



TREND AND OUTLOOK OF DIGITAL PAYMENT TRANSACTIONS IN INDIA

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Introduction

Electronic Payment System had its origin in **1871** when Western Union announced EFT in the US. One of the first Online Payment System in India was found in **1996** when **ICICI** began to offer their clients online banking service in their branches. The National Payments Corporation of India started to create a more established Payment and settlement infrastructure in the Country. Subsequent to the system, several online products and services have begun including **India's Unique Digital Identity – Aadhar** in **2010** and many more. India primarily a cash-based economy now leads the world in real-time digital payments accounting for almost **40%** of all such transactions. There were **692 million** internet users in India in January **2023**. India's internet penetration rate stood at **48.7%** of the total population at the start of **2023**.

The **Digital India Programme** was launched on **1st July 2015** encompasses three key vision areas viz., Digital infrastructure as a core utility to every citizen, Governance & services on Demand and Digital Empowerment of Citizens. Although cash remains the King the digital ecosystem of India with the entry of different digital payment modes viz., **BHIM-UPI, IMPS, NACH, AePS, NEFT, Debit cards, Credit Cards, RTGS, PPI, NEFT** and others grew exponentially in the last few years. The Government's contribution for digital payment transactions is a significant step towards achieving the goal of cashless economy.

Review of related Literature

Siddaraju. S (2023), "A Study of Consumer Perceptions on Digital Payment System in India with Special Reference to Mysore District". The main objectives of this research are to examine the historical development of digital payment systems in India and the influence of demographic factors on their adoption. The study found that there is an association between age and consumer perception of digital payment systems and it additionally revealed that there is no significant relationship between gender, educational background and consumer perception of digital payment systems.

Gargi Chaudhary & Sheetal Joshi (2023), "An Investigation of the Customer Preferences towards Digital Payments in India". The purpose of this research is to explore customer perceptions of online as well as digital payment security in the context of linked technologies currently. The findings of the research indicated that the majority of customers prefer digital payments over cash transactions because of their usability, accessibility and security. The findings indicate that illiteracy, lack of understanding and lack of confidence in the online payment system are the primary factors influencing the adoption of digital payments in India. The researchers suggested increasing consumer knowledge of digital payments and providing appropriate security measures to reduce the risks associated with them.

Objectives of the Study

- To trace the position of India in Global Digital transactions
- To analyze the volume and value of Digital transactions in India from the financial year 2017-18 to 2022-23

- To examine the volume of Digital transactions in India in the financial year 2023 by different modes
- To predict the future of digital trends.

Nature of the Study

This study is descriptive and analytical in nature. Secondary data have been collected from articles, Journals and Websites for analyzing the volume and value of Digital transactions, volume of digital transactions by different modes and the future of digital trends in India.

Table 1, Top 10 countries with the biggest real-time payments transactions in the year 2022

S. No	Countries	Real Time Payment Transaction (In Billion)
1.	India	46.8
2.	China	18.5
3.	Thailand	9.7
4.	Brazil	8.7
5.	South Korea	7.4
6.	Nigeria	3.7
7.	UK	3.4
8.	US	1.8
9.	Japan	1.7
10.	Turkey	1.4

SOURCE: ACL World Wide, “Prime Time for Real Time” in Collaboration with Global Data, April 5, 2022.

Table 1 shows the top ten countries with the real time payment transactions in the year 2022. Among all the countries in the world, India occupies first rank with 46.8 billion of real time payment transaction in the year 2022. China occupies the second place with the 18.5 billion transactions and Turkey is placed in tenth position.

Table 2, Volume of digital transactions in India in the financial year 2023 by different modes

Digital payment modes	Volume of Digital Transactions (In Billions)
BHIM	17.4
Internet Banking	4.22
PPI	2.22
Others	1.81
IMPS	1.41
NEFT	1.35
Debit card	1.13
NACH	1.13
NETC	0.83
Credit card	0.75
Mobile Banking	0.25
AEPS	0.20
RTGS	0.07

SOURCE: <https://www.statista.com>

The above table portrays the volume of digital transactions in India in the financial year 2023 by different modes. Among all the modes of digital payment, BHIM has the highest volume of digital transactions. Internet banking has 4.22 billion digital transactions and the RTGS has the lowest volume of digital transactions in India.

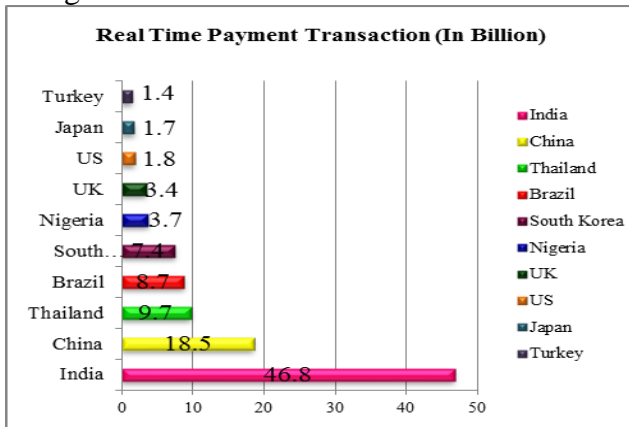


Figure 1

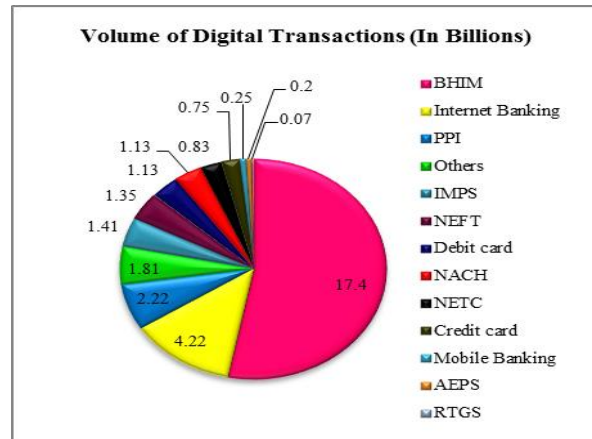


Figure 2

Table 3, Volume of Digital transactions in India from the financial year 2017-18 to 2022-23

