



A STUDY ON USAGE OF DIGITAL PAYMENTS IN CHINNAKAKANI VILLAGE

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INTRODUCTION

In this article we discussed about payment industry, meaning of Digital Payments, Payment and Settlement, Different methods of digital payments, Benefits of the digital payments in India are discussed.

Payment Industry

The payment industry has been experiencing advancement, growth and innovation at a steady rate. From metal coins to paper, from bank accounts to ATM and now to e-Wallets, money has been taken various spaces, size and forms. Over the last few years payment industry has recorded a robust growth with new providers, new platforms and new payment tools.

The need for payments and settlements is as old as the need for goods and services. The earliest known Payment and Settlement System (PSS) was the barter system facilitating exchange through goods and / or services. With the concept of money, people progressed to settling their economic transactions using currency notes and coins. The evolution of the banking system and advent of bank accounts led to an easy and safe method for making payments by transfer of money through bank accounts. This transaction required a payment instrument, and cheque emerged as the primary instrument for payment transactions.

An efficient payment system promotes market efficiency and reduces the cost of exchanging goods and services. By the same token, its failure can result in loss of confidence in the financial system and in the very use of money.

In India, the oversight of the payment systems is entrusted to the Reserve Bank of India (RBI) where the Board for Regulation and Supervision of Payment and Settlement Systems (BPSS), chaired by the Governor, RBI, spearheads this responsibility. The creation of a new department viz., Department of Payment and Settlement Systems (DPSS) by RBI in the year 2005 to focus exclusively on payment and settlement systems, and subsequent legislation of the Payment and Settlement Systems Act, 2007 (PSS Act) set the stage for a new era in the history of payment systems in the country.

Meaning of Digital Payments

Digital payments are transactions that take place via digital or online modes, with no physical exchange of money involved. This means that both parties, the payer and the payee, use electronic mediums to exchange money.

The Government of India has been undertaking several measures to promote and encourage digital payments in the country. As part of the ‘**Digital India**’ campaign, the government has an aim to create a ‘digitally empowered’ economy that is ‘**Faceless, Paperless, Cashless**’. There are various types and methods of digital payments.

Different methods of digital payments

After the launch of Cashless India, we currently have ten methods of digital payment available in India. Some methods have been in use for more than a decade, some have become popular recently, and others are relatively new.

1. Banking Cards

Indians widely use Banking cards, or debit/credit cards, or prepaid cards, as an alternative to cash payments. Andhra Bank launched the first credit card in India in 1981.

Cards are preferred because of multiple reasons, including, but not limited to, convenience, portability, safety, and security. This is the only mode of digital payment that is popular in online transactions and physical transactions alike. Nowadays, many apps are being launched with the sole purpose of managing card transactions like Cred, Square, etc.

2. Unstructured Supplementary Service Data (USSD)

USSD was launched for those sections of India’s population which don’t have access to proper banking and internet facilities. Under USSD, mobile banking transactions are possible without an internet connection by simply dialing *99# on any essential feature phone.

This number is operational across all Telecom Service Providers (TSPs) and allows customers to avail of services including interbank account to account fund transfer, balance inquiry, and availing mini statements. Around 51 leading banks offer USSD service in 12 different languages, including Hindi & English.

3. Aadhaar Enabled Payment System (AEPS)

AEPS is a bank-led model for digital payments that was initiated to leverage the presence and reach of Aadhaar. Under this system, customers can use their Aadhaar-linked accounts to transfer money between two Aadhaar linked Bank Accounts. As of February 2020, AEPS had crossed more than 205 million as per NPCI data.

AEPS doesn’t require any physical activity like visiting a branch, using debit or credit cards or making a signature on a document. This bank-led model allows digital payments at PoS (Point of Sale / Micro ATM) via

a Business Correspondent (also known as Bank Mitra) using Aadhaar authentication. The AePS fees for Cash withdrawal at BC Points are around Rs.15.

4. Unified Payments Interface (UPI)

UPI is a payment system that culminates numerous bank accounts into a single application, allowing the transfer of money easily between any two parties. As compared to NEFT, RTGS, and IMPS, UPI is far more well-defined and standardized across banks. You can use UPI to initiate a bank transfer from anywhere in just a few clicks.

The benefit of using UPI is that it allows you to pay directly from your bank account, without the need to type in the card or bank details. This method has become one of the most popular digital payment modes in 2020, with October witnessing over 2 billion transactions.

