



Digital Payment: SWOT Analysis

Abita, Assistant Prof. Economics

Govt College Sidhrawali, Gurugram (Haryana)

Abstract:

There are so many challenges and issues in Social and Humanities Science . It includes poverty, inequality(economically and gender), regional disparities, unemployment, corruption, religion and caste disputes, militant, climate change, mental health, drugs, smoking, drinking, pollution etc. Recently a big social challenge is arising. That is cyber crime. The major reason behind this is digital payments. Digital payments have made life easy. No need to keep cash . But this time it has become more challenges. In this paper SWOT analysis is discussed. A digital payment, sometimes called an electronic payment, is the transfer of value from one payment account to another using a digital device or channel. This definition may include payments made with bank transfers, mobile money, QR codes, and payment instruments such as credit, debit, and prepaid cards. Internet Banking, also known as Net Banking, allows customers of banks and financial institutions to make financial transactions through various digital payment modes like NEFT, RTGS, and IMPS. For an online payment to happen, both the customer and the merchant must have bank accounts, access to online banking, and a device to make the payment. Additionally, they need to be registered with a payment intermediary, such as a bank or a service provider. For example if you purchase something from your local grocery store and choose to pay via any other payment method (Mobile payment apps, banking cards ,Unstructured Supplementary Service Data(USSD), Aadhaar Enabled Payment System (AEPS), Unified Payments Interface (UPI), Internet Banking ,Mobile Banking etc.) that also is a digital payment.

The study examined digital payment's Strength, Opportunities, and Challenges in India and impact of digital payment systems on society and economic development. The study also highlights how digital payments promote transparency and reduce cash dependency. This is a digital system, which helps to transfer money 24/7 Payments are made using a variety of electronic payments. Digital payments in India have the potential to transform the economy by promoting financial inclusion, increasing transparency, and promoting economic growth.

Keywords:

Digital Payments, Internet Banking, India, cyber crime, customers, banks, financial institutions

Introduction: Digital payment refers to financial transactions made through electronic devices without using physical cash. With the advancement of technology and government initiatives like *Digital India*, digital payment systems have gained popularity in India.

Digital payments allow people to transfer money instantly using smart phones, computers, or POS machines. Popular platforms include *UPI, mobile wallets, debit/credit cards, and internet banking*.

The adoption of digital payment systems increased significantly after demonetization in 2016 and during the COVID-19 pandemic when contactless transactions became essential.

To promote and encourage digital payments in the nation, the Indian government started a programme "Digital India". The goal of the "Digital India" Programme is to establish a "digitally empowered" "Faceless, Paperless, Cashless" economy.

Review of Literature:

Tyagi Gaurav, Jagadale Hrishikesh, Anut Nilesh (2022) The study was majorly focused on the "Strategic analysis of UPI applications in India". The study revealed that the user base of UPI apps is increasing due to various benefits such as ease of use, twofactor authentication, no need to carry change was major benefit for the users. The study includes an in-depth study of five major UPI applications that are used in India that is PhonePe, Google pay, Amazon Pay, BHIM UPI and Paytm on the basis of their features, market share and ease to use. The Indian digital payment system is continuously on an uptrend and is expected to remain in uptrend in future due to various benefits. On the basis of market share PhonePe is continuously gaining and has maintained top position followed by Google Pay, Paytm, Amazon Pay and BHIM UPI. The UPI apps took an upward swing during demonetisation and then due to covid lockdown as people were avoiding physical transactions of paper money which lead to exponential growth of industry.

Digital payments in India: Trends, issues, and opportunities" by Priya Desai and Rajni Jain (2019): This study provides a comprehensive overview of the growth of digital payments in India, analysing the trends, issues, and opportunities in the sector. The authors discuss the various digital payment modes,

their adoption, and usage patterns in different sectors, and highlight the key drivers and challenges associated with their growth. The study also identifies the impact of government policies and initiatives on the growth of digital payments in India.

Digital payments in India: Opportunities and challenges" by Alok Kumar and Kishore Kumar (2018): This paper analysed the growth of digital payments in India and identifies the opportunities and challenges associated with their adoption. The authors examine the various digital payment modes, their usage patterns, and the factors driving their growth. The study also explores the impact of digital payments on financial inclusion and identifies the challenges faced by users and merchants in adopting digital payments.

Growth and prospects of digital payments in India by Ashish Das (2019): This study analysed the growth and prospects of digital payments in India, providing insights into the trends, patterns, and challenges in the sector. The author discusses the various digital payment modes, their adoption, and usage patterns, and examines the factors driving their growth. The study also explores the impact of digital payments on the banking sector and identifies the challenges faced by users and merchants in adopting digital payments.

