

Effect Of Cashless Payment Methods: A Case Study Perspective Analysis

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Abstract: The Digital India scheme is a showcase scheme of the Government of India with a keen to convert India into a digitally empowered companionship and cognizance thriftiness. "Faceless, Paperless, Cashless" is one of professed party of Digital India. The digital payment system day by day rising with interlink between banks and financial institution movement from cash to cashless system. Present government (Narendra Modi) is pushing the people to go forward towards cashless transaction, it will helps to government to achieve the economical growth in India. In this case study research tries to find the impact of digital payment apps and its impact after demonetization.

Keywords: Digital payment, Digital India, Cashless payment system, cashless economy

INTRODUCTION

India is moving on the path of a major digital revolution. Digitalization of the payment mechanism will be considered as a milestone in the era of cashless future economy. The growth of the Indian digital payments space is expected to be driven by four trends that are also likely to impact how this industry looks in the future. India going digital, favorable regulatory environment, emergence of next generation payment service providers and enhanced customer experience are the four drivers contributed to the growth of Indian digital payment systems. A cashless payment is a situation in which the financial transactions are made by digital currencies. In India, too much of transactions are made through cash. Less than 5 percent of total payments happen through electronically. Illiterate people don't know how to use digital transactions. Financial literacy and awareness about cash less transactions are paramount in India to make the cashless economy. Nearly 26% of India has internet access, and total transaction value in the digital payments amount to US\$ 51.756 million in 2018. Banks and financial institutions offering discounts on purchase with credit/ debit cards and online wallets offering attractive deals for payments have made Indians comfortable with paperless transactions. The cashless transaction is a new application of mobile payment that has functionality to displace a conventional wallet and more. Mobile payments are a top investment priority for banks. In fact, the world's biggest banks continue to focus most of their announced IT initiatives on mobile financial services (including payments) and online banking.

IMPORTANCE OF THE STUDY

The cashless transaction is one of the most important concepts now-a-days, Prospects for Cashless Economy in India. Around 5% of fund transactions in India are driven by the use of mobile wallets and electronic payment system. The main advantages of cashless transactions are that the digital transactions ensure recording of all economic transactions. Digitalization means makes it almost possible to control black money markets which often prove damaging to national economics. It helps increase the tax income of the government. The advantages to citizens of a county in a cashless economy are risk of carrying currency notes and loss of hard earned money can be avoided. Transaction costs, making the payment and time consumption will be reducing. Cashless transaction is convenient for shopping, payment of bills and scheduling of financial transactions managed from home, office or wherever with a smart phone. It also reduces expenditure of printing of currency notes and its transportation.

STATEMENT OF THE PROBLEM

India is in the second position in the world in population. Still Indian economy is developing economy in the world. So the government of India taking some initiative to develop our economy, our honourable prime minister introduces the digital India for adopting the technology and maintains all transactions should be digital transactions in our country. In order to accelerate the execution of the concept of digital economy there are number of digital payment systems introduced. These payment systems can make changes in the standard of living of people. In India, many cashless payments systems were launched such as E-Payments, online payments IMPS, NEFT and mobile wallets etc... In this research the researcher article indicates that various cashless payments through in India and its impact of after demonization.

OBJECTIVES OF THE STUDY

1. To examine various methods of cashless payments in the Indian economic development.
2. To know the importance of the cashless transaction system.
3. To analyse the pros and cons of cashless transaction system

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TYPES OF DIGITAL PAYMENT METHODS IN INDIA

1. Banking cards
2. USSD
3. Aadhaar Enabled Payment System (AEPS)
4. UPI
5. Mobile Wallets
6. Bank pre-paid cards
7. Point of Sale (PoS)
8. Internet Banking
9. Mobile Banking
10. Bharat Interface for Money (BHIM) app

Digital Payment Methods:

➤ **Banking cards:**

Now a day's most of the banking sector has using one of the largest payment method is card payment method through various cards like debit card, credit card, green card and prepaid banking cards etc...the advantage of this card payment is convenience, easy payment and avoid carrying the cash. These cards are issued by respective banks along with 4 digit pin number to do all kind of transactions.

Some of the most reputed and well-known card payment systems are Visa, Rupay and MasterCard, among others. Banking cards can be used for online purchases, in digital payment apps, PoS machines, online transactions, etc.

