
THE STUDY OF MOBILE PAYMENT'S IMPORTANCE AND EFFECTS IN INDIA

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Abstract :

"I dream of Digital India where the world looks to India for the next Big Idea." Hon'ble Prime Minister Shri Narendra Modi. This research paper focused on innovation in payment system in India that means Mobile Payment. Technical environment in India has changed during the few years. Smart phone users also increased in India. Reliance Jio has introduced chip internet service to the Indian society. This is the big step towards internet world in India. Mobile payment concept also studied in this research paper. Mobile payment system innovative payment system for customer as well as merchant too. This payment system provides more benefits to the customer and merchant. This Payment System controlled by Reserve Bank of India. For regulate this payment system RBI launched Payment and Settlement System Act 2007 and come into use in 2008. Mobile payment system is innovative step towards payment system in India.

Keywords : Mobile Payment, UPI, customer, systems

Introduction :

"Take up one idea. Make it that idea your life; think of it; dream of it; live on that idea...this is the way to success." Swami Vivekanand. Indeed, initially any fictions are not valid until not come in to reality. An ancient time there are exchange of good to satisfy both buyer and seller need. But some difficulties were facing while doing such types of transactions. Then money come into the use in daily transactions. Money is commonly referred to as currency. Economically, each government has its own money system. Every country has their own currency like British Pound, Australian Dollar, Canadian Dollar, Chinese Yuan, Japanese Yen, Indian Rupees. Currency has been printed by Every country's Central Bank. Evolution is continuing process in payments system. Many researchers tried to make Payments process easier and simple. In this view now Mobile Payment is come into our life. This is the latest and very easy payment system in current time. In India, Mobile payments is prevailing payment system. Instead of using cash, cheque and credit/debit cards to purchase goods and services now customer can use mobile phone to transfer money. The customer who wants avail this service has to registered with bank who provides this type of payment facility.

Review of literature :

Due to encouragement by different technologies and Government policies new digital payments system has evolved. There are various methods of digital payments were introduced

by Government of India. These efforts are made to achieve faceless, paperless, cashless status in payment system. Buying and selling is done by UPI through fintech app solutions. While using fintech apps there is no lag which helps in smooth flow of business. For Merchants and customers benefits of UPI are different because purposes for both of them are various. UPI has large potential to provide basis for stronger bilateral business (Rise of New Era in Digital Payments.)

India will become second largest smartphone manufacturer in next coming five years. Possible growth for smartphone users in rural area is increasing with 6 % of Compound Annual Growth Rate as compared to urban sector growing at CAGR of 2.5 % from 2021 to 2026. 5G is believed to become fasted adopted mobile technology applications. This increase in mobile usage will help for payments systems in India, (Business Standard - Deloitte). Demonetization pushed forward the digital transformation of Indian payments ecosystem. Lockdowns caused significant uncertainties in decision with respect to quantum and timing of spending and payments among consumers. Bharat Bill Payment System (BBPS) transaction also seen declines in transaction volumes. Covid 19 pandemic brought forth changes by various payment methods responses diversly and distinctly used in India, (Impact of Covid 19 on Digital payments in India).

Objectives of study :

1. To study changes in technological environment.
2. To study the concept of Mobile Payments.
3. To study need of Mobile Payments in India.
4. To study Role of RBI in Mobile Payment system.

• Technical Environment in India :

India is developing country in the world. India is second number country in the world for population. Mobile users have been increased between few years in India. Mobile internet users also increased. Reliance Jio has made evolution in internet India by providing chip internet service. India had 1.2 billion mobile subscribers in 2021 out of that 750 million are smartphone users. According Deloitte's Global TMT in 2026 smartphone users expected to reach 1 billion in India. In rural area in India also developing. Internet users in rural areas in India also increasing. Under Bharatnet Program Government of India fiberize all villages by 2025. This program will avail Internet enabled devices in rural area. New 5G internet service smartphone users also reach 1 billion in India up to 2025. In this view e marketing is platform to the business in India. Flipkart, Ola, Uber, Amazon are the best example of e marketing. This gives their customer Mobile Payment option.

• Mobile Payment concept :

“Mobile Payment is money payment made for a product or service through portable electronic device such as a tablet or cell phone.” Mobile Payments also used to transfer money to friends and family members.