5. Mobile Wallets

Mobile Wallets, as the name suggests, are a type of wallet in which you can carry cash but in a digital format. Often customers link their bank accounts or banking cards to the wallet to facilitate secure digital transactions. Another way to use wallets is to add money to the Mobile Wallet and use the said balance to transfer money.

Nowadays, many banks have launched their wallets. Additionally, notable private companies have also established their presence in the Mobile Wallet space. Some popularly used ones include Paytm, Freecharge, Mobikwik, mRuppee, Vodafone M-Pesa, Airtel Money, Jio Money, SBI Buddy, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, etc.

6. Bank Prepaid Cards

A bank prepaid card is a pre-loaded debit card issued by a bank, usually single-use or reloadable for multiple uses. It is different from a standard debit card because the latter is always linked with your bank account and can be used numerous times. This may or may not apply to a prepaid bank card.

A prepaid card can be created by any customer who has a KYC-complied account by merely visiting the bank's website. Corporate gifts, reward cards, or single-use cards for gifting purposes are the most common uses of these cards

7. PoS Terminals

PoS (Point of Sale) is known as the location or segment where a sale happens. For a long time, PoS terminals were considered to be the checkout counters in malls and stores where the payment was made. The most common type of PoS machine is for Debit and Credit cards, where customers can make payment by simply swiping the card and entering the PIN.

With digitization and the increasing popularity of other online payment methods, new PoS methods have come into the picture. First is the contactless reader of a PoS machine, which can debit any amount up to Rs. 2000 by auto-authenticating it, without the need of a Card PIN.

8. Internet Banking

Internet Banking, also known as e-banking or online banking, allows the customers of a particular bank to make transactions and conduct other financial activities via the bank's website. E-banking requires a steady internet connection to make or receive payments and access a bank's website, which is called Internet Banking.

Today, most Indian banks have launched their internet banking services. It has become one of the most popular means of online transactions. Every [payment gateway in India](#) has a virtual banking option available. NEFT, RTGS, or IMPS are some of the top ways to make transactions via internet banking.

9: Mobile Banking

Mobile banking refers to the act of conducting transactions and other banking activities via mobile devices, typically through the bank's mobile app. Today, most banks have their mobile banking apps that can be used on handheld devices like mobile phones and tablets and sometimes on computers.

Mobile banking is known as the future of banking, thanks to its ease, convenience, and speed. Digital payment methods, such as IMPS, NEFT, [RTGS](#), IMPS, investments, bank statements, bill payments, etc., are available on a single platform in mobile banking apps. Banks themselves encourage customers to go digital as it makes processes easier for them too.

10. Micro ATMs

Micro ATM is a device for Business Correspondents (BC) to deliver essential banking services to customers. These Correspondents, who could even be a local store owner, will serve as a 'micro ATM' to conduct instant transactions. They will use a device that will let you transfer money via your Aadhaar linked bank account by merely authenticating your fingerprint.

Benefits of the Digital Payments.

In a country like India, where disparities are sometimes poles apart, ensuring financial equality becomes an issue of prime importance. One of the reasons why our government started vocalizing Cashless Economy and Digital India was to improve access to financial resources. There are multiple benefits that digital payments bring to the table.

Ease and convenience

One of the most significant advantages of digital payment is the seamless experience they provide to customers. Reduced dependency on cash, fast transfer speed, and the ease of transacting make online payments a preferred option. Traditional payment methods like cash and cheques add to factors like risk, steps, and physical presence. With digital payment, you can send and receive funds from anywhere in the world at the click of a button.

Economic progress

Customers transact more online when they see the ease, convenience, and security of online payments. This means that more and more people feel comfortable buying online, investing digitally, and transferring funds

via electronic mediums. The increase in money movement and online business contributes to the progress of the economy. This is why online ventures are being launched every day and even more are making profits daily.

Safety and efficient tracking

Handling and dealing in cash is a cumbersome and tedious task. Along with the risk of losing money, there is the hassle of carrying cash everywhere you go and keeping it safe. With digital payments, one can keep their funds secured in online format effortlessly. Nowadays, your mobile phone alone is enough to make and receive payments – thanks to UPI, net banking, and mobile wallets. Additionally, most digital payment channels provide regular updates, notifications, and statements for a customer to track his funds.

