

A STUDY ON GROWTH OF DIGITAL PAYMENT SYSTEM IN INDIA

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ABSTRACT

In this paper an attempt has been made to study digital payment system that has brought the cashless society in India. The time period for study is defined to last five years only, i.e., from 2014-15 to 2018-2019 and is based on secondary data sources. The paper focus about different digital payment methods provided by RBI and Indian banks and their level of transaction in terms of value and volume comparative analysis growth of mobile banking services in different digital payment progress turnover namely Paper based clearing system, debit card, credit card, prepaid payment instruments, unified payment interface, National Electronic Fund Transfer and immediate payment services methods are done for the defined time period.

Key words: DEBITCARD.CREDIT CARD, PPI, NEFT, IMPS, UPI

INTRODUCTION

Digital India plan is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. A inhabitant can make digital payment through various mode namely bank cards, unstructured supplementary provision data, Aadhar allowed payment system, unified payment interface, mobile wallets, bank prepaid cards, point of sale, internet banking, mobile banking, micro ATMs etc., in terms of volume, however, India is moderate with a strong capital asset growth rate. Only 3 percent of the population in India used internet to pay utility bills in the year 2017. whereas in Sweden, nearly 80% of the population used internet to pay utility bills in the year 2017. Developed countries like UK & USA stood at 62% and 64% respectively.

Government of India, the cashless policy will increase employment, reduce cash related robbery thereby reducing risk of carrying cash. Cash less policy will also reduce cash related corruption and attract more foreign investors to the country. Cash less economies can

lead to the increase in the consumption and definitely GDP of the country. In India households have internet access and subscribed for mobile broadband

METHODOLOGY

STATEMENT OF THE PROBLEM

An extension of demonetization process, the cash less transaction system is implemented impact the significant changes in the behaviour of consumer.

OBJECTIVES OF THE STUDY:

The following are the objectives of the study

- To know the progress of various digital payment services in terms of volume as well as value.
- To analyses the growth of mobile banking services in India.

PERIOD OF THE STUDY

This study covers the period of 5 years commencing from 2014-2015 to 2018-2019

SCOPE OF THE STUDY

This study mainly focuses on six digital payment services namely Paper based clearing system, debit card, credit card, prepaid payment instruments, unified payment interface, National Electronic Fund Transfer and immediate payment services. Also it focused on the evolution of mobile banking services in India.

DATA COLLECTION

The study is purely based on secondary data. The data used in the analysis part are extracted from the annual report of reserve bank of India.

DATA ANALYSIS

TABLE-1 PROGRESS OF PAPER BASED CLEARING SYSTEM-ANNUAL TURN OVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	1257		93316	
2014-2015	1196.5	-4.81	85434	-8.45
2015-2016	1096.4	-8.37	81861	-4.18
2016-2017	1206.7	10.06	80958	-1.10
2017-2018	1170.6	-2.99	81893	1.15

2018-2019	1123.8	-4.00	82461	0.69
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Source: Annual report of RBI

The paper based clearing system volume of transaction growth has shown decreasing trend during the study period. As a result the PBCS shows the Transaction processed through paper based clearing system decline during the period of analysis and it is an indication of digital payment system due to continuous effort by RBI for travelling to electronic payment.

TABLE-2 PROGRESS OF DEBIT CARD PAYMENT SYSTEM-ANNUAL TURN OVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	619		954.5	
2014-2015	808.1	30.55	1213.4	27.12
2015-2016	1173.6	45.23	1589	30.95
2016-2017	2399.3	104.44	3299	107.61
2017-2018	3343.4	39.35	4601	39.47
2018-2019	4414.3	32.03	5935	28.99

Source: Annual report of RBI

It is seen from the table -2 that the debit card payment system volume of transaction has shown increasing trend for the study period. It is indicate that debit cards are largely used for ATM withdrawals. During the year 2013-2014, 619 million transactions valued INR 954.5 billion were through debit cards. It has been found that with the increase cashless transactions during 2016-2017 there is decline in the withdrawal from the ATM during 2018-2019. As a result of bankers helped in the reduction of cost of maintenance of such machines.

TABLE -3 PROGRESS OF CREDIT CARD PAYMENT SYSTEM-ANNUAL TURN OVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	509.1		1539.9	
2014-2015	615.1	20.82	1899.2	23.33
2015-2016	785.7	27.74	2407	26.74
2016-2017	1087.1	38.36	3284	36.44
2017-2018	1405.2	29.26	4590	39.77
2018-2019	1762.6	25.43	6033	31.44

Source: Annual report of RBI

It is seen from the table-3 that the credit card payment system volume of transaction has shown increasing trend for the study period. It is indicating that credit cards for POS transactions. As a result of Sellers are willing to accept the cards as the sale through POS terminals during the year 2013-2014 509.1 million volume transactions valued INR 1539.9 billion were through credit cards.

