


E-PAYMENTS & ITS EFFICIENCY IN INDIA
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Abstract:

In the era of speedy development of science, laptop and network technology, electronic-commerce (e-commerce) has become a routine a part of human life as a result of it's convenient for patrons, significantly in Business to client (B2C) commerce. The client will place orders reception and so save time. On-line payment systems have a really necessary role in e-commerce and that they area unit wont to complete e-commerce transactions. The aim of this thesis is to introduce current state, the challenges and future expectations of on-line payment systems in Asian country. The results of the analysis show that these days on-line payment systems area unit common. All the respondents have expertise on on-line payments. Revolving credit (Visa or MasterCard) and web Bank area unit the foremost common on-line payment systems, not solely in Asian country and alternative countries. The two main causative factors to selecting on-line payment system areas are unit convenience and the quickness of dealings. Technical issues and vulnerability to cyber-security remain threats to on-line payment system. Malware attack and money issue area unit the most challenges of on-line payment. Having a secure, reliable and trustworthy on-line payment setting is very important.

Keywords: *E-Commerce, Online Payment, Payment Methods*



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Introduction:

The Digital India is the visionary program of Government of India with an object to convert India into a digitally empowered country. Paperless and Cashless is one of the colossal function of Digital India as part of government reforms Prime Minister Mr. Narendra Modi demonetized the higher valued currency notes of Rs.500 and 1000 in 8th November, 2016 onwards and proposed the Digital India initiative in 2015. These initiatives have robust response to the digital payment system in the country. Government's other initiatives to make economy cashless using BHIM and UPI are supporting in transition and faster adoption of digital payments. Electronics Consumer transaction made at point of sale (POS) for services and products having access through internet banking or mobile banking using smart phone or card payment are called as digital payment. The digital payment system has implemented in multiple phases likewise, 1) Registration Invoicing, 2) Payment selection, 3) Payment confirmation. This payment system apparently includes 3 electronic payment instruments namely, cash, Cheque and digital cards. Post demonetization is effecting the e-commerce sector that Cash on Delivery is gradually getting declined and other modes of payment is replace like Card on Delivery, Net Banking, Debit Card, Credit Card etc. Demonetization will positively help out e-commerce industry across the India enhances the chance for people to go cashless. As part of encouraging cashless transactions



and transforming India into cashless society, various modes of digital payments are available.

Debit / Credit Card:

Suitable for: Online/offline merchant sale. Transaction limit: Set by card issuer.

Details required: Card number CVV Expiry date.

Cost: Digital Cards: Digital transactions cost to Merchants shell out up to 0.6% for each debit card transaction with the maximum fee being capped at Rs 150. Recently, the transaction cost is capped at 0.90% for transactions above Rs 2,000, with a ceiling of Rs 1,000 per transaction.

RTGS / NEFT:

Limits for RTGS / NEFT transactions under Retail Internet Banking		
Type	Minimum	Maximum
RTGS	Rs. 2 Lakhs	Rs. 10 Lakhs
NEFT	No Minimum	Rs. 10 Lakhs

- **UPI:**

Generally, the maximum number of UPI transactions is limited to 20 only. Maximum transaction limit is ₹1 lakh per UPI transaction; the upper limit depends on bank-to-bank. Therefore, the higher limit is been dealt between ₹10,000- ₹1 lakh. The transaction maximum limit for UPI transaction has set up ₹1 Lakh per day from the same UPI ID.

- **USSD:**

The fund transfer maximum limit per customer on NUUP is set to Rs. 5000 per day.

- **E-WALLET:**

Digital wallet companies after the RBI's decision to increase the limits on mobile wallets spend to Rs. 20,000 for users and to Rs. 50,000 for merchant bank transfers in view of the cash crunch following the demonetization of high-value currency.

UPI: Unified Payment Interface

USSD: Unstructured Supplementary Service Data

NUUP: National Unified USSD Platform

Literature Review:

Sanghita Roy, Dr. Indrajit Sinha (2014), Stated that E- payment system in India, has shown robust growth, but still there has lot more to be done increasing its usage to the wider extent. Still 90% of the transactions are cash based. 'Technology Acceptance and Accessibility Model' is used for the purpose of study. They found Innovation, incentive; customer convenience and legal framework are the four factors which contribute to strengthen the E- payment system. E-payment systems are significant user friendly mechanisms used by individual and organizations as a secured and convenient way of making payments over the internet and at the same time a gateway to technological advancement in the field of digitization of world economy.

A research paper titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India" prepared by **Rakesh H M & Ramya T J (2014)**; studied to examine the factors that influence internet banking adoption. It is found that internet banking is emphasized by its perceived reliability, Perceived ease of use and



Perceived user-free concern. In the process of internet banking services expert should focus the benefitting factors adaptation and awareness can also be improved to persuading consumers” attention to internet banking services.

