



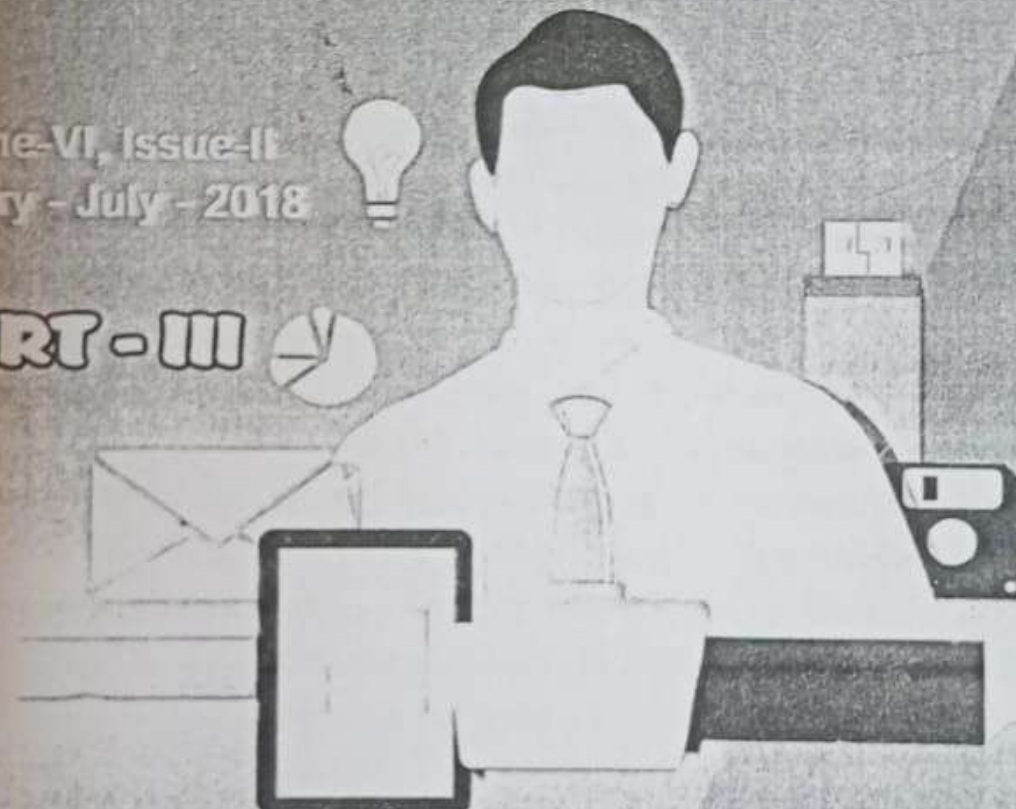
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20. A Study of Introduction of “Digital Payment System” in India: Benefits and Challenges

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Abstract

This paper examined the perspectives of peoples on the introduction and execution of a digital payment system in India. This paper is also emphasizes on what the different benefits are and what the challenges of digital payment system in India are. The survey was conducted in Wardha city and the data were collected to help of structured questionnaire and data is analyzed by applying a simple percentage method. Responses from selected respondents shows that digital payment system will assist in curbing black money and fake currency from the economic system, it will also assist in fighting against terrorism, reduction in cash related robbery, helps in improving economic growth of our country. Main challenges that can hamper the execution of the policy are cyber scammers, the high illiteracy rate in India, the attitude of people, lack of transparency and efficiency in digital payment system. The study indicates that execution of a digital payment system in India can be a significant step in the right direction. It aids in the maturation and evolution of the Indian economy.