OBJECTIVES AND METHODOLOGY

Under this article we setting the Objectives of the study, Data Collection, Methodology and Planning of the study are discussed.

OBJECTIVES OF THE STUDY

1. To understand the various modes of digital payments
2. To study the opportunities and challenges of digital payments in India
3. To study the initiatives taken by Government in promoting digital payments
4. Outline Findings, Suggestions and Concluding Remarks.

Data Collection

Statistical Data has been collected from primary as well as secondary sources. In order to collect primary data, a questionnaire has been canvassed. Before collecting the data, a pilot survey has been made and basing on it, slight changes are made in the questionnaire, than the data collected. The primary data is collected from Chinnakakani village it's totally team work. As the respondents do not have adequate knowledge to answer the questions in the questionnaire, many hardships are faced to collect the accurate data.

The secondary data is also playing the major role in the study which is collected through various News papers, Journals, Souvenir, Internet and Books. The study is confined to overall usage of Digital Payments in Chinnakakani Village. Statistical tools such as percentages, tables are used to analyze the data.

DATA ANALYSIS

Table.1

Statement shows that age wise analysis of the Respondents

Age Group	No of Respondents	Percentage
18-30	70	46%
31-45	49	33%
46-60	27	18%
60 above	4	3%
Total	150	100

Source: Field Work

The above table shows that age wise analysis of the Respondents. It can be observed that most of the respondents are age group between 18-30 (46%), 33% of the respondents are 31-45 age group respondents, the least of the respondents are recorded above 60 age group respondents are only 3%.

Table .2

Statement shows that Education wise analysis of the Respondents

Education	No of the Respondents	Percentage
Below Metric	63	42%
Inter	29	19%
Degree	47	32%
Above Degree	11	7%
Total	150	100

Source: Field Work

The above table shows that education wise analysis of the Respondents. The above analyses it can be said that most of the Respondents are below Matriculation (42%), 32% of the Respondents are Degree, 19% of the Respondents are Inter and 7% of the Respondents are recorded above Degree

Table .3

Statement shows that marital status of the Respondents

Particulars	No of the Respondents	Percentage
Married	89	59%
Un-Married	61	41%
Total	150	100

Source: Field Work

The above table it can be observed that 59% of the respondents are married, 41% of the respondents are un-married.

Table.4

Statement shows that occupation wise analysis of the Respondents

Particulars	No of the Respondents	Percentage
Students	38	25%
Salaried	32	21%
Business	32	21%
Professional	48	33%
Total	150	100

Source: Field Work

The above Statement shows that occupation wise analysis of the Respondents. It can be said that 33% of the Respondents are Professional, 25% of the Respondents are students, 21% of the Respondents are identified salaried and Business occupation.

Table.5

Statement shows that type of families of the Respondents

Particulars	No of the Respondents	Percentage
Joint	65	43%
Nuclear	85	57%
Total	150	100

Source: Field Work

The above table it can be clearly observed that 57% (85) families are nuclear and 43% (65) of the respondent's families are joint families.

Table .6

Have you used digital payments in the last 3 months?

Particulars	No of the Respondents	Percentage
Yes	94	63%
No	56	37%
Total	150	100

Source: Field Work

The above table it can be said that use of digital payments for last 3 months. (94) 63% of the respondents are use digital payments, and the rest of the percentage i.e (56) 37% were not used the digital payments.

Table .7

Which of the following have you use in the last 3 months?

Particulars	No of the Respondents	Percentage
Debit Cards	30	20%
Credit Cards	19	12%
Internet Banking	10	8%
Mobile Banking	33	22%
Digital wallet	8	5%
Google Pay	50	33%
Total	150	100

Source: Field Work

It can be show that use of digital payments to various methods. Majority of the Respondents are used Google Pay app (50) 33%, 22% of the Respondents are used Mobile Banking, 20% of the Respondents used Debit Cards, 12% of the Respondents are used Credit Cards, 8% of the Respondents are used Internet Banking and only 5% of the Respondents are used Digital Wallet.

Table.8

Best describes your ability to use digital payments

Particulars	No of Respondents	Percentage
Without any assistance	96	64%
If assisted by some one	54	36%
Total	150	100

Source: Field Work

It is clearly observed that ability to use of digital payments are given in the above table. Most of the Respondents are used digital payments without any assistance were recorded with 64%, assisted by someone is recorded with 36% only.

