

Digital Payment Service In India: A Review On Unified Payment Interface

K. Devi¹, Devadutta Indoria²

¹Lecturer in Commerce, Dav Autonomous College, Titilagarh Odisha

²Assistant Professor in Commerce, Vikram Deb Autonomous College, Jeypore, Odisha

1. INTRODUCTION

At first, the term ecommerce meant the process of execution of commercial transactions electronically with the help of the leading technologies such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT) which gave an opportunity for users to exchange business information and do electronic transactions.

Electronic commerce is a term for any type of business, or commercial transaction that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer-based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet.

- **First Wave: Advent of online Naukri and Shaadi**

The introduction of internet in India in 1995 marked the beginning of the first wave of e-Commerce in the country. Moreover, economic liberalization after the launch of reforms in 1991 attracted MNCs and brought about the growth of the IT industry. The implementation of liberalization policies led to the demise of the license regime, and hightaxes and import restrictions, as well as facilitated the growth of SMEs. The IT industry and SMEs were the early adopters of internet. This led to the emergence of B2B, job searches and matrimonial portals.

B2B Directory: India's first online B2B directory was launched in 1996. The liberalization of the country's international trade policies was the key factor that accelerated the growth of B2B online portals. It enabled buyers and sellers to easily connect with their global counterparts.

Online Matrimonial: In 1996, the first online matrimonial portal was launched in India. A concept unique to India.

Online matrimonial portals transformed the perception about the matchmaking process from "marriages are made in heaven" to "marriages are made in cyber space." Such portals have now evolved to cater to various segments of the population such as NRIs, H1B visa holders, widows or widowers, divorcees and other special groups.

Online Recruitment: India's online recruitment industry took shape in 1997. The growth of the services sector, following the launch of economic reforms in 1991, resulted in the creation of additional jobs.

In this background, internet proved to be an efficient medium that allowed employers and job seekers to connect. Prior to job portals, weekly government magazines such as Employment News and newspaper notifications were the primary means for employers and job seekers to interact.

Online classifieds gained quick popularity among users, as they did away with concerns pertaining to physical delivery, logistics and taxation issues.

Although online businesses had begun to develop in the late 1990s, the supporting ecosystem had not been put in place. The first wave of e-Commerce in India was characterized by low internet penetration, a small online shopping user base, slow internet speed, low consumer acceptance of online shopping and inadequate logistics infrastructure. Thereafter, the IT downturn in 2000 led to the collapse of more than 1,000 e-Commerce businesses in India.⁴ Following this, there was muted activity in the space in India between 2000 and 2005.

Online Retail: The growth of online retail was partly driven by changing urban consumer lifestyle and the need for convenience of shopping at home. This segment developed in the second wave in 2007 with the launch of multiple online retail websites. New businesses were driven by entrepreneurs who looked to differentiate themselves by enhancing customer experience and establishing a strong market presence.

• **Second Wave: Duplication of Global Business Models and Improvement in Ecosystem:**

The entry of Low-Cost Carriers (LCCs) in the Indian aviation sector in 2005 marked the beginning of the second wave of e-Commerce in India. Travel emerged as the largest segment. People began relying on internet to search for travel-related information and to book tickets. As a ripple effect, the success of the online travel segment made consumers comfortable with shopping through the medium, thus leading to the development of online retail.

Online Travel: The decision of LCCs to sell their tickets online and through third parties enabled the development of Online Travel Agents (OTAs). Prior to the entry of LCCs in 2005–06, air travel was considered a luxury meant only for the rich and for corporate travel. LCCs changed the scenario by making air travel affordable for a large number of people. They developed their own websites and partnered with OTAs to distribute their tickets online and, thus, contain costs. The Indian Railways had already implemented the e-ticket booking initiative by the time LCCs commenced their online ticket booking schemes.

Group Buying: Starting in 2010, the group buying and daily deals models became a sought-after space for entrepreneurs in India, emulating the global trend. Group-buying sites have seen a significant rise in the number of unique visitors and membership. This growth has attracted investments from VCs.

Social networking actively used by organizations to reach out to customers: In the second wave, social networking gained steam in the Indian online space. It has gone on to become an integral part of people's lives. Initially used for staying connected with friends, social networking websites have now emerged as an anchor in any company's digital strategy.

Ecommerce has a great deal of advantages over "brick and mortar" stores and mail order catalogues. Consumers can easily search through a large database of products and services. They can see actual prices, build an order over several days and email it as a "wish list" hoping that someone will pay for their selected goods. Customers can compare prices with a click of the mouse and buy the selected product at best prices.

