

# Digital Payments: Taking A Giant Leap Ahead

In the last one year, there have been gigantic changes in the digital payment mode. A shining example is the instant success of apps like Paytm, PayU and PhonePe. Suggesting that this trend is here to stay, international reports have said that digital payments will overtake cash by 2022

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From a 'chaiwala' who accepts Rs 6 for a cup of tea on Paytm to international banking on your smartphone, digital payments have changed the way people handle the 'moolah' in India. And if the International Data Corporation's latest report is to go by, then we may be soon switching our currency notes with plastic money. According to the report, digital payments in India will overtake cash and non-digital payments by 2022 and next-generation payment structures such as mobile wallets, payments banks, BharatQR

and electronic authentication are becoming instrumental in enhancing digital payment volume in the country.

The report highlights the key trends in digital payment space and their impact on the payment industry. It says that the contribution of digital payment instruments such as retail electronic clearing, mWallet and mobile banking is expected to grow from 32% in 2013-14 to 62% in 2017-18. According to data released by the Reserve Bank of India (RBI), nearly 965 million digital transactions were recorded in Octo-

ber 2017, making it the highest ever in a month since the government's demonetisation exercise. Commenting about this trend, RenuSatti, Chief Executive Officer, Paytm Payments Bank, says, "Digital payments are becoming the preferred option among customers owing to its convenience and acceptance network. We have seen double-digit growth month-on-month on Paytm since January."

## INDIA AHEAD OF US, CHINA IN DIGITAL PAYMENTS

Interestingly, India has the most

evolved digital payments system among 25 countries, including the US, China and Japan, according to a report by FIS, a US-based banking technology-provider. Among many key takeaways, the report 'Flavors of Fast' highlights the popularity of Unified Payments Interface (UPI) which is a combination of real time payments with open interfaces with an intention to replace cash, point-of-sale and wallet. As per the NPCI figures, transactions across UPI touched a new peak in November 2017 and the transaction volume was 105 million, up 37% from 76.8 million in the previous month.

### **GLOBAL BRANDS PLAY A BIG ROLE**

According to industry experts and bankers, while there is a definite

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trend of growth in digital payments with more people adopting it, entry of global brands like Google has helped popularize UPI. Rajeev Agrawal, Managing Director, Innoviti Payment Solutions, says, "The trend of growth of digital payments is definitely there and with the expansion of the point of sales (PoS) infrastructure across the country there is a need to push card payments in smaller towns and cities, which may double the volume by next year."

### **'SHAGUNS' GO DIGITAL TOO**

Reports suggest that beside UPI and cards, wallets have shown a jump in October. Wallets, which were stagnating at around 90 million transactions on an average per



month, have, since January 2017, jumped 10% to 96.2 million from 87.5 million in September 2017. Industry insiders highlight that peer-to-peer wallet payments jumped three to four times in October 2017, boosted by 'shaguns' going digital during festivals like Diwali and Bhai Dooj. "If the volume of transactions is growing, it shows that people are developing the habit of making payments digitally. Obviously, it was also helped by October being a festive season where many merchants ran attractive discount offers," Agrawal states. ©R