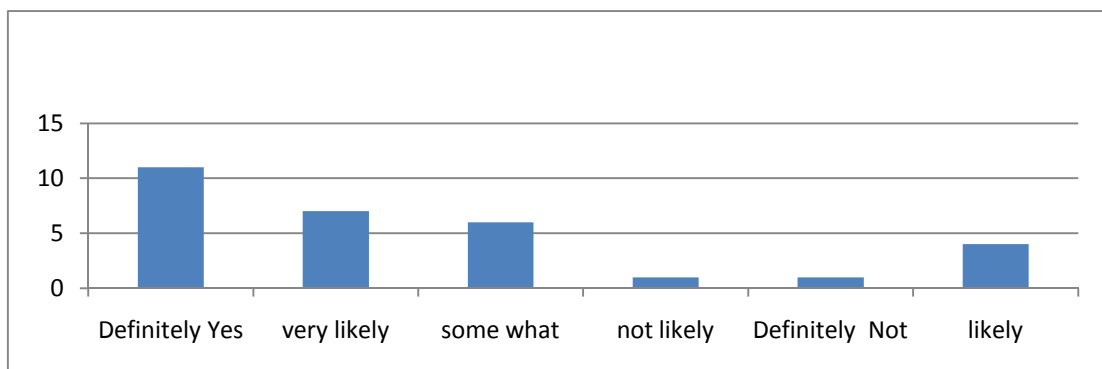
• **How much satisfied are you with the D-Payment services that you have used**



**Fig. 17**

This chart shows that 50% respondents are satisfied and 23% are highly satisfied, 23% are neutral and only 3% are not satisfied and have negative views.

• **would you like to continue using D-Payments**



**Fig. 18**

From the above chart it is clear that 93% respondents are interested in continuing the digital mode for payment only 7% respondents have negative views.

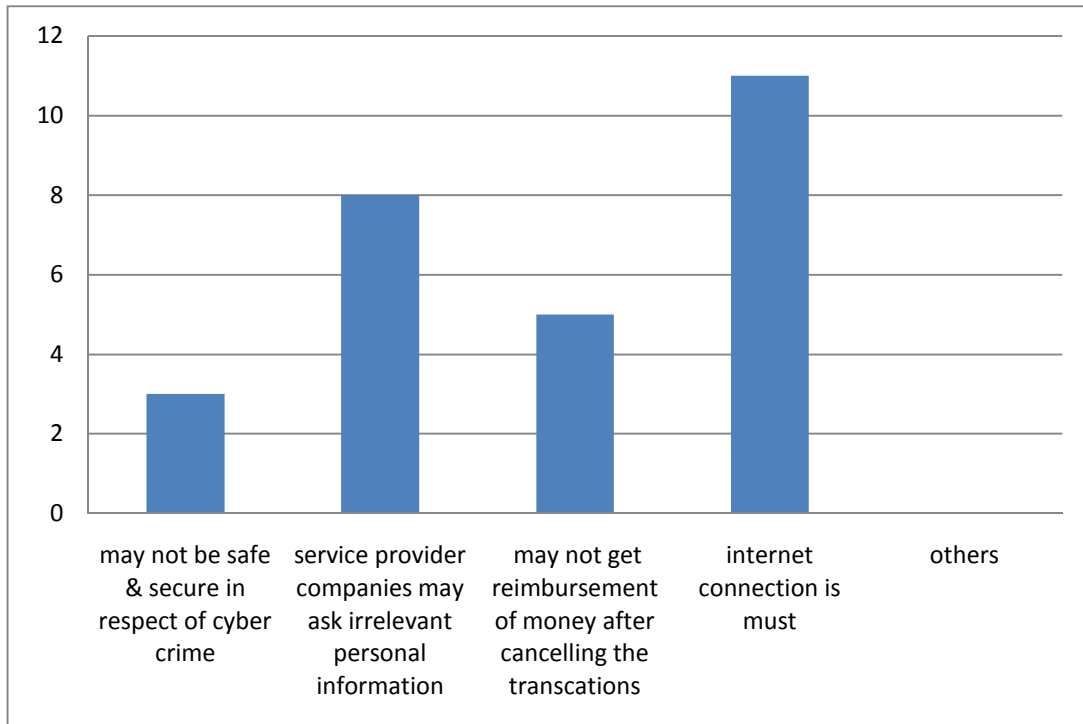
• **Features of D-Payments do you like the most**



**Fig. 19**

From the chart it is clear that for the statement digital payment provide 24\*7 access, shopping offers and discounts, hassle free mode of payment. 53% respondents feel that it is safe secure mode of payment but 46% respondents are still feel it is not safe and secure as other mode.

• **Challenges you face while using digital payments**



**Fig. 20**

It is clear from the chart that 36% respondents say that internet connection is must, 16% respondents say that they may not get reimbursement of money after cancelling the transaction, 27% respondents say that service provider companies may ask irrelevant personal information. Only 10% respondents say that digital payment may not be safe & secure mode of payment in respect of cyber crime.

### Conclusion

This paper has focused on appraising the customer's perception on digital payment. Four objectives guided the study and data were collected through questionnaire and analyzed descriptively using percentages and ANOVA. 70% of respondents are in favor of introduction of cashless economy but 30% respondents are having some issues related to cyber crime. The three major factors which play an important role in consumer adoption are convenience in buying products online, brand loyalty and usefulness of digital payments. Security and safety of the funds is the most challenging issue for the users. Dependency on internet connection to make payment is one of the major reasons for less adoption of digital payment. Still people of these areas are not using digital payments as preferred mode of payments frequently they very little more knowledge about computer & internet. So they feel hesitation in using digital banking services. Therefore, the study shows that customer's mostly prefer to use Digital money over cash and cards for their transactions and is satisfied using it.

### References

- ~ Digital Payments reports by BCG-Google 2020 –July 2016-tcm21-39245.pdf
- ~ M-Wallet Report By ASSOCHAM, [http://www.assocam.org/upload/docs/MWallet\\_Report\\_press.pdf](http://www.assocam.org/upload/docs/MWallet_Report_press.pdf)
- ~ Pahwa, N., 2016. Cash vs Digital Money: why going cashless is going to be tough in India. [Online] Available at: <http://www.medianama.com/2016/11/223-cashless-india/> [Accessed 23 Feb 2017].
- ~ PANCHAL, S., 2016. UPI: When banks turn mobile wallets.[Online] Available at:<http://www.forbesindia.com/article/checkin/upi-when-banksturn-mobile-wallets/43093/1> [Accessed 23 Feb 2017].
- ~ Ravi CS, Digital payments system and rural India: A review of transaction to cashless economy. International Journal of Commerce and Management Research.2017.3(5) 169-173
- ~ Sumathy M, Vipin KP,2017. Digital payment systems: Perception and concerns among urban consumers. International Journal of Applied Research. 2017; 3(6): 1118-1122
- ~ [www.google.co.in](http://www.google.co.in)
- ~ <http://allusefulinfo.com/pros-cons-of-digital-wallets>
- ~ <http://www.mobilecommercedaily.com/2016-is-mobilewallets-year-with-20pc-usage-increase-since-2014-citi>
- ~ <http://www.researchandmarkets.com/reports/3022303/>
- ~ <https://www.finextra.com/blogposting/13501/2017-year-of-digital-payments>
- ~ <https://www.ijariie.com>
- ~ <https://www.managejournal.com>