Table 9

What purpose you have used Digital Payments in the last 3 months

Particulars	No of the Respondents	Percentage
Friends, Family	46	31%
Cab-tickets-E-Commerce	18	12%
Restaurants, Malls	86	57%
Total	150	100

Source: Field Work

The above table shows that the respondents have used Digital Payments in the last 3 months. It can be said that 57% of the Respondents are use their Digital payment for Restaurants and Malls, 31% of the Respondents are used for Friends, Family and only 12% of the respondents used for digital payments for the Purpose of cab-tickets, E-Commerce etc.

FINDINGS AND CONCLUSION

FINDINGS:

- It can be observed that most of the respondents are age group between 18-30 (46%), 33% of the respondents are 31-45 age group respondents, the least of the respondents are recorded above 60 age group respondents are only 3%.
- It can be said that (Table.2) most of the Respondents are below Matriculation (42%), 32% of the Respondents are Degree, 19% of the Respondents are Inter and 7% of the Respondents are recorded above Degree.
- Table.3 it can be observed that 59% of the respondents are married, 41% of the respondents are unmarried.
- Table.4 it can be said that 33% of the Respondents are Professional, 25% of the Respondents are students, and 21% of the Respondents are identified salaried and Business occupation.
- It is clearly observed that Table.5, 57% (85) families are nuclear and 43% (65) of the respondent's families are joint families.
- Table.6 it can be said that use of digital payments for last 3 months. (94) 63% of the respondents are use digital payments, and the rest of the percentage i.e (56) 37% were not used the digital payments.
- It can be show that use of digital payments to various methods. Majority of the Respondents are used Google Pay app (50) 33%, 22% of the Respondents are used Mobile Banking, 20% of the Respondents used Debit Cards, 12% of the Respondents are used Credit Cards, 8% of the Respondents are used Internet Banking and only 5% of the Respondents are used Digital Wallet. Table.7

- Table.8 It is clearly observed that ability to use of digital payments are given in the above table. Most of the Respondents are used digital payments without any assistance were recorded with 64%, assisted by someone is recorded with 36% only.
- It can be said that 57% of the Respondents are use their Digital payment for Restaurants and Malls, 31% of the Respondents are used for Friends, Family and only 12% of the respondents used for digital payments for the Purpose of cab-tickets, E-Commerce etc. Table.9

SUGGESTIONS: However, for smooth implementation of less cash system in the payment system, the following suggestions can be considered.

- ✓ Build digital financial literacy which brings awareness regarding the application of digital apps for digital payments.
- ✓ Government, RBI and other financial bodies should give incentives on the use of non cash instruments
- ✓ Non cash instruments should be more simplified and user friendly, acceptable and adaptable by everyone irrespective of region, religion and language
- ✓ A strong framework for internet security and transparency
- ✓ A strong framework for grievance redressed.

CONCLUSION

Digital payment services are the entities that provide transactions via digital or online modes, with no physical exchange of money involved. This means that both parties, the payer and the payee, use electronic mediums to exchange money.

Cashless payments eliminate several business risks such as theft of cash, counterfeiting money, and robbery of cash. Moreover, it also reduces costs of security, and it allows you to buy whatever you want and whenever you want without the need of withdrawing cash.

The main objectives of digital transactions are to reduce the costs and risks of handling cash, increase the ease of conducting online transactions, and increase transparency among monetary transactions among people.

A digital payment system usually converts a traditional cash-operational society to a cashless one. It can be anything from paying for goods and services at a brick-and-mortar store, transferring money to other individuals online, to making investment trades.

Thanks to advancements in digital payments technology, demographic shifts, and the evolving cyber-security landscape, online transactions are more popular and secure than ever before.

It can be clearly stated that there is lot of change in the payments industry. Payments transformed into digital and this sector witnessed tremendous growth, innovations and regulatory support over last few years. Digital payments started to pickup pace with the growth of e-commerce companies followed by emergence of digital

wallet companies. Offline point of sale transactions also helped for the growth which is mainly used in shopping malls, restaurants and petrol stations. These POS transactions are expected to become a majority contributor to the digital payment platforms in the coming years. Clearly, digital wallets are playing a unique role in drawing the growth of digital payment sector. The steps taken up by the government of India in promoting digital payments leads to transparency of cash in the country and directly control the black money in India by transparent cash flow of every individual.

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