

# **DIGITAL PAYMENT SYSTEM**

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## DIGITAL PAYMENT SYSTEM

The demonetization resulted in tremendous growth in digital payments. With the government initiative such as Digital India and increased use of mobile and internet are means to exponential growth in use of digital payment. This transformation towards digital payments benefits in more transparency in transactions which empowers the country's economy. In recent days many changes took place in the payment system like digital wallets, UPI and BHIM apps for smooth shift to digital payments. India has been experiencing some positive and some negative impact of the digitization of payment system which is an result of demonetization.

**What is Digital payment:**

A way of paying for a  
goods or services

electronically, instead of  
using cash or a check, in  
person or by mail.

The „Digital India“ is the Indian Government’s flagship programme with a vision to convert India into a digitally empowered country. “Faceless, Paperless, Cashless” is one of supposed function of Digital India. as part of government reforms Prime Minister Mr. Narendra Modi demonetized the high value currency of Rs. 500 and 1000 in November 2016 and also launched the „digital india“ initiative in 2015. These initiatives have provided extensive boost up to the digital payment system in the country. Government’s other initiatives like BHIM and UPI are supporting in transition and faster adoption of digital payments.

Electronics Consumer transaction made at point of sale (POS) for services and products either through internet banking or mobile banking using smart phone or card payment are called as digital payment.

The digital payment system has the following phases,

1. Registration.
2. Invoicing.
3. Payment selection.
4. Payment confirmation.

This payment system generally includes 3 electronic payment instruments namely, cash, cheque and card.

Post demonetization is effecting the e-commerce sector that Cash on Delivery is gradually getting decreased and other modes of payment is replace like Card on Delivery, Net Banking, Debit Card, Credit Card etc. .Demonetization will positively help out e-commerce industry in India enhances the chance for people to go cashless.

As part of encouraging cashless transactions and transforming India into less cash society, various modes of digital payments are available.

**Debit / Credit Card** Suitable for:  
Online/offline merchant sale. Transaction limit: Set by card issuer Details required: Card number CVV Expiry date Cost: Debit cards: Up to 0.75% for transactions up to Rs 2,000; up to 1% for transactions above Rs 2,000. Credit cards: around 2.5% per transaction.

**RTGS / NEFT** (Real-time gross settlement/ National Electronic Funds Transfer) Suitable for:

High value online transactions. With NEFT transfers, the biggest advantage is that there is no cap on the minimum and the maximum amount that you transfer. The minimum amount transferred can be as low as Rs.1 while for other fund transfer option like RTGS, there is a minimum limit of Rs.2 Lakh.

There is no maximum amount assigned by the Reserve Bank of India (RBI) for NEFT Transactions. However, a limit may be specified by the bank that you hold your account with. For instance, HDFC Bank NEFT Transfer Limit is Rs.25 Lakh per day per customer ID via online NEFT Transfer.

For cash transactions, you can transfer a maximum of Rs.50000 in each transaction. However, there is no limit on the total amount you transfer.

Details required: Account number, Password, Beneficiary registration, IFSC code.

Cost Charged for RTGS: Up to Rs 55 per transaction. NEFT: Up to Rs 25 per transaction.

**IMPS Suitable for: Instant transfer**      **Transaction limit: Rs 2 lakh per day.**

**Details required: Account number, Password, Beneficiary registration, IFSC code.**

**Cost: Rs 5-15, depending on transaction amount.**

**UPI Suitable for: Instant transfer**  
**Transaction limit: Rs 1 lakh**  
**Details required: VPA (virtual payment ID) of recipient, m-Pin**  
**Cost: Less than 50 paise per transaction.**

**USSD Suitable for: Feature phones without Internet connectivity**

**Transaction limit: Rs 5,000**

**Details required: Only Aadhaar number, IFSC or code allotted by banks on registration**

**Cost: As levied by the telecom operator.**

**E-WALLET** Suitable for: Small-ticket transactions.

Examples:- paytm, Google pay, yono, phonepe.

Transaction limit: Rs 10,000 per month (Rs 1 lakh for KYC-compliant wallet holders)

Details required: Login ID

Cost: Only if you transfer money from your wallet into your bank account.

RTGS: Real-time gross settlement systems

NEFT: National Electronic Funds Transfer

IMPS: Immediate Payment Service

UPI: Unified Payment Interface

USSD: Unstructured Supplementary Service Data

# **BENEFITS OF DIGITAL PAYMENTS .**

- Faster, easier, more convenient
- Economical and less transaction fee
- discounts and cash-backs
- Digital record of transactions
- One stop solution for paying bills
- Helps keep black money under control

# Disadvantages

- Privacy.
- Hacking .
- Technology problems .
- Inequality .
- Overspending



**Thank you**