

# AN INVESTIGATION INTO ADAPTATION OF DIGITAL PAYMENTS BY CONSUMERS IN INDIAN SCENARIO

**AUTHOR(S):**

**ANITA VERMA, ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE, DU.**

**DR. RAHELA FAROOQI, PROFESSOR, CMS, JMI.**

## **ABSTRACT:**

Consumer behavior is evolving, and they are moving away from old methods, especially in the digital modes of payment arena. The emergence of the digital payment mechanism is a turning point in digital India's marketplace. With their increasing popularity, digital payment systems are currently in a transition stage, pointing to a potential future of uncertain possibilities and technological improvement. One of the most critical aspects of e-commerce is the digital payment system. The use of e-commerce to make commercial payments in the form of money transfers electronically results in digital payments. It is a payment service based on information and communication technology. Data transmission is important to support systems required to improve consumer data security when using e-commerce. The rise of e-commerce is a worldwide phenomenon that has an impact on all countries around the globe and also considerably influenced the upcoming digital payment trends.

## **INTRODUCTION:**

The information and communication technology sector is playing an important role in societal development and economic digitization. By involving both the central and state governments, the Digital India program has created a platform for a knowledge-based electronic transformation in governance for its citizens. This initiative has been regarded as a significant intervention in digital financial inclusion, bringing the country's unbanked population into the mainstream economy. A favorable regulatory environment, new payment services, and improved customer experience are viewed as major drivers of the expansion of Indian digital payment systems. Cash payment structures differ significantly from digital payment systems in that they no longer rely on banks as transaction intermediaries. Despite advancements in technology the cashless economy is not without its drawbacks. Identity theft and other cybercrimes, an unprepared population in terms of technology, poor internet connectivity, a lack of exposure to digital payments, and a reluctance to adopt digital mediums for payment economic transactions, for example, have a significant impact impediment to the country's pursuit. Digital payments are rapidly increasing; yet, cash payments continue to dominate due to a lack of suitable facilities and infrastructure to support digital payment systems. The purpose of this study is to look at how to purchase proclamations that have changed as a result of digital payment technologies.

**Keywords: Digital, Technology, Cashless payment, Challenges, Prospects.**

## LITERATURE REVIEW:

This study uses a literature review to analyze the concept of digital payments. **Borhan Omar Ahmad Al-Dalaien (2017)** investigated the merits of cashless payments like faster and higher sales, easy usage. Also concluded that despite the many advantages, India's cashless policy faces several obstacles, including a dearth of ATMs, digital illiteracy, a lack of internet access, a lack of banks in rural areas, and expensive swipe machines. **Tushar Chaudhari (2017)** stated that without proper internet facilities, cashless transaction systems are not practicable, hence the government must explore internet infrastructure. There are positive and bad consequences to the scenario created by demonetization, just as there are two sides to a coin. Mobile phones have become a significant tool for a variety of transactions, including bill payment, fee payment, money transfer, recharge, and so on. **Anthonima K.Robin (2018)** focused on the long- impact of cashless transactions on people's life. There are positive and bad consequences to the scenario created by demonetization. People are more comfortable using cashless methods since they are no longer required to carry a wallet full of real currency. Mobile phones partake to develop a momentous tool for a variety of transactions, including bill payment, fee payment, money transfer, recharge, and so on. **Budheshwar Prasad Singhraul V.(2018)** enumerated that India needs to put a step forward as its lags behind in many industrialized nations of the world. As of a dearth of internet, cognizance, and acquaintance, India is in the primary phases of its e-payment structure. **Hirschman, E. C. (1979)** looked at the effect of payment method on purchasing behavior. He discovered that when people use credit cards instead of cash, they make more purchases. There was a high positive link amid revenue, edification, affluence, and dependent variable plastic card usage. **Natarajan and Manohar (1993)** studied the factors impacting the use of credit cards provided by an Indian bank and also discovered a link between credit card usage and occupation, income, spouse's work status, and method of card acquisition.

## OBJECTIVES OF THE STUDY:

The objectives of this study are as follows :

1. To acquire knowledge regarding digital payments.
2. To appraise reasons for customers' adaptation of digital payment.
3. To comprehend the advantages and disadvantages of digital modes of payment.
- 4 To recognize various challenges of digital payments.

