

Effect of Digital Payments in Indian Economy

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Abstract

In our economic growth and development is based upon the financial sector. Development in the field of information technology has given more benefits to the banking sector. Modern technology has to be altered and replaced into digitalization. Post Demonetization will reduce the black money and cyber fraud, cyber crime and hacking etc. The impact of this policy is a step towards the modernization and globalization by making the economy cashless. In digital payment, banking sector plays a major role by providing digital instruments like debit cards, mobile banking, mobile wallets etc. This paper makes an attempt to adopt various technologies and study the impact of digital payments in Indian economy.

Introduction

Financial sector is the most important part in our Indian economy. Digital banking is also known as internet banking or online banking. In our country many of the banks provide its online services to customers can make transactions easier and submit requests and handle other banking activities through online it is called digital banking. ICICI bank in the year 1996 is the first bank in India to offer online banking. Digital payment's transaction is the cashless money transaction. There are two parties involved in digital payments, they are payer and payee. There are various modes of sending and receiving money through digital mediums like debit and credit cards, mobile wallet, digital payment's app, and internet banking etc.

Digital Payment Services

The government will benefit from the cashless economy in the area of adequate budgeting and taxation. Digital payments saving the time of the customers and reduced the expense as he no longer has to travel to a bank to deal about any cash transactions. In these digital payments transferring money easier, safer and quicker. The customer is able to know about their bank records anytime because the bank provides 24*7 availability service. It will reduce the Human error calculations and record keeping. Direct payment to bank account. You don't need to go bank for every day to deposit cash to your current account.

Digital Payments Perception of Customer

The government's action and support to use electronic wallets has contributed much to people adopting the use of technology in financial transactions in any time, any place. Prime Minister of India is also working towards digitization of India. Digitization worked upon effectively will help the Indian Economy to become Cashless Economy. Cashless Economy refers to the term where the physical flow of currency notes and coins are replaced with digital flow of money, which includes use of plastic money, digital means and over the net transactions. Such a replacement doesn't mean immediate removal of currency notes but slowly and gradually expelling of paper currency by means of following a proper procedure. Physical money means the paper currency notes and coins issued by the government as legal tender. Plastic money involves the use of plastic cards such as debit cards, credit cards, prepaid cards, contact less cards etc. Electronic payment modes include all kinds of mobile wallets and payments made done through smart phones, laptops etc.

Digital Payments in India

We watch a tremendous change in the use of credit card and debit card as well as electronic wallets and the trend will go on increase. The growth of mobile phones and the easy way and inexpensive availability of internet have meant that the digital banking sector had to provide digital payment services through mobile apps. Banking sectors have developed apps to help customers handle banking transactions on their mobile phones. Many customers are already using online devices to handle their payments. Indian Banks have come to realize that digitization is the only way to move the technology to future generation. The objective of this study technology innovation in banking sector and the impact of digital payments technologies on Indian economy.

Research Methodology

Research Design: Descriptive
Secondary Data, Websites, Internet.

Review of Literature

Rathore2016 stated that digital payment using mobile wallet was highly convenient for consumers in purchasing goods and services through online without physical movements across places.

Garg & Panchal, 2017, her paper led light on the views of people on cashless economy in India. Respondent says that cashless economy will help in reduced black money, counter feiter's fake money, fighting against terrorism, reduce cash related theft, helps in improving economic growth and development of our country. The main challenges that can help the implementation of the policy are cyber fraud, lack of transparency & efficiency and cyber crime in digital payment system. The study shows that the introduction of paperless economy in India can be seen as a step in right direction to the country. It helps in growth and development of economy in India.

Effect of Digital Payments

Digital payments has to be increase day to day business of the customers to easy and comfortable way and the modern banking technology to remove the manual efforts in all banking transactions. Online banking service is available to everyone. The systematic records of financial transactions are made very easier and reduced corruption because all the banking process is transparent. In these digital money transactions eliminate the black money transaction.

Effect of Digital Payments in Indian Economy

In these digital transactions huge money should be deposited in bank the government can utilize the funds for economic development. The larger portion of the people illiterate in computer knowledge so find and utilize the payment service is very difficult. The Rural and illiterate people

find difficult to go for digitalization. Unawareness, difficult to find out ATMs, Server problem, uninterrupted power supply, fast and reliable internet connections are not available at many places. The most dangerous threats are theft, fraud and cyber crime. With more digital transactions the nation can achieve less cash of digital economy.

Conclusion

In now a day's most of the banks providing digital payment services to the customer. Digital banking services to reduce the corruption and on the one hand and the other hand it will increase the government revenue. The government can take initiative action and motivate the digital program to the unawareness people. Though the banks are under the control of government rules and regulations. Post demonetization will push their customers to use their digital transactions in comfortable manner. In our Indian government definitely take some security measures to address cyber theft and online fraud, cyber crime and hacking etc. Followed by data protection.

Books

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