A Study on Digital Payment system and its Future Feasibility in India" By Siddharth Jain Research Scholar Department of Business Management Dr. Hari Singh Gour Vishwavidhyalaya, Sagar M.P. (2023) 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.

Research Methodology:

The study is based on secondary data collected from various sources such as books related to digital finance , research journals ,online articles abd websites, government reports and private bodies.

Objectives of the study:

To promote and encourage digital payments in the nation

To create awareness about digital payments in the nation

To create awareness about risk of digital payments in the nation

To study the impact of digital payments on society.

Strength:

1. Faster Payments

Digital payments allow immediate transactions that can be processed immediately, reducing the waiting time that one has to go through with traditional payment methods. This makes transactions seem smooth and efficient.

2. Convenience in the Payment Procedure

Digital payments enable swift and hassle-free transactions from your devices, eliminating the need for physical presence or documents. Whether you're paying bills, shopping online, or transferring funds, digital payment methods offer a user-friendly experience that saves both time and effort.

3. Better Payment Security

Digital payment systems use encryption and system authentication protocols, which minimise the risk of unauthorised access and effectively prevent fraud. Your financial information is protected, keeping you stress-free throughout the entire process of making digital payments.

4. Improved Efficiency

Automation and digitisation in payment processes have significantly enhanced operational efficiency. By minimising manual intervention, errors are reduced, and financial workflows are streamlined, resulting in a more efficient and error-free system.

Digital Record of Transactions: Digital payments provide a traceable account of transactions, thereby guaranteeing safety. Such efficiency and credibility allow individuals and businesses to maintain accurate financial records. It is easy to monitor the payment history and can be referred to when required.

5. Reduced Costs

The digital payment framework eliminates the requirement of physical infrastructure, paperwork, and manual handling. This reduces the cost of transactions for business enterprises and financial institutions. Also, digital transactions usually include a lower cost of transfer as compared to traditional banking methods.

6. Easy to Use

The payment systems facilitate customer comfort. The old cash-processing machines that could only recognise clear notes and coins are being replaced by ATM which are accessible and easy to use. Digital payment systems are easy to operate and will not take additional effort to understand how they work.

7. Low Fees

Digital payment methods typically entail lower transaction fees compared to banking methods, contributing to overall cost efficiency.

8. Boost Revenue

Merchants can benefit from a wider consumer base and better cash flow by utilising digital payment methods, leading to higher revenue. Digital payments offer an efficient system, leading to higher customer satisfaction and smoother transactions, which can attract more customers in the future.

9. Discounts and Savings

Many online platforms provide discounts, cash back, or loyalty programmes. These discounts motivate the customers to go for the digital payment option, which saves them money and provides several benefits.

10. Low Risk of Theft

Digital payments diminish the possibility of the actual loss of money since it's not physical. Transactions occur in the digital world, therefore rendering the necessity of holding large amounts of currency physically unnecessary. This safeguards payments by preventing direct cash transactions and ensuring their protection.

11. Customer Management

Digital payment systems can frequently oversee and monitor the customers' transactions, preferences, and feedback, which gives the business more control over these aspects. This improves overall customer management by adjusting service offerings based on customer behavior.

12. Better Customer Experience

The ease and convenience offered by digital payments enable customers to enjoy superior service, thereby enhancing their experience. Simplified payment processes result in increased customer satisfaction and a greater likelihood of future collaboration with the business.

13. Efficient Record-Keeping Features

Through the digital infrastructure, digital payments for offline businesses are recorded efficiently; thus, the business environment is friendlier than before. Today businesses and individuals can easily track, control, and analyse their financial activities to obtain financial transparency and improve the financial management process

Challenges:

1. Risk of Fraud

This is the first concern that comes to mind when we think of risks related to digital payments. And the news about cyber fraud does not make it easier. Most online payment methods use state-of-the-art payment security features, but scammers have come up with ways to surpass some of them. There are many types of digital fraud such as phishing scams, ransomware attacks, and information stealing that you should be aware of.

2. Technical Issues

Sometimes users face issues while making online payments due to technical issues like server outages and glitches. These technical issues can delay your payments or even fail them. That's why one can't completely rely on digital payment methods like UPI apps and payment gateways.

3. Transaction Limits

Digital payments are convenient, but banks often set up limitations on them. Some banks prohibit transactions above a certain limit in a single day. One has to keep these limits and restrictions in mind before initiating payments.

4. Dependency on Internet

You cannot use digital payment methods without having a good internet connection. For instance, if you are travelling to a remote area with no mobile network or internet connection, these payment methods are of no use to you.

5. Identity Theft

Fraudsters may steal your financial information and use digital payment methods to impersonate you. They could purchase items using your credit card or transfer funds from your bank account to theirs using UPI apps. These identity theft scams are quite difficult to detect, so maintaining payment security becomes difficult.