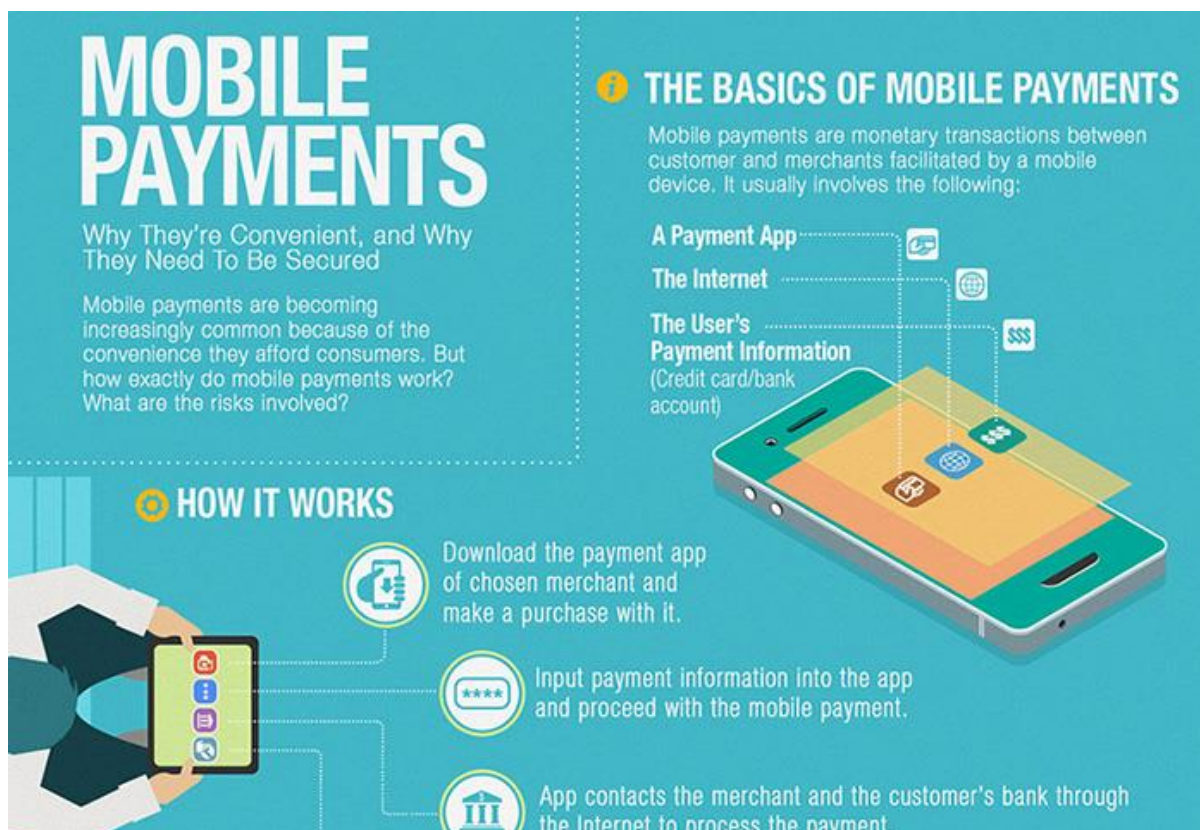


Diagram No. 1

The above diagram clearly shows the steps of Mobile payments activation and its use.

1. Customers need Internet enabled smartphone.
2. Customer has to download E-Payment app. customer can download E payment app from play store in mobile like Google Pay, Paytm, Bhim App, Samsung pay, Phone-pe.
3. After downloading customer has to open the app and input their banks account details or Debit/credit card detail in the app.
4. When customer wants to pay to merchant, simply by scanning the merchant UPI id and by choosing the feasible mode to pay money.

How Mobile Payment Technology Work :

In mobile payment NFC (Near Field communication) is used which enables payment reader and Mobile device both. They communicate wirelessly when they are near to one another so it is called as "Near Field". For the processing of payment phone must be within 2 inches from a reader.

The POS (Mobile point of sale) and your device are communicating using RFID (Radio-Frequency Identification) in a mobile wallet transaction.

Benefits of Mobile Payment to customer :

Mobile is essential need of our daily life. We do not go anywhere without mobile. Instead of carrying Debit card and credit card, carrying mobile is easy to us. We don't need to carry heavy wallet. So mobile payment become convenient to us.

- Mobile payment is more reliable because Mobile payment is secured by PIN option and fingerprint option. Customer don't need to carry cash or cards. That's why threat of stealing money disappear.
- Mobile payment saves the valuable time of customer time. Giving cash and checking notes and give remaining amount, this takes time and task but mobile payment reduces these efforts and saves time.
- In online shopping there is no need to visit shop physically and pay cash. Online payment facility gives benefits to both the customer and to merchant. That why customer can purchase anything from anywhere and anytime because of mobile payment system.
- Customer can manage their expenses through the mobile payment. Many mobile payment app provides such facility. Customers can easily track their monthly expenses through the app like, light bill charges, MNGL bill, dish tv recharge and mobile recharge too.
- Customers don't need share bank details while paying amount of transaction.
- Customer have multiple option for mobile payment like BHIM app, or individual bank or non-bank apps.

Benefits to the Merchant :

Mobile payment system is secure to the merchant too. The amount of transaction easily transfers through UPI system directly merchant bank without any hesitation. To construct such UPI system there is very low-cost need to the merchant. Main important thing is that merchant do not need to handle or keep the cash with them. Mobile payment system is useful for both online (like flipkart, Amazon purchase) and offline transaction. This mobile payment system not need more details of customers bank and his personal details too.

