

A STUDY ON THE EFFECT OF ELECTRONIC PAYMENT SYSTEMS IN INDIA

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ABSTRACT

A Digital payment, also known as electronic payment, is a transfer of money from one account to another using an electronic medium. So, there is no exchange of physical money or instruments like cash, cheque, etc. This paper is analyzed to the overall performance of digital payment structures in India. The information taken for this study is secondary in nature and is accumulated from annual reviews of RBI. The goals of the study are to recognize the idea and running of EPS, its contemporary-day and destiny possibilities and transferring of cash to on-line payment modes. This study additionally considers the indispensability to apply on-line modes for making payment while the pandemic state of affairs is peak. The study reviews approximately the present literature at the idea of digital payment structures. This additionally covers the numerous additives of digital payment structures and its function in making an effective payment. The study concludes that during coming years the country becomes a cashless financial system regardless of numerous benefits of cash. As a result, India turns into a digital economy.

Keywords: Electronic payment system, Performance Analysis, Cashless economy, Digital economy

INTRODUCTION:

A payment system is any system used to settle financial transactions through the transfer of monetary value. This consists of the institutions, instruments, human beings, rules, procedures, standards, and technology that make its exchange possible. A Payment encompasses the complete procedure for accepting card payments in a retail area and might encompass a payment terminal, electronic cash register, different devices or systems related to a payment terminal service with e-commerce components including payment pages and connections out to a merchant bank.

E-commerce or Electronic commerce sites use digital payment in which digital payment refers to paperless financial transactions. It revolutionized the bank processing through lowering paper work and transaction price. It is user friendly and consumes much less time than manual processing.

An Electronic Payment System (EPS) is a way of creating transactions through electronic medium without using cash or cheques. In easy words, It is a digital transaction among parties. It is likewise referred to as on-line payment system. Electronic Payment System means a payment system that generates any transfer of funds, aside from a transaction originated by cash, check, or comparable paper instrument that is initiated via an electronic terminal, telephone, cell phone, computer, or magnetic tape, for the cause of ordering, instructing or authorizing a financial institution to debit or credit an account. The term includes debit cards, wire transfers, transfers made at automated teller machines, and point-of-sale terminals. A extensive variety of payment techniques are available to clients at their doorsteps saving time and labor. Moreover the available payment methods are of greater convenience than conventional payment methods. It is effortlessly adaptable and may be executed at take a seat down location. Electronic modes are these days shifted to on-line modes. All that is wanted for making payments is simply mobile and internet.

MERITS OF ELECTRONIC PAYMENT SYSTEM:

It saves time , It is more efficient ,It takes cash out of equation ,It generates greater revenue , It's more secure and There is a certainty of payment

DEMERITS OF ELECTRONIC PAYMENT SYSTEM:

The biggest disadvantage of EPS is the problem of protection. , People worry to offer private and financial information. Lack of private discourages human beings to apply digital modes for making payments, People fear to operate in a paperless and faceless world

STATEMENT OF THE PROBLEM:

The major problem among the consumers is that there is lack of usage of the available electronic payment systems as they lack trust in making payments through electronic mode and lack of security for their payments due to theft of personal information.

REVIEW OF LITERATURE:

Bhakta(2012) mentioned that digital payments grew 57% year-on-12 months in the last fiscal with mobile wallets more than doubling and card payments growing 44%, helped with the aid of using a robust authorities push specifically after the demonetization. He had additionally said Aadhaar-enabled payment systems and the government-backed, Unified Payments Interface (UPI), have crossed transaction of eighty eight billion. In his article he has additionally blanketed information determined in interview with AP Hota, MD, NPCI. He said that desire in increasing in UPI as use of RuPay card is growing will assist to reap goal of 25 billion transactions. 1 lakh Bharat QR codes which have been dispensed throughout service provider retailers this yr and that they have plan to do some other extra 93,000 the approaching yr. RuPay playing cards had 195 million transactions at POS terminals and around 87.5 million transactions for on-line transactions.

Kumari and j.khanna –(2017) referred to that cashless economy initiative may be of vast benefits to growing financial system therefore the cashless system may be useful in the fight towards corruption and cash laundering. One of the maximum vast contributions of the cashless economy is that it's far predicted to lessen the threat related to carrying cash like loss of cash,

theft and armed robbery, so as to substantially reduce. They have additionally placed a controversy about effective relationship among cashless and economic growth.

OBJECTIVES OF THE STUDY:

1. To understand about the present day and future possibilities of online payment system.
2. To apprehend the idea and running of digital payment system.
3. To recognize the shifts this is taking place with reference to on-line payments.
4. To offer dependable records on unique strategies of electronic payments.
5. To examine the overall performance of Electronic Payment systems throughout the pandemic.