Online vendors, in their turn, also get distinct advantages. The web and its search engines provide a way to be found by customers without expensive advertising campaign. Even small online shops can reach global markets.

Web technology also allows to track customer preferences and deliver individually-tailored marketing.

The online retail industry is rapidly growing today as brick and mortar stores are being replaced by click-only models or brick cum click models of business.

E-commerce space relating to the deals and discounts websites started becoming popular towards 2009 and onwards while the concept of social media for e-commerce is still trying to make a foothold in the markets despite having one of the largest populations using Facebook.

1.1 Growth, Present & Future

India had an internet user base of about 354 million as of June 2015 and is expected to cross 500 million in 2016. Despite being the second-largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month.

E-commerce market is likely to grow ten-fold in next five years i.e by 2020 to reach \$100 billion on the back of increasing penetration of internet, smartphones and spread of digital network in rural areas. country's e-commerce sector, which is around \$10 billion (Rs 65,000 crore) at present, can even touch \$250 billion in next ten years. This boom will happen because the broadband would take over. E-commerce market would be driven by the local languages and broadband internet penetration into rural India.

By 2017, India will have 350 million smartphones and it will create demand. Meanwhile, e-retailing and various other formats of retail such as direct selling could co-exist and grow as there are several models growing in retail across the world. 500 million Indians are expected to connect to internet and it would create huge consumer opportunity.

In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products is growing much faster than in-country supply from authorized distributors and e-commerce offerings.

In 2015, the largest e-commerce companies in India were Flipkart, Snapdeal, Amazon India, and Paytm.

About 70% of India's e-commerce market is travel related. There were 35 million online shoppers in India in 2014 Q1 and is expected to cross 100 million mark by end of year 2016. By 2020, India is expected to generate.

\$100 billion online retail revenue out of which \$35 billion will be through fashion e-commerce. Online apparel sales are set to grow four times in coming years. Another big segment in e-commerce is mobile/DTH recharge with nearly 1 million transactions daily by operator websites Online transactions are not only restricted to online retail or travel anymore, with the influx of mobile and 'on-demand' based businesses, customers are looking for convenience and ease of access for products and services at all times. India is witnessing a year on year growth of close to 40% in digital transactions. Payment system providers are now offering ready-to-integrate development kits for mobile app companies to deliver a native payment experience.

Savvy consumers are now even ditching their credit/debit cards when it comes to making a purchase online, all thanks to wallet and banking apps which allow swift checkout experience Another notable development that is happening with the onset of the wallet adoption is the usage of these instruments beyond the digital space. Restaurants, brick and mortar stores which depend upon PoS systems for payment collection can also give wallet

users an option to use the same instead of swiping their bank cards, a part of online to offline commerce

Also, to keep up with the pace of the global economy, the Government too is pushing out policies to encourage a movement towards a cashless society. This is happening through various initiatives: Payment banks, Bharat Bill Payment Services, proposal to do away with surcharge / convenience fees, etc.

Payments via NFC are a development that has already come into practice. However now contactless payment is the next step, where in a tangible scenario customer can make payments by flashing their card at the terminal.

Evidently the future of digital payments also lies in giving the best transaction experience to the end user while easing the payment collection process for any business.

Nonetheless the pace at which technology revolution is happening already, and the way even the lower economic classes are adopting digital innovations, the country might get on an accelerated highway to going cashless in the foreseeable future.

1.2 Objective of the Paper

The basic objective of the paper is to understand what is UPI.

Understanding the target market and the approach behind the scheme.

Further the research is conducted over certain amount of target market to determine the following:

1. How much awareness is present regarding UPI in the local markets?
2. The primary reason for which people use UPI. Their motivation and association regarding UPI.
3. How many people are reluctant in using UPI and why? The research tried to find out the reason of non-usage.
4. If UPI apps like Phonepe Google Pay withdraws its cashbacks will the people who use them still continue to use UPI or switch over?
5. Whether people are aware of it's security policies or not?
6. The level of acceptability shown by people to new models. Whether factors like age, gender etc. impact their will to explore.
7. Out of a sample how many people could not get convinced to accept UPI.

2. REVIEW OF LITERATURE

Smartphone has become essential part of daily life. Due to technology, Digital wallets are quickly becoming mainstream mode of online payment and mobile users can nowadays use their smartphones to make money transaction or payment by using applications installed in the phone. One such payment method is UPI. The present study tries to study the usage of UPI by Smartphone users. Apart from this, the study also attempts to find out the various problems faced by users by UPI payments.

