

EMERGING TRENDS IN DIGITAL PAYMENTS IN DIGITAL TRANSFORMATION ERA

Ramakanth Dasari¹, Prof. R.Sivarama Prasad²

¹Research scholar, ICSSR Doctoral Fellow, department of commerce and business administration, Acharya Nagarjuna University, Guntur, Email id: Ramakanth935@gmail.com.

²Professor, Department of commerce and business administration, Acharya Nagarjuna University, Guntur.

Abstract

In the rapidly evolving landscape of digital transformation, the financial sector is witnessing a paradigm shift in the way transactions are conducted. This paper explores the emerging trends in digital payments that are reshaping the financial ecosystem. With the advent of advanced technologies such as block chain, artificial intelligence, and Internet of Things, traditional payment methods are giving way to innovative and more efficient digital payment solutions. The study delves into the impact of these trends on businesses, consumers, and the overall economy. Key areas of focus include the rise of contactless payments, the role of biometric authentication, and the influence of mobile wallets. The analysis sheds light on the challenges and opportunities associated with these trends, emphasizing the need for regulatory frameworks to ensure security, privacy, and interoperability. As digital payments become increasingly ubiquitous, understanding these emerging trends is imperative for businesses, policymakers, and individuals navigating the dynamic landscape of the digital transformation era.

Introduction

India has undergone a paradigm change as a result of the Digital India Programme, becoming a knowledge-based economy and a society empowered by technology. Through the provision of access to the strong digital infrastructure established under the initiative, which facilitates connections with the rest of the world, the programme has assured the digital inclusion of everybody.

In recent years, the amount and value of digital payments in India have increased many times. This trend in the nation has been influenced by a wide range of reasons, such as advancements in payment infrastructure, developments in information and communication technology, adaptable regulatory frameworks, favorable policy environments, and an increased emphasis on client centricity. This rise has also been facilitated by more individuals using cell phones, having easier access to the internet, feeling more at ease using technology, and having better financial standing. Transparency, ease, and speed have been introduced to a wide range of digital

transactions by the nation's growing use of digital payments. The Government of India has made the promotion of digital payments its top priority in an effort to formally include every sector of the nation in digital payment systems. The adoption of digital payments in the nation has been greatly aided by a number of programmes, including the Pradhan Mantri Jan Dhan Yojana (PMJDY), the Aadhaar Enabled Payment System (AePS), and the Bharat Interface for Money (BHIM) app. The vision is to offer all Indian residents the ease, affordability, speed, security, and convenience of seamless digital payment.

Between 2017–181 and 2021-222, digital payments in India increased at a compound annual growth rate (CAGR) of 38% for volume and 7.5% for value. In terms of volume, digital payments have already surpassed 60 billion transactions in India. By 2026, this number is predicted to treble. RuPay credit card and debit card, Aadhaar-enabled payment systems (AePS), BHIM Aadhaar Pay (BAP), Bharat Bill Payment System (BBPS), and Unified Payments Interface (UPI) are a few of the tools that have helped India's transition to digital payments and reached the Low Middle Income (LMI) groups.

The neglected and underprivileged populations in India are adopting digital payments at a faster rate because to the emergence of novel and creative payment methods. Financial technology companies and banks have adopted a demand-centric strategy to create products that cater to the requirements of particular consumer categories. FinTechs have spearheaded this innovation surge with their easily accessible and adaptable offerings. FinTechs bridge the gap between consumer expectations and the actual services offered by traditional banks by offering a smooth, hyper-personalized client experience at cheap prices. These products take use of India's demographic dividend and enable underserved and underprivileged people to meet their fundamental financial needs.

Digital transformation

With the use of technology, the digital transformation age is bringing about a paradigm change in many industries by redefining business models, operations, and customer experiences. Cloud computing, big data analytics, artificial intelligence, and the Internet of Things (IoT) are being adopted by organizations to improve decision-making, simplify workflows, and stimulate creativity. The emphasis of this age is on adaptability, scalability, and agility, which helps businesses react quickly to changing client needs and market conditions. It demands a cultural change towards teamwork, digital literacy, and lifelong learning. Businesses use digital tools to

personalise encounters, streamline processes, and provide value-added services. Cybersecurity becomes critical in this transition, protecting against new dangers and guaranteeing data privacy. Strategic vision, flexible execution, and a dedication to maximising technology's potential for long-term growth and competitive advantage are essential for success.

