

# Growth of Digital Transactions in Transforming Economy

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**Abstract:-With the fast advances in innovation and changing socio-economics and way of life of individuals, the conventional methods of money transactions is replaced with offering approach to digital transactions such as mobile banking, internet banking, UPI payment modes, E-Wallets, credit card, Debit card etc. The rate of acceptance of these technology was initially slow but it showed a rapid increase after demonetization in November 2016. This helped the people who were unaware of these facilities and those who were ignorant towards these modes to start the usage of these facilities. This paper aims in finding the effectiveness of these digital transactions in transforming the economy. For analyzing this, a survey was conducted among 132 people on the modes of payment they use and what they feel is the most convenient mode of transacting money. The usage pattern of the customers suggest that the majority of them use online modes of payment for transaction of money. They also find online transactions convenient than the physical cash transactions. Therefore the digital payment providers have seen an increase in its usage and is growing day-by-day which ultimately provides more employments in these sector and also help in transforming the economy to a cashless one.**

*Keywords:-online banking, EFT, e-wallets, economy.*

## I. INTRODUCTION

India is one of the fastest growing economy in the world. With this growth the behavior of people and their purchasing power, modes of purchasing and their payment is also changing. People now-a-days mostly prefer online transaction of money rather than physical cash transactions.

An online transaction is a password-protected payment method that authorizes a transfer of funds over an Electronic Funds Transfer (EFT). When processed as an online transaction the exchange of funds is completed using an EFT network, such as Star, Pulse or Interlink, depending on which EFT system your bank is associated with as a member bank. The cost of the transaction typically amounts to an

interchange fee of 1% of the total purchase price, which is charged to the vendor/merchant.

There are various modes of online transactions such as UPI payment mode, E-wallets such as paytm, mobikwik etc, net-banking provided by banks, debit card and credit cards can be used for online transactions. E-wallets are those in which we store our money virtually so that it can be easily accessed on various purchases without physical cash. These kind on payment modes are preferred by people mostly because of their convenience and less time consuming factors. However there can be security risks because of which some people are reluctant to use it.

The increasing growth in the business of online payment providers have opened doors for more innovation and more business opportunities in this sector. This may help a great deal in transforming the economy in a better way.

## II. OBJECTIVES

- To explore the scope of development in digital transactions.
- To find possible trends in payment modes.
- To identify people's attitude towards e-wallets.

## III. LITERATURE REVIEW

Abdullah Bin Omar (2011) along with various other authors conducted an empirical research on customer perception, preferences, problems and suggestions about online banking in Pakistan. They found out that the promotion of online banking empowered the banks to improve its activities with cost cutting viably and effectively keeping in mind the end goal to deal with day by day management of account issues by means of online banking channel. Clients are being encouraged by diminishing their visits in banks and they can carryout their exchanges by means of web or ATM Machines rather than personally visiting the branches. The inquiries so far done uncover that for the most part the client of banks are unaware about online banking services and there is an absence of trust among clients on online banking services. The study reveals that mostly customers prefer internet banking (IB) services over branch banking due to

reliability, convenience, speed, safety and security, cost effectiveness, user-friendly, and error free system.

A study conducted by Amola Bhatt and Shahir Bhatt (2016) aims at describing the utilization patterns of mobile banking clients and recognizing the components which impact their use of m-banking. For this reason, a graphic report was embraced with an example size of 200 bank account holders from both public sector as well as private sector banks, using mobile banking. An organized poll was regulated on these respondents having a place with Ahmedabad and Gandhinagar regions of Gujarat amid the time of January to March 2015. Passing by the sample demographics, an average m-banking client in India is a youthful and proficient male, having a place with the center wage strata. The usage patterns of the clients propose that as the recurrence of exchanges increases, individuals incline toward the use of ATMs. Security issues have stopped the clients from depending on e-banking and m-banking alternatives. In addition, clients utilizing m-banking find that the preferences lie in time-adequacy, accommodation, security, operational simplicity and simplicity of route. These assistance in enhancing their mobile banking understanding can possibly build selection of m-banking.

Armend Salihu (2018) in his paper studies on the effect of product improvements, reliability and efficiency on customer satisfaction of electronic banking services. The study gives a factual examination through a poll which has been disseminated to explore the impact of product improvements, unwavering quality and effectiveness on consumer satisfaction. Regarding the results got from the survey, it is seen that all Cronbach's Alpha esteems are inside the worthy level, though administrations and unwavering quality are firmly related, however relationship amongst productivity and fulfillment is feeble. In the regression analysis, it was seen that while service and dependability have positive outcome on consumer satisfaction, efficiency's impact is negative.