Objective Of The Study:

- To examine the age of respondents impact on digital payments.
- To analyze the impact of customers education on usage of digital payments.
- To analyze the impact of customers income status on usage of digital payments.
- **Hypothesis:**
 - H01: there is no significant impact of customers’ age on usage of digital payments.
 - H02: There is no significant impact of customers’ education on usage of digital payments.
 - H03: There is no significant impact of customers’ income on usage of digital payments.

Research Methodology:

The study is conducted to obtain data on adoption of digitization in India. The study is conducted in Navi Mumbai region. Basic 100 sample size was selected using the convenience sampling. Out of which 73 were responded. This represents a response rate of 73%. Structured questionnaires are used for collecting data. The responses were analyzed adopting the simple percentage analysis and Chi square test.

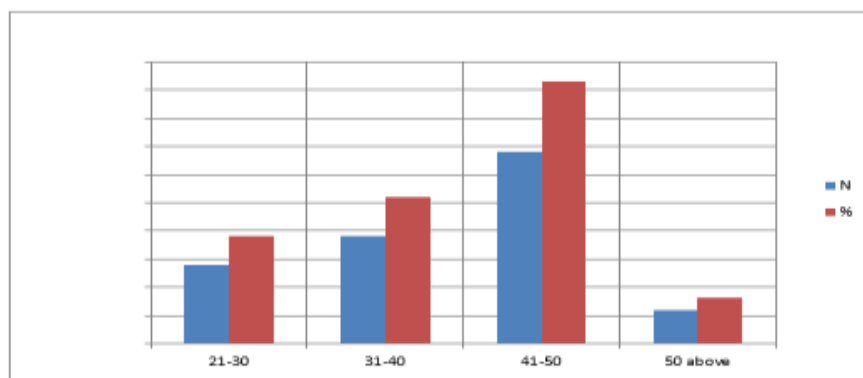
Data Analysis and Interpretation:

Gender	N	%
Female	49	67.21
Male	24	32.89
Total	73	

Maximum respondents, 67.21% were male only 32.89% were female, engaged with digital banking. Previous studies show that Gender does not make difference in adoption of technology in banking sector.

Age of the Respondents	N	%
21-30	19	19.17
31-40	19	26.02
41-50	34	46.57
50 above	06	8.24
TOTAL	73	100

Age of the Respondents { Years }





The above table reveals the Demographic factorial aspects of the banks customers. It is showing that 26.02% and 46.57 % respondents were belonged to the age group of 31–40 and 41–50 years respectively. Only 19.07% respondents were below 30 years and 8.24% respondents were above 50 years.

Hypotheses Testing Using Chi-square Analysis:

H01: There is no significant impact of customer's age on usage of digital payments

Impact of age on technology adoption	Age (Years)					Chi-square	df	p-value
	21-30	31-40	41-50	> 45	Total			
Yes	4.37%	14.75%	13.66%	15.85%	48.63%	13.199*	3	0.004*
No	6.56%	19.67%	19.67%	5.46%	51.37%			
Total	10.93%	34.43%	33.33%	21.31%	100%			

From the above table it is observed that $p < 0.05$, age plays an important role in the adoption of digital payments and proved that this is positively correlated with age.

H02: There is no significant impact of customers' income on usage of digital Payments

The income of the bank customer impacts the usage of technology	Income in lakhs				Total	Chi-square	df	p-value
	< 5	1-3	3-5	5-10				
Yes	63.28%	12.57%	15.30%	17.49%	48.63%	6.676*	3	0.083
No	8.74%	12.57%	18.03%	12.02%	51.37%			
Total	12.02%	25.14%	33.33%	29.51%	100%			

From the above table it is observed that $p > 0.05$, hence the null hypothesis is accepted. Therefore the usage of digital payments does not depend on income of the customers.

Limitations of the Study:

The research was undertaken using both primary and secondary data's. The primary data for research objectives was collected from the samples based in Mumbai city only. Though Mumbai is one of the most significant cities of the country and a commercial hub of south India, with only 183 samples selected from the city cannot be considered as a complete representation of the population of the country. Nevertheless, the objective of the survey was to verify the customers' perceptions on digital payments with regard to the concept of general banking system. Thus, this may not create obstruction in achieving the desired objective even if Mumbai city cannot replicate other major banking hubs of the country. For primary data, non-response error cannot be ruled out.


Conclusion:

The above study helps to examine the results of adopting digital payments and its positive impact on consumers of the banking sector of India. The analysis of the results reveals that the significant digitization schemes extending its merits to all the stakeholders of Indian banking system with a view to achieve Digital India objectives. The results indicate that the technological advancement played crucial role led to increase in digital payments which have improved the performance of banking sector. The study also reveals that how the percentage of digital awareness rose towards the banking technology. Commercial Banks are required to adopt the measures in creating awareness towards the digital banking system with the prospect of making financial transactions secure and user-friendly.

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