Financial Year (FY)	Total number of digital transactions (In crore) [#]
2017-18	2,071
2018-19	3,134
2019-20	4,572
2020-21	5,554
2021-22	8,840
2022-23	9,192*

* Data till 31st December 2022

Note: Digital payment modes considered are BHIM-UPI, IMPS, NACH, AePS, NETC, debit cards, credit cards, NEFT, RTGS, PPI and others.

Source: RBI, NPCI and banks.

Table 3 exhibits the volume of digital transaction in India from the financial year 2017 – 18 to 2022 – 23. The volume of digital transactions has continuously increased from 2,071 crores in the year 2017 – 18 to 9,192 crores in the year 2022-23.

Table 4, Value of Digital transactions in India from the financial year 2017-18 to 2022-23

Financial Year (FY)	Total value of digital transactions (In lakh) [#]
2017-18	1,962
2018-19	2,482
2019-20	2,953
2020-21	3,000
2021-22	3,021
2022-23	2,050*

* Data till 31st December 2022

Note: Digital payment modes considered are BHIM-UPI, IMPS, NACH, AePS, NETC, debit cards, credit cards, NEFT, RTGS, PPI and others.
 Source: RBI, NPCI and banks

The above table reveals the value of digital transactions in India from the financial year 2017 – 18 to 2022 – 2023. The value of digital transactions has increased from 1,962 lakhs in the year 2017 – 18 to 3,021 lakhs in the 2021 – 22. The value of digital transactions has decreased in the year 2022-23 as it represents the data till 31st December.

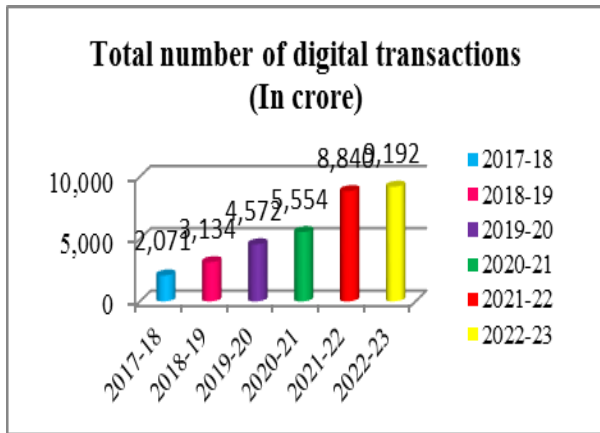


Figure 3

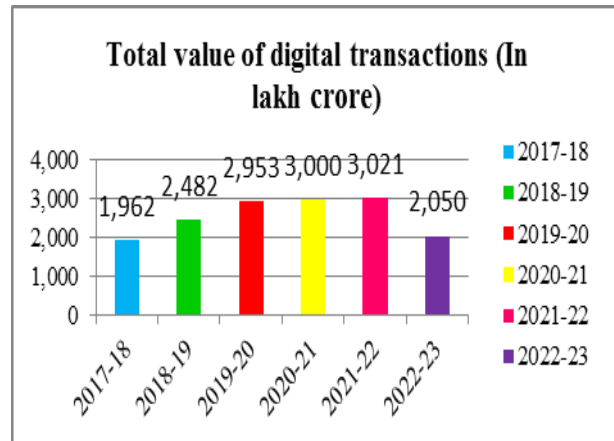


Figure 4

The Future of Digital Trends in India

India was already booming, but its efforts for digitalization may put it in the direction to become the fastest-growing economy in the world over the next ten years.

By 2028, it is predicted that the Indian payments market would be worth \$8,137.3 billion. India is the largest country in the world, with a population of 1.41 billion, or around 18% of the world's total population. Due to the nation's quick growth, a digital payment system was created as a sustainable solution to satisfy citizens' requirements for financial services. The popularity of digital payment systems may be attributed to their efficiency, transactional simplicity and security. Due to the development of digital payments, India has developed one of the fastest-growing fintech environments in the world. However, the major problem with low-profit margins is that financial service providers encourage them to concentrate on high-margin offerings and promote the expansion of digital payments. From 2022 to 2028, the India Payments Market is anticipated to expand at a CAGR of 21.4%.

Figure 5





Rising popularity of Buy Now Pay Later (BNPL), acceleration of cross-border and cross-currency payments, increased utilization of mobile payments, continuous expansion of e-commerce, biometric authentication and adoption of new payment technologies like Block chain, crypto currency and digital wallets are some of the contributory factors for the boom of digital market.

Conclusion

In recent years, digital payments have become the standard method of payment for e-commerce transactions and this trend is expected to increase. The objective of creating a simple, comfortable, quick, and secure payment system has been significantly facilitated by the digitization of payments. Over the past four to five years, digital payment methods have seen a lot of progress and in the near future, we are going to see even more changes.

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