➤ **USSD:**

This payment system can use without any app and internet facility and we can use mobile transactions. The main intention of this kind of payment service is to adopt low level economic people and join together in nationalized banking service. Based on this service people can transfer the money, check their account balance and any other quarries regarding their banking statements.

➤ **AEPS:**

At presently Aadhaar card is becoming most importance to the Indian citizen because the present government made a rule that Aadhaar card attaching with like LPG, banking, Driving License and all the Indian Identify cards and system. Now a days all the banking asking their customers to link the Aadhaar card along with bank account. This AEPS (Aadhaar Enabled Payment System) which can be use for all kind of banking transactions like balance enquiry, cash withdrawal, cash deposit, payment transactions, Aadhaar to Aadhaar fund transfers, etc. this AEPS helps to the people that all the transaction have been done through banking based the Aadhaar verification. There is no necessity to physically visitation a department, contribute debit or credit cards, or even constitute a autograph on a dogma. This benefit can only be assist if your Aadhaar number is recorder with the bank where you hold an account

➤ **UPI:**

UPI (Unified Payment Interface) is an app based payment system; App can download in android or ios platforms. The users need to connect their bank account along with IFSC code with a register

mobile number of bank account. Based on this app we can transfer money bank to bank and bank to users on a 24/7 basis and on all 365 days a year. There is no charges for installing this application and using.

➤ **Mobile Wallets:**

A mobile wallet is a sign of virtual wallet benefit that can be utility by downloading an app. The digital or mobile wallet plenty bank narrative or debit/credit card advertisement or bank account information in an encoded data format to permit careless payments. One can also increase funds to a mobile wallet and usage the same to constrain payments and advantage commodity and services. This expel the want to use credit/debit cards or remind the CVV or 4-digit pin. Many banks in the country have pierce e-wallet services and asunder from banks, there are also many private players. Some of the mobile wallet apps in the market are Paytm, Mobikwik, Freecharge, etc. The different benefit offered by mobile wallets contain mail and accept money, from payments to merchants, online property, etc. Some mobile wallets may charge a indisputable action fee for the avail offered.

➤ **Bank pre-paid cards:**

A prepaid card which is provided by the financial institution for their customers who has paid their money in advance, it's not debit and credit card like linking the bank account. This kind of pre-paid cards are highly secured payment system in our country.

➤ **PoS terminals:**

Point of sales (PoS) is available in all kind of store where selling the goods and service to customers using credit/debit cards. All kind of merchandise are adopting this kind of digital payments system to make their customers comfortable manner without internet. This is advantageous for small time business owners as they do not have to invest in expensive electronic registers. Virtual PoS systems use web-based applications to process payments.

➤ **Internet Banking**

Internet banking refers to the process of carrying out banking transactions online. These may include many services such as transferring funds, opening a new fixed or recurring deposit, closing an account, etc. Internet banking is also referred to as e-banking or virtual banking. Internet banking is usually used to make online fund transfers via **NEFT**, RTGS or IMPS. Banks offer customers all types of banking services through their website and a customer can log into his/her account by using a username and password. Unlike visiting a physical bank, there are to time restrictions for internet banking services and they can be availed at any time and on all 365 days in a year.

➤ **Mobile Banking:**

Mobile banking is referred to the process of carrying out financial transactions/banking transactions through a smart phone. The scope of mobile banking is only expanding with the introduction of many mobile wallets, digital payment apps and other services like the UPI.

Many banks have their own apps and customers can download the same to carry out banking transactions at the click of a button. Mobile banking is a wide term used for the extensive range or umbrella of services that can be availed under this.

➤ **Bharat Interface for Money (BHIM) app:**

This BHIM app helps to make the payments through the UPI Application and its collaboration with virtual payment application. The customers can link their bank account of different bank accounts, debit card and mobile number with an Aadhaar number. This app allows different mobile wallets like paytm, Google pay, Phone Pe, and mobikwick etc... based on this app scan the QR code, enter amount (how much you wants to pay) and put password for making the payments with highly safe manner.