## MODES OF DIGITAL PAYMENTS :

The various modes of digital payments are as mentioned below ;

1. **NEFT or RTGS online Transfer** - Using the internet, one can make an online transfer from anywhere.
2. **Use Credit Or Debit Card to make a purchase**- Another cashless payment option is using a credit or debit card. In comparison to other industrialized countries around the world, India's use of credit and debit cards remained restricted. Credit and debit card usage, on the other hand, is on the rise.
3. **E-Wallets**- People use an e-wallet, to make cashless payments. A mobile wallet is a cashless payment alternative. On your smartphone, go to the play store and download the mobile wallet app like Paytm, Google pay, Phonepay, MobiKwik, etc.

4. **Apps for UPI-** To enable UPI payments, the merchant, would need a bank account.

5. **Unstructured Supplementary Service Data-** One that is capable of accomplishing everything digitally is among the banks that accept USSD payments.

6. **Gift Card** -The gift card with a set amount of money, and you can use it to buy anything from a specific vendor.

7. **Aadhaar Enabled Payment System (AEPS)-** operated to conduct businesses by using Aadhar linked with one's account in a bank.

### **ADVANTAGES OF DIGITAL MODES OF PAYMENT :**

The advantages of digital payments modes are as follows :

1. Digital payments will enable businesses to rapidly expand their consumer base, resulting in more business transactions.
2. Real estate prices will fall due to a reduction in black money flow.
3. Digital payments will advance accountability, devoid of corruption since all transactions are tracked, accessible, and transparent.
4. Political parties will be unable to squander unexplained currency for various purposes if they use cashless transactions.
5. The amount of revenue collected will increase, and it will be used to improve the lives of the deprived sections of the population.
6. The production of bogus currency is reduced, reducing the risk of terrorism.
7. It will reduce pickpocketing and cash robberies in busy areas and large cities.

### **DISADVANTAGES OF DIGITAL MODES OF PAYMENT:**

The disadvantages of digital payments modes are as follows :

1. Many rural residents, as well as some urban residents, lack accounts in banks.
2. A foremost portion of our country's populace lives in rural zones.
3. Individuals in rural zones are under-informed apropos digital payment systems.
4. Getting a new debit/credit card takes time if you lose your current one.
5. Online transactions might result in serious and difficult problems such as hacking and cyber theft.
6. To avoid money electronically falling into the wrong hands, cyber security measures must be implemented.

### **CHALLENGES OF DIGITAL MODES OF PAYMENT :**

India's usage of digital payment methods persists to be small in comparison to other industrialized countries all around the globe. While numerous countries have by now instigated payment systems in their nations, India is nevertheless in its initial stages, and the mainstream of the population is, however, dependent on cash-based transactions owing to a deficiency of internet, a dearth of information regarding financial transactions, charges on card payments, and inactive bank accounts. Customers have a low level of understanding of the electronic money transaction procedure. As a result, the same users eventually abandon the channel or migrate to other platforms. Inadequate legal provisions governing the e-payment system. There are legal concerns with the e-payment system, which lacks effective regulation and practiced law. Concerns about security and privacy

concerns are growing, and due to the lack of the necessary defenses to deal with any cyber attack. Other issues include network compatibility and interconnection, minimal card usage at the point of sale, and opaque pricing. The incredible increase of digital payment requirements as a consequence of the swift progress of the Internet is enormously exhilarating but to be entirely apprehended. Consumers were hitherto unfamiliar with the Internet and principally expanded it to get information. Though, they are progressively exploiting this channel for procuring decisions. The evolution of mobile phone facilities was revealed to have the potential for the ensuing creation of innovative payment services, fetching momentous prospects. The numeral of mobile users has surpassed that of fixed customers in several nations. It is a fantastic opportunity that is a prospect for the future development of digital payment services in India.

## CONCLUSION :

Digital business practices have evolved as a result of e-commerce. Due to the ease and familiarity with which payment cards can be used for online purchases, they have accumulated a large user base. If properly implemented, the cashless payments method is ideally suited for payments and provides more convenient and secure payment transactions. Due to their ability to handle payments, digital cash systems are gaining popularity among customers. To maintain consistent progress in the future, the digital payment sector must address specific security and authentication difficulties. Digital payment service providers must put in place appropriate security and privacy governance systems. As these technologies evolve and the market base expands, all impediments to digital payment acceptance will be removed. Consumers have acquired trust and habits for utilizing digital payment systems as advanced technology facilitates mobile transactions and makes them more transparent and convenient.