Growth UPI transactions In India :

| | F.Y-2016-17 | | F.Y-2017-18 | | F.Y-2018-19 | | F.Y-2019-20 | | F.Y-2020-21 | |
|----------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| Platform | Volume (in Lakh) | Value (₹Cr) | Volume (in Lakh) | Value (₹Cr) | Volume (in Lakh) | Value (₹Cr) | Volume (in Lakh) | Value (₹Cr) | Volume (in Lakh) | Value (₹Cr) |
| UPI | 179 | 6,947 | 9,152 | 1,09,832 | 53,534 | 8,76,970 | 1,25,186 | 21,31,730 | 2,23,307 | 41,03,653 |

Table No. 01

The above table no. 1 shows that UPI played vital role in Domestic market and international market in financial year 2016-17 to UPI transaction values was 6947 crore and in financial year 2017-18 it jumped up to 1,09,832 crores. The more use of UPI means Mobile Payment has been increased year on year basis in financial year 2018-19 and 2019-20. UPI Transaction increased in financial year 2020-21 to 41,03,653 crore. This data clearly exhibits that mobile payment system playing very innovative role in India Economy.

Impact of Covid- 19 situation on payment Industry in India :

Covid-19 is pandemic situation faced by the whole world. No country was free from covid 19. India also affected by covid 19. Many restrictions have been imposed by the government to overcome on covid 19 in India.

Mobile payment provided contact free transaction which was basic need in pandemic, Security and convenient features. At covid 19 situation in India this was diffusely adopted Mobile payment system to avoid direct or indirect transaction. It provides facility like Maintain Social Distancing and Stability in economic growth. Mobile payment come into focus in 2020-21. This is the life line for small and micro merchants in the covid situation. In financial year 2020-21 there are 6 billion merchant used UPI system and total transaction value is 6 lakh crores. UPI system works through fintech app solutions. This is very easier to customer and e-commerce providers. Result is that demand of demand of Fin Tech industries increased. The UPI system changed payment collection system from their customers. With the help of mobile payment system merchant can remind the payment to their customers with specific date.

Role of RBI (Reserve Bank of India) in Mobile Payment System :

Payment systems are not only the lifeline of an economy but are increasingly being recognized as means of achieving financial inclusion and ensuring that economic benefits reach the bottom of the pyramid” (B.P. Kanungo Deputy Governor Reserve Bank of India)

Reserve Bank of India is Authorized body for Payment system in India. Board of Regulation and supervision of Payment and Settlement Systems (BPSS) chaired by the Governor, RBI is responsible for payment system. Department of Payment and Settlement Systems (DPSS) is newly created in by RBI in 2005 and subsequent Act, in PSS (Payment and Settlement Systems Act 2007) this is big step towards payment system in India history. Legal framework is a vital need for systematic payment systems. Some important points are bellows.

- Laws and regulations of broad applicability that address issues such as insolvency and contractual relations between parties
- Laws and regulations that have specific applicability to payment systems (such as legislation on electronic signature, validation of netting and settlement
- The rules, standards and procedures agreed to by all participants of payment system. Considering the importance of regulation for the development and orderly functioning of not financial services but also payment systems,
- As per section 4 of PSS Act, no person other than RBI can commence or operate any payment system in India unless authorized by it. Various Payment System Operators authorized by RBI such as CCIL (financial market infrastructure-central counterparty), NPCI (retail payment organization), card payment networks, and Bharat Bill Payment operating Units.
- Guidelines for Digital Payments: RBI provided some guidelines for digital payment which will convenience for users.
 - The registered entities must prepare policies regarding digital payments. policies should cover the security requirement. Means payment system must be secured from hackers, threats.
 - Customers data must be confidential and safe. Means no one's personal should not leaked any way.
 - Registered entities should provide back up of date to the customer. Means customer could see the all his transaction history easy way.

- Any disputes arise while mobile payments the system provider has to solve as RBI guidelines.

Conclusions :

1. Mobile Payment is innovatory Payment system in Indian Economic system. Such changes are necessary to every country's economy.
2. Importance of Mobile Payment got well known in Covid-19 situation. It was necessary to keep social distancing during this pandemic situation. Mobile payment system provided such safety to the customer and merchant too. Mostly small merchants have got benefits of this payment system.
3. Mobile payment is very easy to pay the payment to the merchant. There is no need to expose the bank details and personal details to the merchants.
4. Reserve Bank of India is Authorized body for digital payments system in India. The PSS Act 2007 (Payment and Settlement system) is come into force in year 2008.
5. The evolutionary changes in payment system give benefits to the country's economy. This change saved the huge cost required for printing of currency. Because of mobile payment or digital payment, customer use digital mode of payment so there is no need to carry cash.

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