6. Loss Of Cards

Some digital payments are completely paperless, but you should keep your debit and credit cards safe. If you lose your cards, they could easily be misused. Losing your card information is another similar threat. To prevent these, banks have started implementing OTP verifications for online transactions.

7. Unfamiliarity With Technology

Not everyone is familiar with the latest technology. Most parts of India are still learning how to use their smartphones. Even senior citizens shy away from digital payment methods due to these concerns.

8. Password Threats

Most of us save our passwords on our smartphones or browsers to avoid remembering them. These applications have access to your passwords, and if their system gets hacked, your passwords could be compromised. Also, if you write down your passwords and lose them, someone could misuse that information to steal funds.

9. Difficulties With Refund

In case you find that someone has used your online payment information to make unauthorised transactions, it can be challenging to get your money back. To begin with, tracing the person to whom the money is transferred can be difficult due to the lack of personal information. Without that information, it is challenging to lodge complaints with banks and the police.

10. Transaction Costs

Banks charge transaction costs, especially for international payments and debit or credit cards. For other modes like UPI apps, the processing fees and service charges are low. But there are additional costs nonetheless.

Opportunities:

Digital payments in India offer several opportunities to businesses, individuals, and the economy. Here are some of the key opportunities:

1. **Financial Inclusion:** Digital payments can help to increase financial inclusion by providing access to banking and payment services to people who may not have had access to traditional banking services before.
2. **Convenience:** Digital payments offer a convenient way for consumers to make transactions without the need for cash or physical payment cards. This can save time and reduce the risk of theft or loss of cash.
3. **Cost-Effective:** Digital payments can be cost-effective for businesses as they eliminate the need for cash handling and processing fees associated with traditional payment methods. This can result in lower transaction costs and increased efficiency.

4. Improved Security: Digital payments offer improved security as they eliminate the risks associated with carrying cash and the possibility of counterfeit currency. Digital payment systems also typically use encryption technology and other security measures to protect personal and financial information.

5. Increased Transparency: Digital payments can improve transparency in transactions and reduce the risk of fraud and corruption. Digital payment systems can provide an auditable trail of transactions, making it easier to detect and prevent fraudulent activities.

6. Boost to the Economy: Digital payments can boost the economy by promoting financial inclusion, reducing the informal cash-based economy, and increasing tax revenues for the government

Impact of Digital Payments on Economy:

Digital payments contribute to economic growth by promoting transparency and reducing cash transactions. They help governments track financial transactions and increase tax compliance. The digital payment ecosystem also encourages innovation and supports the development of a cashless economy.

Conclusion:

Overall, digital payments in India have the potential to transform the economy by promoting financial inclusion, increasing transparency, and promoting economic growth. Challenges tell the needs for improving digital literacy, enhancing infrastructure, strengthening security, promoting interoperability, and creating a more conducive regulatory environment to ensure the success and growth of digital payments in India. Digital payment systems have revolutionized the way financial transactions are conducted. They provide a convenient, secure, and efficient alternative to traditional cash transactions. Although challenges such as cyber security and digital literacy remain, increasing awareness and technological advancements can further strengthen digital payment adoption in India.

References:

* Tyagi Gaurav, Jagadale Hrishikesh, Anut Nilesh , Journal of Management Research and Analysis 9(3):150-156,2022, "Study on Digital Applications in India" | <https://doi.org/10.18231/j.jmra.2022.028>

* Dr. S. Chandrasekaran , " M. Narayanan , Digital Payment in India"

* Baghla Ashish, "A Study on the Future of Digital Payments in India"

* Siddharth Jain, Dr. Hari Singh Gour. Sagar M.P. , INTERNATIONAL JOURNAL OF INTERNATIONAL INSTITUTE OF MANAGEMENT STUDIES / VOL 2/ ISSUE 1/ JAN/ 2023 "A Study on Digital Payment system and its Future Feasibility in India"

* Baig Faizan Mujib1 , Amale Vishal Bhima2 , Deshmukh Akshada Kailas, “Study of Digital Payments Tools and Methods in India”

*Mr. Krishnkant Bhujang , Rajarshi Shahu Mahavidyalaya Rajarshi Shahu Mahavidyalaya , Latur Dr. Pushpalata Trimukhe “A Study of Growth of Digital Payment Transactions in India: Challenges and Suggestions”

* Angamuthu, “Growth of Digital Payments in India”

* A.Martina Franciska & Dr. S. Sahayaselvi , “An Overview on Digital Payments ”

* Reserve Bank of India (RBI) Reports

* Government of India – Digital India Initiative

* Sharma, R. (2022). Digital Payment Systems in India.

* Sharma & Kansal, 2012, International Journal of scientific & Research Publication, page No. 1-5, “Mobile Banking as Technology adoption and Challenges: A Case of M Banking in India”

*. Various online journals and research articles.