Objectives

- To study the emerging factors and products in the digital transformation era
- To assess the role played by the digital payments in digital transformation

Research methodology

- **Secondary data:** There are a variety of secondary resources available, including articles, reports and periodicals from RBI, NPCI and banking companies as well as newspapers, magazine articles, and books on electronic payment systems. A variety of electronic databases and internet resources were used to compile the data.
- **Using R studio & M.S office for Data Visualization**

DATA & ANALYSIS

Table 1.1

Digital payments (REAL TIME payments) worldwide ranking as per 2020 data

| Ranking | Country | NO. OF Transactions in (billions) |
|---------|----------------|-----------------------------------|
| 1 | INDIA | 25.5 |
| 2 | CHINA | 15.7 |
| 3 | SOUTH KOREA | 6 |
| 4 | THAILAND | 5.2 |
| 5 | UNITED KINGDOM | 2.8 |
| 6 | NIGERIA | 1.9 |
| 7 | JAPAN | 1.7 |
| 8 | BRAZIL | 1.3 |
| 9 | US | 1.2 |
| 10 | Mexico | 0.942 |

- India retains the top spot with 25.5bn real-time payments transactions, followed by China with 15.7bn transactions; South Korea is in 3rd place with 6.0bn, Thailand 4th with 5.2bn and UK is in 5th place with 2.8bn
- Nigeria follows in 6th place with 1.9bn transactions, Japan in 7th with 1.7bn
- Brazil climbs into the global top 10 at 8th with the launch of PIX, with 1.3bn transactions
- The US ranks 9th with 1.2bn transactions and Mexico ranks 10th with 942mn

R code for data visualization

```
data <- data.frame(
+   Category = c("INDIA", "CHINA", "SOUTH KOREA", "THAILAND", "UK", "NIGERI
A","JAPAN", "BRAZIL","US","MEXICO"),
+   Value = c(25.5, 15.7, 6, 5.2,2.8,1.9,1.7,1.3,1.2,0.942)
>
> # Load required library
> library(ggplot2)
```