Keywords: Digital Payment, Benefits & Challenges of digital payment system, Behavior, fake money, Cyber Scams, Terrorism

I. Introduction

The digital payment system is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes of financial transactions. It is an instant and convenient way to make and receive payments. In line with government reforms, Prime Minister Narendra Modi has pushed the Indians to adopt cashless transactions through digital payment system, giving the digital payments sector a significant rise. The sector is experiencing an unprecedented leap in growth since November, 2016, when the government demonetized high currency notes (Rs 500 and 1000) which represented 86 percent of India's cash in circulation. By February, 2016, digital wallet companies had recorded a growth of 271 percent for a total value

III. Research Methodology

The purpose of this study is to evaluate the effects of demonetization towards digital payment system and how far adaptation to this new world of the digital transaction system. Present research is investigative as well as Descriptive in nature. The research is based on primary as well as secondary data. Secondary data were compiled from different sources like books, magazine, journals and research reports. Primary data were collected by using the survey method; a structured questionnaire is designed and the study is conducted in the Wardha region (Maharashtra) covering different dimension of factor digital payment system and its influence on customer adoption construct related to digitization and its outcome were developed. A sample size of 100 was selected using the convenience sampling method out of which 93 copies were retrieved in usable form. This represents a response rate of 93%, which includes literate, salaried and post graduate students since they are the ones who make their scenes on digital payment system and its benefits and challenges. There response determines the reliability of the survey and the responses of the respondents were examined utilizing the simple percentage method.

Data Analysis & Interpretation:

Table 1: Awareness in users on Digital Payment System

Have you heard about the India's cashless economy?		
Response	Frequency	%
Yes	90	97
No	3	3
Total	93	100
Do you support digital payment system introduced in India?		
Response	Frequency	%
Yes	85	91.4
No	8	8.6
Total	93	100

The responses are selected from respondents for the above in a form of 'Yes' or 'No'. The table demonstrates that there is a high degree of awareness among the population, approximately 97% of the respondents are aware of a cashless economy in India and few respondents, however, show a strong dislike for the cashless economy. The study considered academic community which means, by all standards they are anticipated to be somewhat aware of the happenings in the society. While 91.4% of the respondents were strongly supporting the digital payment system and 8.6% respondents were opposing the introduction of digital payment

Strongly Agree	17	18.28
Agree	35	37.63
Undecided	26	27.96
Disagree	10	10.75
Strongly Disagree	5	5.38
Total	93	100

The above table clearly shows that 88.17% respondent strongly believes that the digital payment system brings down the risk of fake currency in circulation. In the same sprite 57% respondent believed that cashless economy will help for sucking the black money from the economic system. 50.54% of the respondents considered that a digital payment system will further contribute to reducing the corruption from India. Another benefit is that it will stimulate economic growth as money hidden in other illegitimate areas will now be free up. 55.91% respondent believes that efficient and modern payment system is positively correlated with the economic development and economic growth of the nation.

Table 3: Below present's perceived challenges with the Digital Payment System.

Factors such as illiteracy, Low percentage of people having smart phones, inadequate number of ATM in comparison to population are hurdles in the path of cashless economy?		
Response	Frequency	%
Strongly Agree	29	31.18
Agree	41	44.08
Undecided	9	9.68
Disagree	9	9.68
Strongly Disagree	5	5.38
Total	93	100
Do you think Cyber Crime is the biggest challenge for Digital Payment System in India?		
Response	Frequency	%
Strongly Agree	26	27.95
Agree	48	51.62
Undecided	12	12.90
Disagree	6	6.45
Strongly Disagree	1	1.08
Total	93	100
Do you think enough literacy is required for understanding and execution Digital Payment System in practice?		
Response	Frequency	%
Strongly Agree	60	64.52
Agree	18	19.35
Undecided	3	3.23

corruption, money laundering, fake currency and black money, but one biggest problem in the working of a cashless economy in India is cybercrime and illegal access to primary data. So, it is important to strengthen Internet Security from protection against online fraud. The analysis reveals that while people are getting comfortable with cashless payments, some mindset issues are holding back many from embracing the newer platforms and the usage habits of those who have taken to cashless modes could be exposing them to security threats. Another main issue is that the large number of the population is still below literacy rate living in rural areas.

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