2.1 Introduction

In today-world, Smartphone has become essential part of daily life. India will exceed 200 million Smartphone users, topping the US as the world's second largest Smartphone market by the end of 2016 due to increasing penetration of affordable smart mobile devices in the country. Shoppers are adopting digital wallets at an incredibly rapid pace, largely due to convenience and ease of use. UPI made its way into the e-commerce market in the year 2016.

Apps like Phonepe, Paytm now offers multiple products ranging from primary mobile recharges to buying apparels or electronics enabling customers to get everything at one place

2.2 Significance of Study

The research was conducted to analyse the usage of UPI by users and to study the satisfaction level of UPI users based on different parameters.

3. METHODOLOGY

The aim of this research paper is to analyse the usage of UPI by users. In order to reach the aim a structured questionnaire was sent to 230 smart phone users who use UPI for online payment. The respondents were categorized on the basis of, age, Frequency of usage, Purpose of usage and average monthly spending by using UPI. Out of 230 people only 151 responded to the questionnaire. This research used descriptive method in order to get the statistic result from respondents.

Background

- Babita Singla, Manish Bansal (2015) in their research found that the shoppers are happy with plastic use, and the non-platinum card clients are fascinated to utilize the card for buys and mean to utilize the card in not so distant future. However, the banks and other financial institutions are motivating the use of plastic card.
- Khuram Shafiq and Khalil Ahmad (2015) Is plastic Money Matter for Consumer Buying Behavior? This examination gives the affirming data since buyers feel good in spending through plastic cash as easy access of money, no cash carrying risks and reward shopping are the major factors that plays important role behind it.
- Rouibah (2015) showed that poor security, lack of trust, fear of failure, high charges and poor familiarity were the major constraints that affected payments. Besides, security features of internet, banking facilities, privacy and quality of services were also affecting adoption of epayments.
- Rathore (2016) stated that digital payment using wallet was highly convenient for consumers in purchasing products through online without physical movements across places.
- Dr. Stitch Shewta Rathore (2016) "Appropriation of Cashless transactions By Consumers" her investigations disclose to us computerized wallets are
- rapidly getting to be standard method of online installment. Customers are embracing advanced wallets at end unfathomably quick pace, to a great extent because of comfort and convenience.
- Roopali Batra, Neha Kalra (2016) "Are Digital wallets The Newcurrency?" her investigations let us know in a period of digitalization, the examination intends to contemplate the client recognition, utilization design inclinations and fulfilment level with respect to advanced wallets in view of an investigation of 52 respondents. It additionally recognizes the hindrances and difficulties to the selection of the same. The outcomes demonstrate that there exists a tremendous undiscovered market for computerized wallets both regarding expanding mindfulness and also its use.
- K. C. Balaji and K. Balaji (2016)"A Study on Demonetization and Its Impact on Cashless Transactions" considered that the development of the cashless exchange framework is

achieving new statures. Individuals tend to move to cashless exchanges. It is on the right track to state that the cashless framework is a prerequisite as well as a requirement for the general public.

- Kunal Taheam, Rahul Sharma and Saurabh Goswami (2016) "Drivers Of Digital Wallet Usage: Implications For Leveraging Digital Marketing" The outcomes from this investigation highlighted on various elements that inspired individuals to utilize computerized wallets for making instalments. Individuals in Punjab have been found have been discovered utilizing advanced wallets because of the intentions of controllability and security, societal impact and helpfulness and requirement for execution improvement.
- Singh (2017) concluded that there was significant difference between education of consumers and adoption of digital payment. The perception of consumers for digital payment had positive and significant effect on adoption of digital payment among consumers.

4. RECOMMENDATION AND CONCLUSION

UPI developed the m-payment technology by facilitating mobile phone to be used as a main payment device for giving and accepting payments. In contrast to all of payment systems it can be say that UPI is the most advanced payment system in the world. UPI payment system allows money transfer between any two bank accounts by using a smart phone. It allows a customer to pay directly from a bank account to different merchants, both online and offline, without the hassle of typing credit card details, IFSC code, or net banking/wallet passwords. It aims to simplify and provide a single interface to money transfers easy, quick and hassle free. These features of UPI motivate the respondents of service sectors to adopt the tool and the above study revealed that there also a significant difference found between the gender towards the adoption of UPI. The use of smart phones, the availability of an online verifiable identity, universal access to banking and the introduction of biometric sensors in phones will proactively encourage UPI Transactions and findings revealed that the respondent has positive attitude towards the UPI transaction for ushering in a less-cash society in India.

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