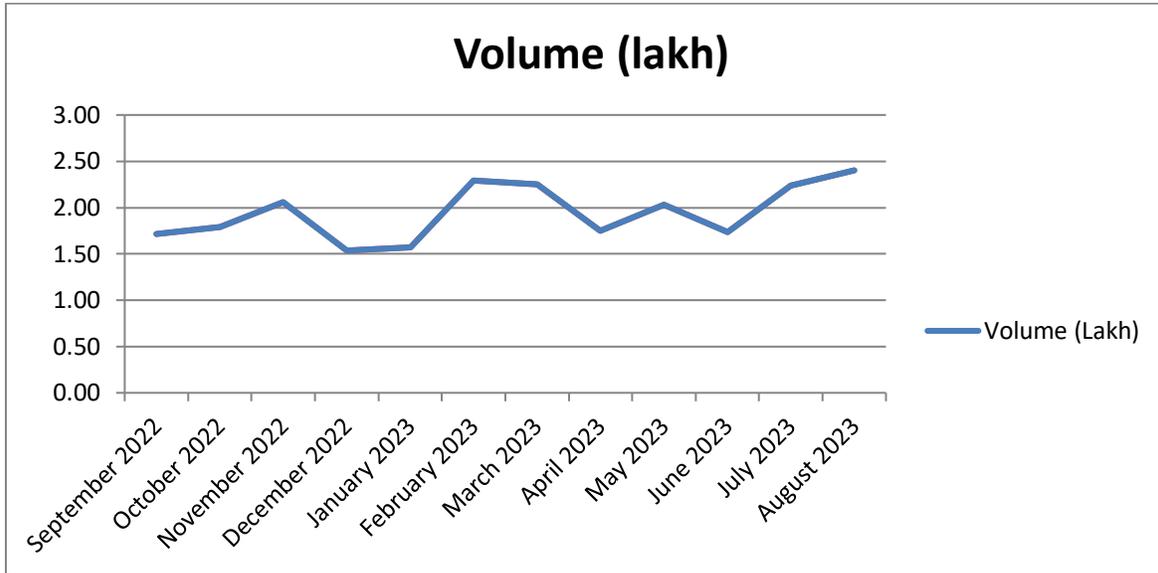
Domestic Payment Frauds

Table 1.2

| | Volume (Lakh) | Value (lakhs) |
|----------------|---------------|---------------|
| September 2022 | 1.71 | 24942.31 |
| October 2022 | 1.79 | 21973.07 |
| November 2022 | 2.06 | 25704.29 |
| December 2022 | 1.54 | 20426.32 |
| January 2023 | 1.57 | 19496.3 |
| February 2023 | 2.29 | 31665.65 |
| March 2023 | 2.25 | 33301.23 |
| April 2023 | 1.75 | 27284.06 |
| May 2023 | 2.03 | 28499.68 |
| June 2023 | 1.74 | 26458.7 |
| July 2023 | 2.24 | 28595.65 |
| August 2023 | 2.40 | 32001.71 |

Source: RBI periodical report on Payment system indicators

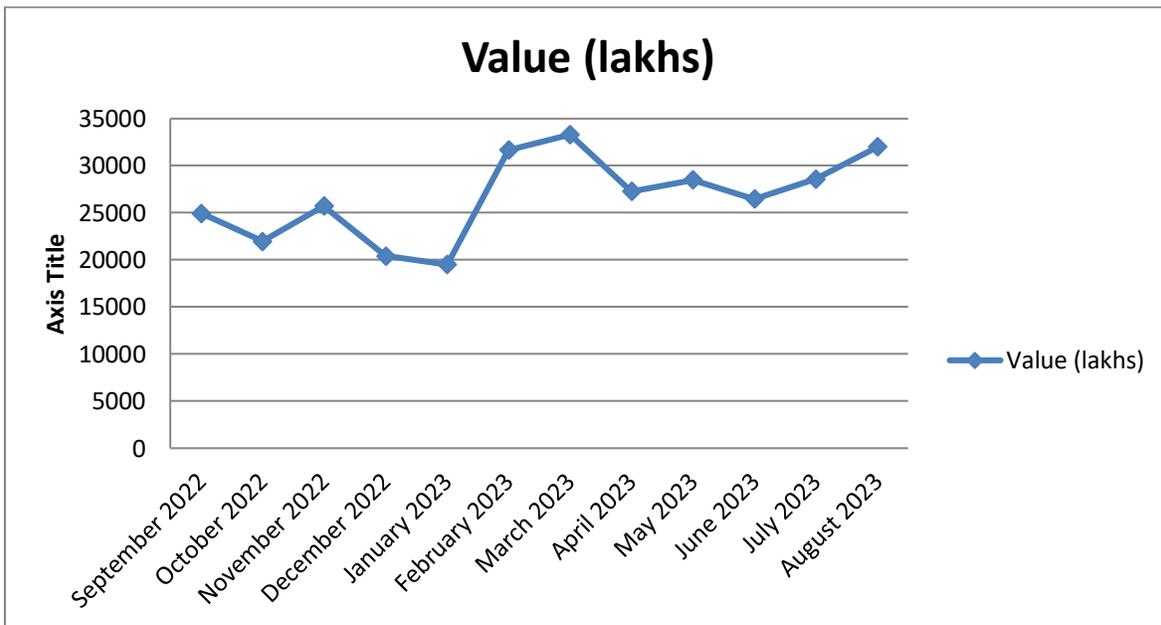
Chart 1.2.1



Source: From table 1.2

Chart 1.2.2

Source: From table 1.2



Discussion

As per the above mentioned list of issues and problems the number of frauds also been fluctuating but the digits are been poking the significance of the issue regarding as per the table1.2 were consisting of data of recent months which been continuously increasing. Hence H_{02} can be considered to be accepted that there is a relation between of problems in digital payments for the growth of digital payments.

Conclusion

Significantly, numerous organizations and the Indian government have been actively addressing these problems and encouraging the use of digital payments. Regulations are always being improved to improve the security, affordability, and accessibility of digital transactions for all facets of society. The payments industry is developing concurrently, which is leading to an increase in fraud and fraudulent activity related to payments

References

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