Mazen Ali (2018) develops a mobile commerce adoption maturity model for investigating mobile commerce progression in individuals. This model is based on multiple theories, such as Diffusion of Innovation (DOI), Technology Acceptance Model (TAM), Social Exchange Theory (SET), and Protection Motivation Theory (PMT). The model was inspected utilizing information from semi-organized meetings with 16 people who advanced in their mobile usage. This study stretches out research identified with the selection of mobile commerce by offering new bits of knowledge on the idea of portable trade development and the dynamic effect of reception factors. By experimentally exploring the idea of mobile commerce adoption maturity. This examination gives new clarifications to comprehend mobile commerce in general and mobile commerce maturity specifically.

Henny Medyawati, Muhamad Yunanto (2018) aimed to analyze the influence of perceived ease of use, trust, anxiety computing and service quality of the intention in using internet

banking and it showed that perceive ease of use, trust, computer anxiety, and quality of service affects the interest to use internet banking.

**IV. METHODOLOGY**

The primary data was collected from a random sample of 132 individuals through a questionnaire. The items of the questionnaire include questions on online payment methods or transactions people use and their approach towards e-wallets. The secondary data was collected from 'etaal' which is a web portal for dissemination of e-transactions statistics. The results of the surveys are as follows.

**V. PRIMARY DATA ANALYSIS**

The first question was regarding the use of online payment modes. The responses is as follows:-

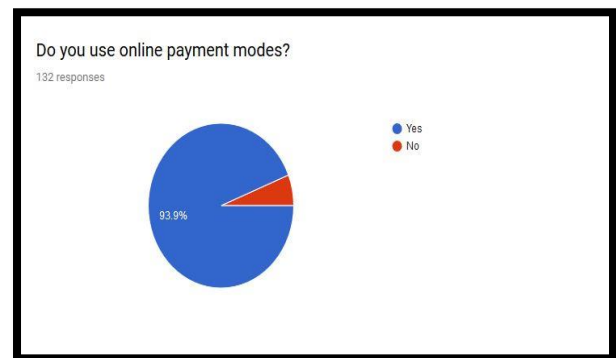


Fig. 1:- Usage of Online Payment modes

Inference: It is seen that 93.9% people use online payment methods in their various transactions. It includes both mobile and internet transactions. Only 6.1% people reported as not using online payment methods. The advancement and easy accessibility of internet may be the reason of this high number of online transactions.

The second question was regarding the methods people use while paying online.

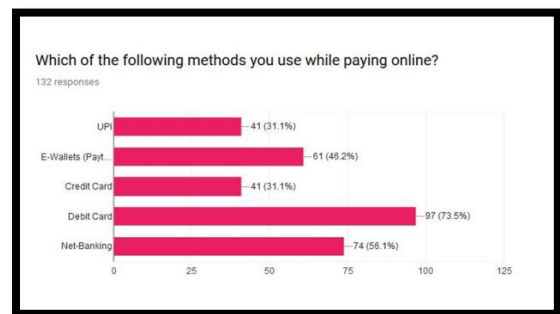


Fig. 2:- Trends in online modes

Inference: The results shows that majority of the people,73.5%, uses debit card for transactions (97responses).The second mostly used method is internet banking,56.1%(74 responses). The third most used e-transaction method is through e-wallets which makes 46.2 %( 61 responses) followed by UPI and Credit Card transactions which makes 31.1% and 41 responses respectively.

The third question regarding e-wallets gave the following results.

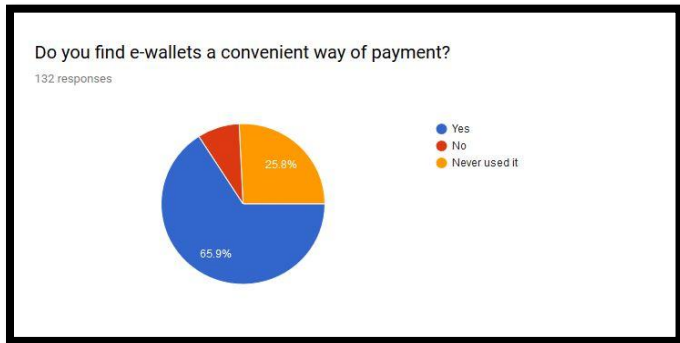


Fig. 3:-Usage of e-wallets

Inference: 65.9% people responded that they find e-wallets as convenient way of payment. Only a very negligible portion of about 8.3% responded negatively to the item and 25.8% have not used e-wallets at all.

