Digital Payment Requirements

The government of India has taken several measures to promote and encourage digital payments in the country. As part of the "Digital India" campaign, the government aims to create a "digitally empowered" economy that is "without a face, without papers, without cash." There are different types and patterns of digital payments. Some of these include use of debit / credit cards, online banking services, mobile wallets, digital payment applications, unified payments interface service (UPI), unregulated supplementary service (USSD) data, prepaid bank cards, mobile banking services, etc.

Digital payment methods can easily be more convenient and provide customers with the flexibility to make payments from anywhere and at any time This is a good alternative to traditional payment methods and the speed and rotation of transactions that force people to get rid of payments slowly, even small merchants and the store owners are beginning to accept payments through the Digital methods.

Cashless Payment

Cashless payment is a digital payment method. In digital payments, both the payer and the payer use digital modes to send and receive money, also called as online payment.

There is no cash involved in digital payments. All transactions are completed in digital online payments. It is an immediate and convenient way to make payments.

This process is automatic and neither you nor the store owner is required to visit the bank. It saves you from long lines of ATMs and banks.

Types of Digital Payment Methods in India

1. Banking cards

Cards are among the most used payment methods and come with many features and benefits such as payment security, convenience etc. The main advantage of debit / credit cards or prepaid bank cards is that they can be used to make other types of digital payments. For example, customers can store card information in digital payment apps or mobile wallets to make cash

payment. Some of the most popular and popular credit card payment systems are Visa, Rupay, MasterCard, and others. Bank cards can be used for online purchases, digital payment applications, PoS devices, online transactions, etc.

2. UPI

UPI is a type of interoperable payment system in which any customer with any bank account can send and receive money through an UPI-based application. The service allows the user to link more than one bank account on the UPI app on his smartphone to start transferring money smoothly and make pooling requests 24/7, 365 days a year. The main advantage of UPI is that it enables users to transfer money without a bank account or IFSC code. All you need is a virtual payment address (VPA). There are many UPI apps on the market and they are available on Android and iOS platforms. To use the service, you must have a valid bank account and registered mobile phone number, associated with the same bank account. There are no transaction fees to use UPI. Through this, the customer can send and receive money and make balance inquiries.

3. Mobile Wallets

Mobile wallet is a kind of virtual wallet service that can be used by downloading the app. The digital wallet or mobile wallet stores bank account information, credit / debit card information, or bank account information in an encrypted format to allow secure payments. One can also add money to the mobile wallet and use it to pay and buy goods and services. This eliminates the need to use credit / debit cards, remember CVV, or a 4-digit pin. Many banks in the country launched e-wallet services apart from banks, there are also many private entities. Some of the mobile wallet apps on the market are Paytm, Mobikwik, Freecharge etc. The various services provided by mobile wallets include sending and receiving money, making payments to merchants, online purchases, etc. Some mobile phone wallets may charge a certain transaction fee for the services provided.

4. USSD

Another type of digital payment method, * 99 #, can be used to perform mobile phone transactions without downloading any application. These types of payments can also be made

without any mobile data attachment. This facility is supported by USSD together with the National Payments Company of India (NPCI). The main objective of this type of digital payment services is to create an environment of integration between disadvantaged sectors of society and their integration into the mainstream banking services. This service can be used to initiate financial transfers, look at bank statements and make balance inquiries. Another advantage of this type of payment system is that it is also available in Hindi.

5. AEPS

Aadhaar enabled payment system, AEPS, can be used for all bank transactions such as balance inquiry, cash withdrawal, cash deposit, payment transactions, Aadhaar to Aadhaar money transfers, etc. All transactions are performed through a banking reporter dependent on Aadhaar verification. There is no need to physically visit a branch, present debit or credit cards, or even sign a document. This service can only be used if your Aadhaar number is registered with the bank where you have an account. This is another initiative taken by NPCI to promote digital payments in the country.

6. Internet Banking

Internet banking refers to the process of carrying out Internet banking transactions. These services may include many services such as transferring funds, opening a new or recurring deposit, closing an account, etc. Online banking services are also referred to as electronic banking services or virtual banking services. Internet banking is usually used to make money transfers online via NEFT, RTGS, or IMPS. Banks provide customers with all types of banking services through their website and the customer can log in to his account using the username and password. Unlike visiting a physical bank, there are time restrictions on Internet banking and can be used anytime, 365 days a year. There is ample room for online banking.

7. Mobile Banking

Mobile banking is referred to as the process of carrying out financial / smart phone banking transactions. Mobile banking is only expanding with the introduction of many mobile wallets, digital payment applications and other services such as UPI. Many banks have their own applications and customers can download them to execute banking transactions with the click of

a button. Mobile banking is a broad term used for a wide range or umbrella of services that can be availed under this.