TABLE-4 PROGRESS OF PREPAID PAYMENT SYSTEM-ANNUAL TURN OVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	133.6		81	
2014-2015	314.5	135.4	211.9	161.60
2015-2016	748	137.84	488	130.30
2016-2017	1963.7	162.53	838	71.72
2017-2018	3459	76.15	1416	68.97
2018-2019	4604.3	33.11	2129	50.35

Source: Annual report of RBI

It is seen from the table-4 that the prepaid payment system volume of transaction growth has shown in fluctuation for the study period. Demonetization in Nov 2016 is the game changes in economy (cash less people) switched to electronic modes of payment resulting in year on year growth of 162.5% in 2016-2017.the usage of the likes of digital wallets-wallets and mobile wallets has rapidly increased over the during 2014-2018. It is indicating that the growth of e-commerce and an increased penetration and usage of smart phones and internet are driving the mobile wallet market in India

TABLE-5 PROGRESS OF NATIONAL ELECTRONIC FUND TRANSFER -ANNUAL TURN OVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	661		43786	
2014-2015	927.5	40.32	59804	36.58
2015-2016	1252.9	35.08	83273	39.24
2016-2017	1622.1	29.47	120040	44.15
2017-2018	1946.4	19.99	172229	43.48
2018-2019	2318.9	19.14	227936	32.34

Source: Annual report of RBI

Table-5 exhibits that the NEFT volume and value of transaction have shown in increasing trend for the study period. It is indicating that the NEFT system handled 2.3 billion transactions worth Rs.228 trillion in 2018-19, up 19.14% in terms of volume and 32.34% in terms of value against the year ago. As a result of India has also made significant increases in the volume of NEFT transaction from 927.5 in 2013 to 2318.9 in 2019. Its transfer mechanism settles payments through net transfer facility in batches.

TABLE- 6 PROGRESS OF IMMEDIATE PAYMENT SYSTEM-ANNUAL TURN OVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	15.4		95.8	
2014-2015	78.4	409.09	531.9	455.22
2015-2016	220.8	181.63	1622	204.94
2016-2017	506.7	129.48	4116	156.84
2017-2018	1009.8	99.29	8925	114.23
2018-2019	1752.9	73.59	15903	78.18

Source: Annual report of RBI

Table-6 exhibits that the IMPS volume and value of transaction have shown in increasing trend for the study period. It is indicating that the growth of around 70 percent in both value and volume during 2019-2019. NPCI operated the acronym of immediate payment services process; funds are transferred electronically by mobile phone services. Customers have generated MMID for enabling transactions over mobile phones.

TABLE-7 PROGRESS OF UNIFIED PAYMENT INTERFACE-ANNUAL TURN OVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2016-2017	17.9	-	69	-
2017-2018	915.2	431.84	1098	1491.30
2018-2019	5353.14	4662	8770	698.72

Source: Annual report of RBI

It is seen from the table -7 that the unified payment interface volume of transaction growth has shown in tremendous increasing trend for the study period of 2016-2019. About 5.35 billion UPI based transactions recorded in financial year 2019 compared to 4.41 billion debit card payment, in a first, UPI based transactions overtook debit card payments, indicating a shift in consumers' choices and preferences as far as digital payments are

concerned. During 2017-2018 there were growth 431.84%UPI transactions compared to growth 39.35% debit card transactions. It is indicating that the interface is regulated by the RBI and works by instantly transferring funds between two bank accounts on a mobile platform.

INFERENCE

- During 2014-2015 the number of card payment transactions carried out through credit cards and debit card volume growth was 30.55% and 20.82% and value growth was 27.12% and 23.33% respectively. Prepaid instruments recorded volume transactions about growth 135.40% transactions value worth growth 161.60% .mobile banking services shown an encouraging growth of INR 1 trillion transactions during the year.
- During 2015-2016 the number of card payment transactions carried out through credit cards and debit card volume growth was 27.74% and 45.23% and value growth was 26.74% and 30.95% respectively. Prepaid instruments recorded volume transactions about growth 137.84% transactions value worth growth 130.30% .mobile banking services growth 126.6% in terms of volume and 290.3% in terms of value.
- During 2016-2017 the number of card payment transactions carried out through credit cards and debit card volume growth was 38.36% and 104.44% and value growth was 26.74% and 30.95% respectively. Prepaid instruments recorded volume transactions about growth 162.53% transactions value worth growth 71.72%. it was found that number of registered customers in mobile banking services increased from 105 million to 163 million
- During 2017-2018 the value of debit card & credit card dealings were also had a sustainable growth of 39.47% and 39.77%respectively.mobile banking transactions are valued at INR 60 billion in the every year. Prepaid instruments recorded volume transactions about growth 76.15% transactions value worth growth 68.97%. It was found that number of registered customers in mobile banking services increased from 163 million to 251 million. Prepaid instruments recorded volume transactions about growth doubled and UPI transactions were increased over four times.
- With the adoption of NEFT & IMPS, mobile banking has led to more transactions and also increased the reach to connect to the last during 2018-2019 when compared to the traditional channels of banking likes branches and ATMs. The number of customers using mobile banking grew from 28% in 2014 to 30% in 2018.

- During 2018-2019, all digital payment systems that the number of registered customers in mobile banking services had witnessed a marginal growth in volume and value transactions. Though the volume and value of these digital payments have increased significantly still its reach is not at much great level in rural areas due to lack of internet connectivity and other infrastructural facilities.

CONCLUSION

India is cash driven economy, it is difficult to make cashless economy is an economic system where small amount of cash is used in transactions. Cashless economy is based on transactions made by credit cards, debit cards, wallets or mobile modes but we can bring less cash society which will reduce corruption and eradicate black money and increase of economic growth enables financial inclusion and tax revenues. The expenditure incurred in printing and transportation of currency notes is reduced. Government should have to take necessary steps to build security and trust among the people. The less cash society is achievable target for India. Faceless, paperless, cashless is one of professed role of digital India.

REFERENCES

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