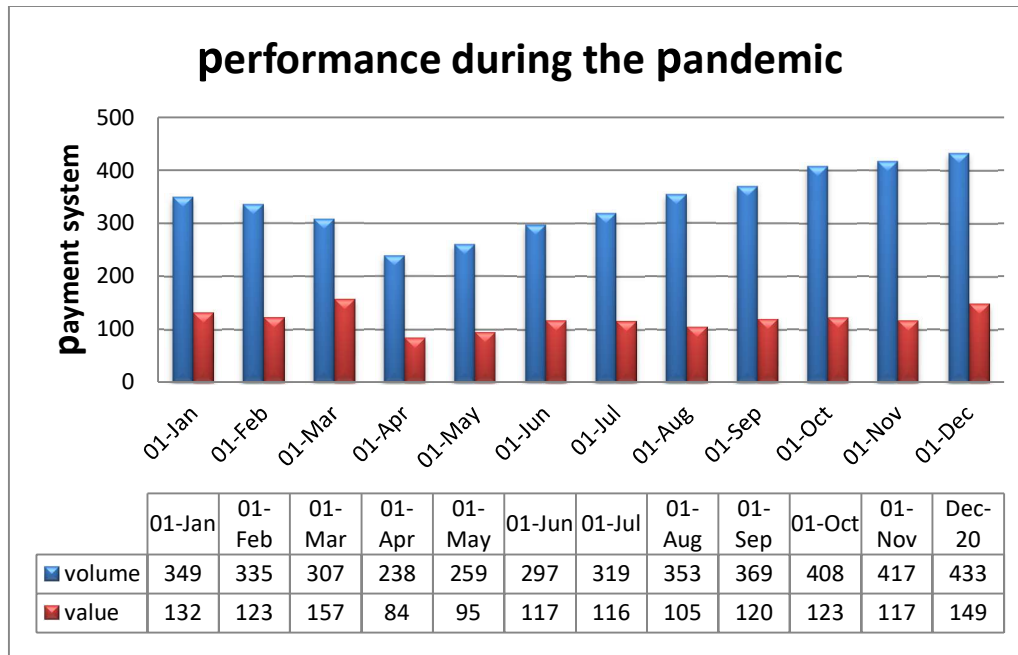
RESEARCH METHODOLOGY:

In this study, descriptive design is used. For this study, secondary data posted via way of means of Government authorities is used. Required facts are gathered from websites like www.npci.org.in and www.rbi.org.in, journals and articles, annual reports and vision statement of RBI. This study analyses the overall performance of numerous sorts of electronic payment techniques at numerous stages and its fundamental want at the time of pandemic scenario. The duration of the study is restrained to 5 years i.e. from 2015 to 2020.

ANALYSIS AND INTERPRETATION

Table: 1 Analysis of Performance of Electronic Payment Systems during the Pandemic (From 1.1.2020 – 31.3.2020)

Month	VOLUME (IN LAKH)	VALUE (IN CRORE)
JAN	349	132
FEB	335	123
MAR	307	157
APR	238	84
MAY	259	95
JUNE	297	117
JULY	319	116
AUG	353	105
SEP	369	120
OCT	408	123
NOV	417	117
DEC	433	149