8. Bharat Interface for Money (BHIM) app:

BHIM allows users to make payments using the UPI app. This also works in conjunction with UPI and transactions can be done using VPA. One can easily connect their bank account to a BHIM interface. It is also possible to link multiple bank accounts. The BHIM app can be used by anyone with a mobile phone number, debit card and a valid bank account. Money can be sent to different bank accounts, virtual addresses or to the Aadhaar number. There are also several banks that have cooperated with NPCI and BHIM to allow customers to use this interface.

Key Elements of Digital Payment Systems

We will explain in detail why these major elements create or break digital banks and e-wallets.

1. Security

The public is equal to the institution of banks with the issue of security. It goes without saying that the faster the customer feels safe, the faster he will try new features. Security is a major cause for concern when payments are inherently digital. Directly from the need to be able to ensure non-delivery of personal information to ensure that their money is in safe hands, banks need to proactively announce that their systems and operations are completely safe.

There are constant threats of security breaches and countless cases of hackers who have experienced the last laugh. As long as consumers fear that transferring money on digital platforms could pave the way for more such disasters, it will become increasingly difficult to work towards a cashless economy.

2. User Experience

Businesses take the user experience very seriously, and a few of them are creatively redesigning important interfaces. Although when launching a product or app for the first time, the focus may be on receiving the general idea, over time, it has been tested and demonstrated that applications with great user experience can launch business into an entirely new platform. This is especially true of banking services, where even minor harassment can delay the masses.The inability to

perform simple actions due to the complex user interface, or the inability to focus on the necessary business component due to deviations in the form of ads can permanently delay all customers. When dealing with money, customers often look for simplicity and comfort.

3. Functionality

As more financial transactions are transferred from bank branches to mobile phones, the quality of mobile banking applications will become a differentiation point for banks. Quality in such a scenario is defined, again, by the functionality of the application.

4. Performance

Application performance can push the customer to delight or to absolute madness. Digital banking needs to be careful in this regard. In a growing world of non-cash transactions, most customers rely on their bank cards or digital applications to conduct transactions smoothly. At any given time, there will be millions of clients doing different transactions. If apps continue to crash and transactions continue to fail, it will become a very annoying issue and can lead to uninstalling the app (and permanent) immediately.

5. Data Integrity

Banking is the most important service that only works in the matter of trust. The customer is responsible for providing original information, while banks are responsible for maintaining transparency and ensuring the integrity of client funds. In such a scenario, it becomes necessary to collect information that instantly reveals the customer's financial statements, moreover, spending trends. The settlement of this data can have serious consequences, and banking institutions must ensure that they are not at the receiving end of such a disaster.

Software testing ensures that internal applications and processes are smooth and efficient, and most importantly, maintain data integrity, especially at the risk of potential breach.

Advantages of Digital Payments

1. Easy and convenient

Digital payments are easy and convenient. You do not need to take large amounts of cash with you. All you need is your mobile phone number, Adhaar number or payment card. UPI applications and e-wallets made digital payments easier.

2. Written record

You often forget to write down your cash spend. Or even if you notice, it takes a lot of time. But you don't need to note your spending each time with digital payments. It is recorded automatically in the book of accounts or within the electronic wallet application. This helps keep your record, track your spending and budget planning.

3. Pay or send money anywhere

With digital payment methods, you can pay anywhere, anytime. Suppose your mother's close friend got sick at night. He called you in the middle of the night and asked for some money. Don't worry, you can send money to your friend using digital payment modes like UPI, USSD, or e-wallets.

4. Less risk

The risk of digital payments is less if you use them wisely. If you lose your mobile phone, debit / credit card or Aadhaar card, you don't have to worry too much. No one can use your money without PIN, PIN or your fingerprint in Aadhaar case. However, it is recommended that you lose your card if it is lost. Also call your wallet helpline to suspend your wallet account to prevent anyone from using your wallet money.

Drawbacks of Digital Payments

1. Difficult for a non-technical person

Since most digital payment methods depend on mobile, internet and cards. This situation is somewhat difficult for non-technical people like farmers, workers, etc.

2. Exaggerated spending

You can keep limited cash in your physical wallet. Thus, think twice about buying anything. But if you use digital payment methods, all your money will always be with you. This can lead to over spending.

3. The risk of data theft

There is a high risk of data theft associated with digital payment. Hackers can hack into the bank servers or electronic wallet you use and easily obtain your personal information. They can use this information to steal money from your account.