Advantages of Cashless Payments

- **More Comfortable**
Cashless payment is helps to make quick payment process and no need to wait in queue and fill all information and signature. At the same time not required to wait in a line to withdraw the cash from ATM Machine or not required to take the cards in wallets. Now moving to digital, banking services is available to customers on a 24/7 basis and on all days of a year, including bank holidays. Many services like digital wallets, UPI, etc,
- **Low Cost:**
There are many payment apps and mobile wallets that do not charge any kind of service fee or processing fee for the service provided. The UPI interface is one such example, where services can be utilized by the customer free of cost. Various digital payments systems are bringing down costs.
- **Waivers, discounts and cash backs:** There are many rewards and discounts offered to customers using digital payment apps and mobile wallets. There are attractive cash back offers given by many digital payment banks. This comes as boon to customers and also acts a motivational factor to go cashless.
- **Record of Digital Money:** One of the other benefits of going digital is that all transaction records can be maintained. Customers can track each and every transaction that is made, no matter how small the transaction amount this.

- **Convenient for paying bills:** Many digital wallets and payment apps have become a convenient platform for paying utility bills. Be it mobile phone bills, internet or electricity bills, all such utility bills can be paid through a single app without any hassle.
- **Helps to control black money:** Digital transactions will help the government keep a track of things and it will help eliminate the circulation of black money and counterfeit notes in the long run. Apart from this, this may also give a boost to the economy as the cost of minting currency also goes down.

Disadvantages of Cashless Payments

- **Security issues**
In digital transaction confirm that while making any transaction is highly secured one because someone may hack of your details. Threats and virus is most dangers one to affect this transaction, and also don't share your password to anyone.
- **Internet link**
Internet connection is most required to do all digital payment methods. This internet connects banks for making the payments. While purchasing the goods in online (E-Commerce) internet mostly required. Even without internet we can use certain apps to make the payments.
- **Costly:**
While assembly and trade are gift their customers so much of discounts on the tackle of things through digital gold, there are several covert costs inclination sustain servers, data storing cost, the demand of coach which are really load strong cash oppress on them intelligently.
- **Data management**
While doing the transaction we have share our account, card details and personal detail to the third party. The third party must ensure that don't share our data to someone else, if they shared to somebody in that moment the risk level is more. So the data management is most important one.

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. In a cashless economy, all transactions are carried out using different types of payment methods and this does not involve the physical use of money for the purchase of various goods and services.

Progress of Digital Payment

Month	Total digital payments	Total UPI payments	Total PPI payments	Debit, credit card payments	Number of PoS terminals
December	1150.28	145.40	99.10	263.90	NA
November	1081.58	104.80	92.8	244.60	2.99
October	1048.30	76.70	96.20	255.70	2.95
September	958.60	30.70	87.50	240.30	2.90
August	964.40	16.60	89.70	243	2.88
July	938	11.44	88.70	237.60	2.84
June	920.20	10.15	84.70	232.40	2.77
May	926.55	9.16	91.30	233.40	2.69
April	909.60	7	89.20	231.10	2.61

Source: <https://www.bankbazaar.com/ifsc/digital-payment.html>

Findings:

In this research the researcher has find various dimensions of cashless transaction after the demonetization in India.

1. Cashless transactions are helps to reduce block money which means all the transaction to be legal one.
2. This cashless transaction helps to avoid the people to carry the physical cash and also avoid robber in banks and outside also.
3. This digital transaction helps to transfer the money one person to another person easily in case of some emergency.
4. While using digital transactions the customers get some benefit like discount, gift, offer etc...
5. This cashless transactions has reduce the human effort like physical present in bank, standing in queue, and unnecessary arguments with banker are to be avoided.
6. This cashless transactions is most helping to banks to avoid big crowd in banks and putting pressure to the employees.

Conclusion:

The usage of digital payment apps day by day getting more familiarity in our country with 440 percentages increased after demonetization in 2016. As per Reserve Bank of India (RBI) and National Payments Corporation of India (NPCI), the cashless transactions had been more intensive in familiar channels such as NEFT, Mobile Wallets, Mobile Banking, BHIM, Banking Cards and Internet Banking etc... internet, Mobile, Android and Ios is most required for each digital payment apps to do any transactions. In recent days' the number of users has been increasing day by day with more number of young and adults, particularly the usage of digital payment apps by student and employees who is working under government and private sector. in overall all the digital payment apps is most benefit to the users in terms of quick payment, avoiding to carry physical cash, save time, high secured payment, getting discounts and offer, easy recharge and green payment system etc...Hence the posture of Indian citizens is shift which is preference a excellent begin-up for cashless or less coin based economy. This will induce India towards more digital and developed economy in India.

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