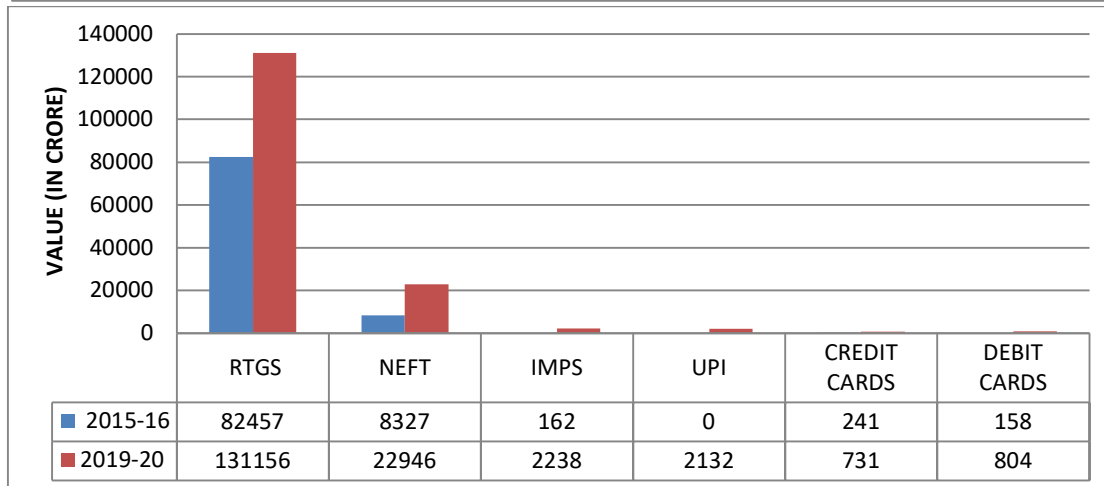
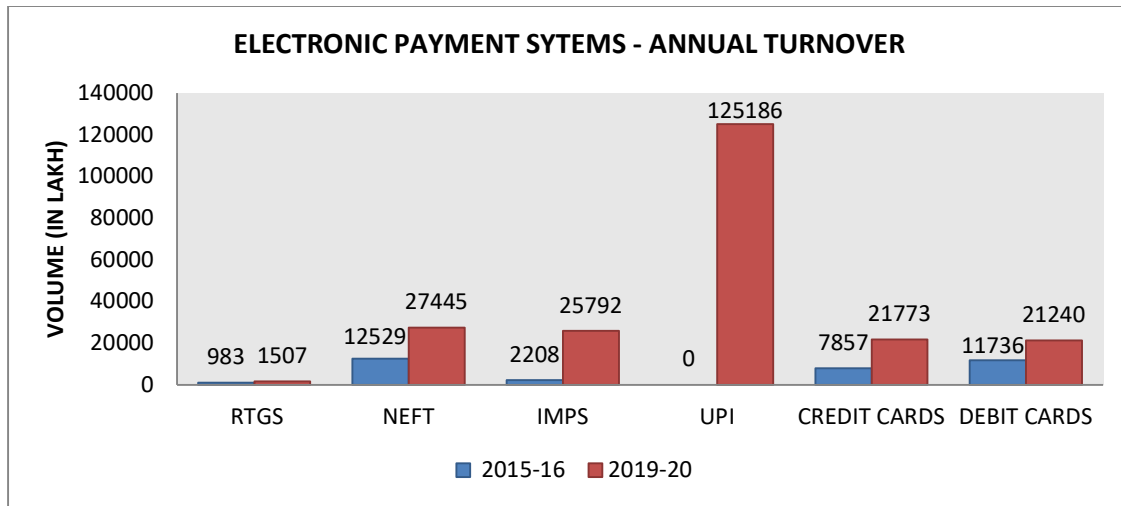


INTERPRETATION:

This suggests that the payment systems played a critical role for making payments throughout the pandemic duration. It is growing on the preliminary level and declining on the center of the year and step by step picks up on the cease of the year. Every payment mode suffered a fall at some stage in April and collected in October.

TABLE: 2 .ANALYSIS OF ELECTRONIC PAYMENT SYSTEM – ANNUAL TURNOVER

PAYMENT SYSTEMS	VOLUME(IN LAKH)		VALUE(IN CRORE)	
	2015 -16	2019 -20	2015 -16	2019 – 20
RTGS	983	1507	82457	131156
NEFT	12529	27445	8327	22946
IMPS	2208	25792	162	2338
UPI		125186		2132
CREDIT CARDS	7857	21773	241	731
DEBIT CARDS	11736	51240	158	804



INTERPRETATION:

