

A STUDY OF ELECTRONIC PAYMENTS SYSTEM WITH PERSPECTIVE OF CUSTOMER'S ADOPTION IN INDIA

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ABSTRACT

This paper focuses on increasing awareness about various methods related to electronic payment systems in India. Ministry of Electronics and Information Technology, Government of India envisages paperless and cashless services across the country, especially in rural and remote parts of India. The initiatives and steps taken by the Reserve Bank of India has created a strong technology based system for electronic payments, allowing seamless electronic fund transfer between two parties with very minimal transaction cost. Money can be transferred from one person to another electronically through various electronic payment systems in India. This paper highlights at the different types of electronic payments system currently operational in India.

Keywords: technology, electronic, payment systems, money, Government of India.

INTRODUCTION

The electronic payment system has grown increasingly over the last decades due to the growing spread of internet-based banking and shopping. The Government of India has been taking several measures to promote and encourage digital payments in the country. Government of India envisages web-enabled or mobile enabled access to information and services across the country, especially in rural and remote parts of India. It further envisages common e-Governance infrastructure that will offer end to end transactional experience for a citizen, businesses as well as internal government functions. There are various types and modes of digital payments. Some of these include the use of debit/credit cards, internet banking, mobile wallets, ECS, NEFT digital payment apps, mobile banking, etc.

OBJECTIVES

1. To find out the attitude of customer towards adoption of digital payments in India.
2. To identify most preferred electronic payment method based on their advantages.
3. To study awareness of technology among customers in India.

RESEARCH METHODOLOGY

The data is collected through secondary sources by researching on various websites. The available information on internet regarding the Electronic payments has been extensively used to complete this paper. All the available Journals, Articles, papers provided necessary information to finalize this research study.

❖ **Electronic Payment Modes**

1. Credit Payment Systems

- **Credit Card** -A form of the e-payment system which requires the use of the card issued by a financial institute to the cardholder for making payments online or through an electronic device, without the use of cash.
- **E-wallet** - A form of prepaid account that stores user's financial data, like debit and credit card information to make an online transaction easier. IT is next cashless payment option used to purchase products from grocery to ticket reservation. The most popular example of E-wallet is **PayPal**.
- **Smart card**- A plastic card with a microprocessor that can be loaded with funds to make transactions also known as a chip card.

2. Cash Payment Systems

- **Debit Card**- A financial transaction in which the account holder instructs the bank to collect a specific amount of money from his account electronically to pay for goods or services.
- **E-cash** is a form of an electronic payment system, where a certain amount of money is stored on a client's device and made accessible for online transactions.
- **Stored value card** -A card with a certain amount of money that can be used to perform the transaction in the issuer store. A typical example of stored-value cards are gift cards.

3. Electronic Clearing Service (ECS)

ECS payment was introduced in India by the RBI during the 1990s. Since, its introduction, the platform has grown more robust and scaled to handle large volumes. ECS payments are used to handle bulk and repetitive payment like salary, interest, dividend payments of companies, corporates and institutions. Using ECS payment system, a customer accounts can be credited on a specified date for a specific amount.

4. National Electronic Funds Transfer (NEFT)

The NEFT payment system was introduced in 2005 to facilitate one to one fund transfers. NEFT payment system can be used by both individuals and corporates. NEFT system processes payments in batches at hourly intervals, thus providing near real-time settlement of funds from one party to another. There is no minimum of maximum limit on the amount of funds that can be transferred through NEFT.

5. Real Time Gross Settlement (RTGS)

In India, transfer of funds with RTGS is done for high value transactions, the minimum amount being Rs 2 lakh. The beneficiary account receives the funds transferred, on a real time basis. The main difference between RTGS and National Electronic Funds Transfer (NEFT) is that while transfer via NEFT takes place in batches (with settlements and transactions being netted off), in the case of RTGS, the transactions are executed individually and on gross basis.

6. Bharat Interface for Money (BHIM): The government has launched **Bharat Interface for Money** (BHIM) mobile app. based on the Unified Payment Interface (UPI). It is a mobile payment App developed by the National Payments Corporation of India (NPCI), based on the Unified Payments Interface (UPI). BHIM enables fast, secure and reliable transactions via mobile phone. Users can send or receive money using UPI payment addresses, phone numbers or Quick Response (QR) Codes. Besides ease of use, the biggest selling point of BHIM is that all major banks on the UPI platform are linked to it.

7. RuPay: RuPay is a card scheme, conceived and launched by the National Payments Corporation of India (NPCI) on 26 March 2012. It was created to fulfill the Reserve Bank of India's vision to have a domestic, open and multilateral system of payments. RuPay facilitates electronic payment at all Indian banks and financial institutions. In India, 90% of credit card transactions and almost all debit card transactions are domestic; however, the cost per transaction was low with RuPay compared to the foreign card schemes.

8. Unified Payments Interface (UPI): A Unified Payment Interface (UPI) is a smartphone application which allows users to transfer money between bank accounts. UPI 2.0 was launched which enabled users to link their accounts was launched on 16 August 2018. UPI is an instant real-time payment system developed by National Payments Corporation of India facilitating inter-bank transactions. The interface is regulated by the Reserve Bank of India and works by instantly transferring funds between two bank accounts on a mobile platform.

❖ **Role of RBI in Encouraging E-payments:**

- The **Kisan Credit Card** Scheme was launched by National Bank for Agriculture and Rural Development NABARD in order to meet the credit needs of farmers, so that they can be free of paper money hassles and use only plastic money.
- A domestic card scheme known as **RuPay** has recently been started by the National Payments Corporation of India (NPCI), promoted by RBI and Indian Banks Association (IBA). RuPay will have a much wider coverage than Visa, MasterCard or American Express cards which have always been used for card-based settlements.
- The National Rural Employment Guarantee Scheme (NREGA) introduced by the Government will ensure rural employment in turn ensuring that the employees get wages. Each employee will have a smart card functioning as his personal identification card, driver's license, credit card which will also function as an electronic pass book, thus familiarising the rural populations with e-payments.

❖ **Security Requirements of Digital Payments**

- Confidentiality
- Integrity
- Authentication
- Availability
- Authorization

- Non-repudiation

BENEFITS OF DIGITAL PAYMENTS

- Reaching **more clients** from all over the India, which results in more sales.
- More **effective and efficient transactions**. It's because transactions are made in seconds without wasting customer's time. It comes with speed and simplicity.
- **Convenience**. Customers can pay for items on an e-commerce website at anytime and anywhere. They just need an internet connected device.
- **Lower transaction cost** and decreased technology costs.
- **Expenses control for customers**, as they can always check their virtual account where they can find the transaction history.

SUGGESTIONS

- Maintain the same mobile number for all references.
- Avoid sharing the personal details with anybody.
- Be sure about the payment details before processing the payment.
- In net banking transactions it is safe of maintaining the monthly record of the bank transactions.
- Take immediate actions in case of any problem in the digital transactions.

CONCLUSION

Digital payments are slowly gaining popularity in India and there are many apps that are being launched in this sector. It has become a hassle-free and secure way to make payments. Digital payment methods are often easy to make, more convenient and provide customers the flexibility to make payments from anywhere and at any time. These are a good alternative to traditional methods of payment and speeding up transaction cycles.

It can be concluded that majority of the customers are not aware of many features of electronic payments available as well as mobile app provided by Government of India. So this research paper is enlightening on those options which will help customers to adopt various electronic payment systems in their day to day transactions.

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