## REFERENCES:

- Agarwal, R., and Lucas Jr, H. C. 2005. "The Information Systems Identity Crisis: Focusing on High-Visibility and High-Impact Research," *MIS Quarterly* (29:3), pp. 381-398.
- Albuquerque, de. J.P.(2014). *Mobile Payments: A scoping study of literature and issues for future research*. Sage journal. pp 527-553.
- Apanasevic, T., Markendahl, J., & Arvidsson, N. (2016). Stakeholders' expectations of mobile payment in retail: Lessons from Sweden. *International Journal of Bank Marketing*, 34(1), 37–61.
- Arvidsson, N. (2014). Consumer attitudes on mobile payment services—results from a proof of concept test. *International Journal of Bank Marketing*, 32(2), 150–170.
- Bapat, D. (2012). Customer relationship for electronic payment products: An empirical investigation in India. *Global Business Review*, 13(1), 137–151.
- Bauer, H.H., Reichardt, T., Barnes, S.J., & Neumann, M.M. (2005). Driving consumer acceptance of mobile marketing: A theoretical framework and empirical study. *Journal of Electronic Commerce Research*, 6(3), 181.
- Bhattacharjee, A. (2002). Individual trust in online firms: Scale development and initial test. *Journal of Management Information Systems*, 19(1), 211–241.
- Dai, X. (2007). Net pay: An offline, decentralized micropayment system for their client applications. *Electronic Commerce Research and Application*. pp 91-101.

Felix. N, Fabian. M and Gibson. L.K, "The Impact of cashless policy on small scale business in Ogoni land of Rivers state, Nigeria," IOSR Journal of Economics and Finance, e- ISSN: 2321-5933, Vol. No. 6, Issue No. 3, May- June 2015, Pp33-38.

Gomber, P., Koch, J.A. & Siering, M. (2017). Digital Finance and FinTech: current research and future research directions. *Journal of business economics*. Springer. pp 537-580.

Hashemi, M.R. and Soroush, E. (2006) A Secure m-Payment Protocol for Mobile Devices, In the Proceedings of the Canadian Conference on Electrical and Computer Engineering, 294-297.

Henningsson, S. (2014). Transformation of digital ecosystem: The case of digital payments. *Information and Communication Technology*. Springer. pp 46-55.

Huang, H., Liu, L. and Wang, J., (2007) Diffusion of Mobile Commerce Application in the Market, The Second International Conference on Innovative Computing, Information and Control, 485.

Hwang, J. J. (2003). Securing online credit payment without disclosing privacy information. *Computer standards and interface*. pp 119-129.

Kim, C. (2010). An Empirical Study of customers' perceptions of security and trust in e payment systems. *Electronic Commerce Research and Application*. pp 84-95.

Juniper Research (2008) Juniper Research Forecasts in Excess of 100m Mobile Users to Make International Money Transfers by 2013, Hampshire, England.

Lim, A.S., (2008) Inter-consortia Battles in Mobile Payments Standardisation, *Electronic Commerce Research, and Applications*, 7, 2, 202-213.

Ondrus, J. and Pigneur, Y. (2006) Towards a Holistic Analysis of Mobile Payments: A Multiple Perspectives Approach, *Electronic Commerce Research, and Applications*, 5, 3, pp 246-257.

Rowley, J. (2008). Understanding digital content marketing. *Journal of marketing management*. pp 517-540.

Shaw, M. J. (1997). Research opportunities in E-commerce. *Decision Support Systems*. pp 149-156.

Staykova, K. S. (2015). The race to dominate mobile payments platform: Entry and Expansion Strategies. *Electronic Commerce Research and Applications*. pp 319-330.

Wendy, M. Y. T. (2013). Factors affecting consumer's perception of electronic payment: An Empirical Analysis. Emerald group publishing limited. pp 465-485.

Yu, H. C.(2002). Electronic Payment System: An Analysis and Comparison of types. *Technology in society*. pp 331-347.