The greater proportion of people who have responded positively about the convenience in using e-wallets shows us the popularity and the growth potential of this sector in the economy. Thus more e-wallet platforms can be introduced in future.

The next question regarding the convenience in using physical cash or online payment modes have also showed a similar result.

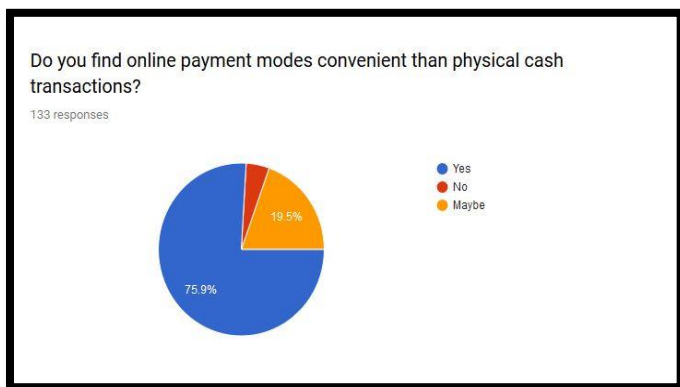


Fig. 4:- Convenience of payment modes

Inference: 75.9% people find online payment modes more convenient than physical cash and 19.5% have mixed opinion regarding the same.

## VI. SECONDARY DATA ANALYSIS

ETAAL is a web portal for dissemination of e-Transactions statistics of National and State level e-Governance Projects including Mission Mode Projects. It receives transaction statistics from web based applications periodically on near real time basis. eTaal presents quick analysis of transaction counts in tabular and graphical form to give quick view of transactions done by various e-Governance projects.

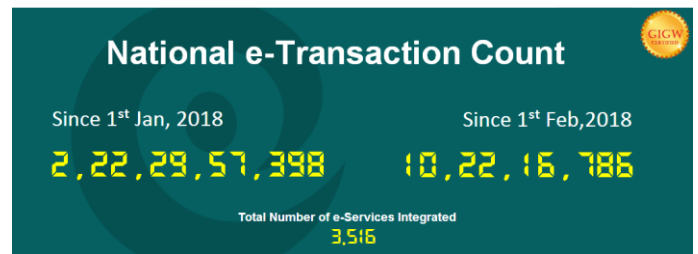


Fig. 5:-National e-Transaction Count

The data above shows the national e-Transaction count in a short span of time. This reveals how much growth this sector include and the ability of digital transactions to change the framework of economy as a whole. The future demand for online transactions can only increase, especially after the demonetisation of currency and many new initiatives undertaken by the government for the development of the country like ‘Make in India’.

## VII. FINDINGS

- A large proportion of population are using online transaction modes these days.
- The widely used modes are card payment and through e-wallets.
- Majority of the population find online payment methods more convenient method than physical cash transactions.
- India witnessed a publicity blitzkrieg that promoted digital transactions within a couple of weeks after the demonetisation.
- More e-payment platforms are emerging in the country on a very fast rate.
- ( Paytm, Buddy are some of the examples).

## VIII. SUGGESTIONS

More digital transactions should be promoted for the ease of conducting financial transactions. As these transactions will be more transparent the flow of the money in the economy can be traced which will in turn help in fighting corruption and money laundering. Digital transaction can help the government to reduce the currency management costs. In India digital transaction is being encouraged in areas that could push out cash. India's largest wallet player, Paytm, claims around 100 million users and MobiKwik, 60 million. Paytm claims around 7 million daily transactions and MobiKwik about 3 million.

Demonetization have given a push to digital payments, but will take lot more time to become the main payment option. The availability and quality of telecom networks will play an important role. There should be improvement in security and ease of transaction. For this the government will also need to play its part. Cashless initiative needs comprehensive planned awareness.

All this shows the possibilities of digital transaction methods to steer the development of the economy and so more and more development in thus field could generate large profit and also employment at the same time will benefit the society and aid economic development.

## IX. CONCLUSION

The approach of people towards the use of digital transactions have changed drastically. People, mostly the younger generation are finding more convenience in e-wallets than physical cash transactions and thus more development in digital transaction sector will be welcomed. The development in digital transaction sector can steer the development of the

economy to a large extent and is a potential area of development. This can in turn generate more employment opportunities along with easier transaction of money in future. It is helpful in the fight against corruption and money laundering. Digital transaction also reduce the risk associated with carrying cash. It helps in the growth of financial stability in the country. E-wallets could bring the drastic change in the mode of payment. Thus more development in digital transactional area is the promising field which would steer economic development.

As said "Going cashless is also a function of literacy, net connectivity and will take time to scale."

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