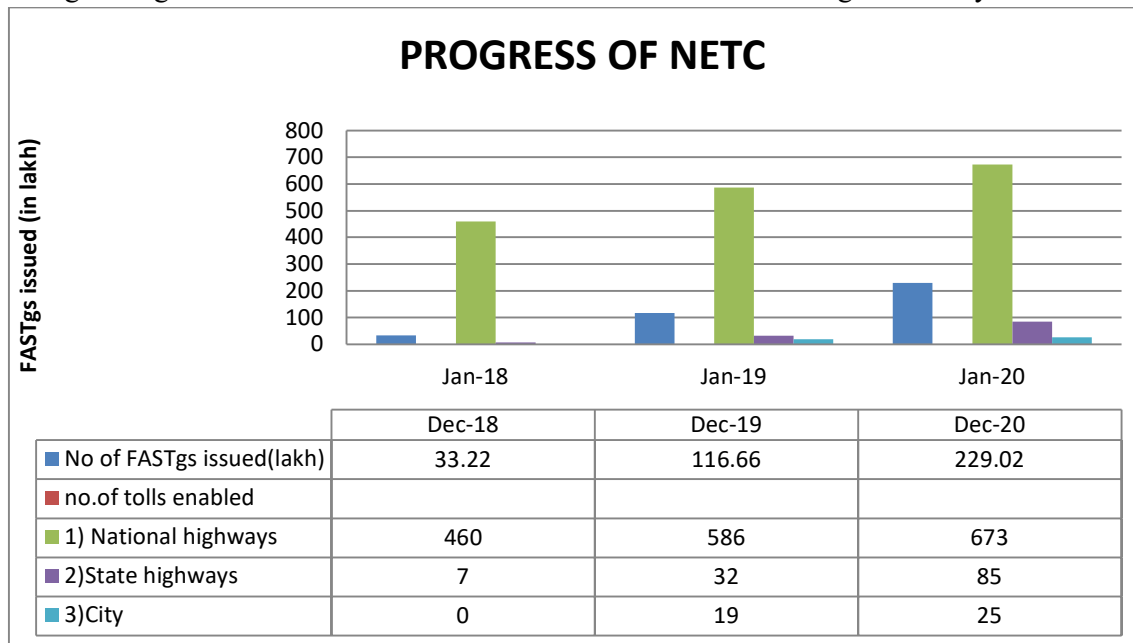
This table infers that use of RTGS has been extended by 5.7% and Unified Payments Interface (UPI) that have been nil in 2015 -16 has mounted its increase in 2019-20. NEFT has been accelerated to approximately 18.5%. In the equal manner, Credit card customers had been improved through 23.5% and debit card utilization extended to 16.1%

TABLE: 3 PROGRESS OF NATIONAL ELECTRONIC TOLL SYSTEM (NETC):

PARTICULARS	JAN 2018	JAN 2019	JAN 2020
No of FASTag's issued (in lakhs)	38.22	116.6	229.02
No of tolls enabled			
1)National Highways	460	587	673
2)State Highways	7	32	85
3)City	0	19	25

INTERPRETATION

The range of fastag issued increase from 38.22 to 229 which suggest the popularity of use of fastag among the customers. There is a next boom in number of fastags in those years.



FINDINGS OF THE STUDY

- ✓ A outstanding change has taken place in payment and settlement area ensuing in style of payment options for the client. In the last five years, India has witnessed an excessive increase in payment systems and vast shift in its interface (i.e)Volume of paper clearing which constituted of 60% of total retail payments in FY 2010 – 11 contracted to 3% in FY – 2019 – 20 .
- ✓ This shift is because of the introduction of numerous digital payment structures like RTGS, NEFT and ECS that facilitated real time or near real time fund transfer.
- ✓ Introduction of revolutionary and rapid payments including IMPS offer immediate credit to the beneficiary and UPI's are available round the clock for undertaking fund transfer.
- ✓ Mobile based payment systems like Bharat Bill Payment System (BBPS) allows payments of bills through online.
- ✓ Introduction of National Electronic Toll Collection (NETC) has facilitated electronic toll bills through Fastag's in online mode.
- ✓ Electronic payment system have turn out to be extra handy that consumers commenced accepting them as an extra for cash and paper.
- ✓ Electronic Payment system have ruled the retail space with around 61% percentage in terms of quantity and 75% percentage in terms of value throughout the Financial Year :2019-2020
- ✓ New Payment Habits utilized by consumers in the course of Covid: 41% of cash users attempted a contactless card 35% of card users used digital wallet 27% of clients experimented with QR code payments

SUGGESTIONS OF THE STUDY:

- ✓ Using of modern payment strategies requires certain degree of literacy among the consumers and the consumers have to understand how to utilize them.
- ✓ Voice activated transactions and biometric security transactions may be delivered for deaf and dumb
- ✓ Improvement in safety even as the usage of on-line payment applications.
- ✓ Government need to create confidence and decrease fear.
- ✓ Creating awareness about numerous payment methods available.

CONCLUSION:

Cash is all pervasive as it is looked as if it would offer anonymity, flexibility, comfort and swiftness of creating payment; finality of payment, with none default danger; and excessive degree of liquidity and acceptability. Notwithstanding the benefits of cash payments, India is gradually transferring to digital payments at a speedy pace. It is on account of things like trust , consumer self belief, low cost of access and comfort (easy to use mobile based payment system products), which have been delivered in the digital payments by the efforts of the regulator and participants over a duration of time. But nonetheless there's a protracted avenue in advance for migration of the country from predominantly a cash-based economy to a predominantly digital economy which is a work in progress. India has witnessed vast boom in payments during the last decade with the advent of several payment systems. The task now is to maintain the growth in payments and make sure a shift in customer behavior from cash to digital payments.

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