

A Study on New Dynamics in Digital Payment System – with special reference to Paytm

Rajat

Research Scholar, Department of Commerce, Baba Mastnath University, Rohtak (India)

Date of Submission: 10-10-2020

Date of Acceptance: 31-10-2020

ABSTRACT: The present era is entering into a new pace in payment system by using digital wallets filled with coupons and offers, In this today's busiest world people don't have their time to sit and relax then how can do their personal works like to "recharge their phones, to pay electricity bill, insurance or to shop" etc. So to make people stress free new application has been introduced i.e. Paytm. People are using this application in their mobile phones in higher percentage and made help them to do their works easier. The present research paper is focusing "the impact of these new digital payment systems on customers and problems encountered if any". This gives the option to small vendors to list their products on the website and allows them to expand their customer base.

Keywords: Digital Payment System, Paytm, digital wallets, coupons and offers.

I. INTRODUCTION

Digital payment gateway is an e-commerce application, which facilitates acceptances of electronic payment and authorizes credit card payments for online retailers, e-business etc. This payment gateway facilitates the transfer of information between a payment portal (such as website, mobile phone or interactive voice response service) and the front end processor. Digital payment system refers to an electronic device that allows an individual to make electronic commerce transactions, and also to purchase online items. It also facilitates digital wallet where it is linked to an individual's bank a/c. Customers use digital wallets to store payment data, eliminating the need to re-enter information each time when they make a purchase.

Digital Payment system is a sample of EDI. E-commerce payment systems have become popular in increasing way due to widespread use of the internet based shopping and banking. It includes security measures by use of Card Verification Number (CVN) which detects fraud by comparing the verification number printed on the

signature strip with information on file with card holder's issuing bank. Nowadays, credit cards play a major role and become popular method of making online payments but it is expensive. The very good example for electronic payment system is PayPal.

An electronic payment typically involves the following phases,

1. Registration
2. Invoicing
3. Payment selection and processing
4. Payment authorization and confirmation.

Digital payment system includes 3 common electronic payment instruments namely, cash, cheque and card. The main purpose of an electronic payment is to transfer monetary value from payer to payee. This process involves a financial institution. In today's world, we need an e-payment system that would not only provide secure payments but should also have effort to use mobile devices as "electronic wallets" to store payment details and account information.

II. LITERATURE REVIEW

The relevant literature relating to the topic is reviewed as under:

- **Pande (2015)** Concentrated on the banking revolution in the country as a result of clearance for establishment of 11 Payments Banks in India. Payments banks were the new form of banks to encouraged financial inclusion in India. On 19th Aug 2015, the RBI announced eleven approvals for Payments Banks, a stripped down version of a full service bank which was designed to reach people outside the span of formal banking services. Payments banks had been restricted in banking operations, as they would not be allowed to carry out normal lending activities
- **Aggarwal & Bhatnagar (2016)** examined the future of the payments banks and the various challenges faced by both the traditional and

payments banks in increasing the customer insight for providing the financial inclusion. The payments banks was likely to challenge the traditional banking on the 6 C's including Customer Engagement, Channels for providing services, Cost, Capital, Culture and Collaboration. The Payment Banks provide higher customer engagement by providing them 24 X 7 accesses to the different kinds of services for making their transactions at the minimum cost at their doorsteps which are accessible to them anytime.

- **Tadse and Nannade (2017)** in this paper the present study tries to study the usage of PayTm by Smartphone users. Apart from this, the study also attempt to find out the various problems faced by PayTm users. The objective of this research paper was to study the usage of PayTm by users for which respondents were categorized on the basis of, age, Frequency of usage, Purpose of usage and average monthly spending on PayTm. PayTm was currently performed well in terms of privacy but it also works upon discounts/offers, transaction time and bring about the advanced featured to increase customer satisfaction.
- **Vineeth and Geetha(2017)** in this research paper explained the development of ICT technologies; people were found lots of funs on Internet. The online places that support these fun activities can be generalized as many types of virtual communities based on their interest, relationship, entertainment and commerce. This paper try to draw research attention to the usage experience and perception of PayTM mobile payment service from the perspective of the customers as well as the vendors From our study regarding the usage experience and perception of Paytm in Ernakulam district, if there was one thing that had been grown at a good pace after demonetization it is online payments.
- **Komirisetty and Simha(2018)** in this paper two words that come to almost every Indian's mind while Shopping, Post demonetization, are "Paytm karo." Now the latest Paytm success Story was ever expanding with the addition of e-retail and m-commerce stores. This gave the option to small vendors to list their products on the website and allows them to expand their customer base. Success of Paytm could be it was a plan of action presented in the wake of concentrate the current circumstance winning in our nation and that was the reason it went ahead to wind up outstanding amongst other arrangement after demonetization.
- **NazimaSha and Rajeswari(2018)**the main objective was to analyzed the importance given to Paytm by people in their daily routine life and success of Paytm in encouraged the Cashless economy. The objective was also to study the flexible services offered by Paytm encouraged the Cashless economy and also promoted the Digital India.
- **Samnder and Gramopadhye(2018)**the present study had been conducted in order to carefully analyzed and study the level of customer satisfaction towards Paytm UPI app. The objective of this study was also to observe and evaluate the purpose of using Paytm as one of the UPI applications, reasons for choosing Paytm as an UPI application and to find out the problems encountered by the customers. The current research study concludes that the usage of Paytm was only at a satisfactory level.
- **Kavita and Rajeswari(2019)** India was one of the fast growing nations in using the mobile wallet system. There was many initiatives such as digital India, and demonetization had helped the mobile wallet companies to increase the usage among the people it was concluded that behavior of respondents on the attributes which was available in Paytm, but usage level is low in post demonetization period when compared with pre demonetization period due to implementation of UPI (Unified Payment Interface) which was implemented by the government.
- **Senthil(2019)**in the current era was entered into a new pace in payment system by using digital wallets filled with coupons and offers. So to make people stress free new application had been introduced i.e. Pay tm or pay u money. PayTm services may also introduce some sales promotion activities, such as cash discounts, reduce service charges and gift etc. It can be concluded that they would be a tremendous growth in adoption of PayTm in the forthcoming years.
- **Vaishnavi & Shruthi (N.D)**analyzed that over the past decade the Indian economy had undergone rapid technological and innovational transformations which led to the birth of Payments Banks. Acceptance of payments banks had resulted in greater financial penetration among Indian demographics in the form of increased awareness among customers and their retention, reduced burden of commercial banks and increased the digitization of banking transactions thus; reducing operational

expenditure and maximizing the profitability of banks. Payments banks were providing a gateway to the low income and middle income groups.

OBJECTIVES OF THE STUDY

1. To have an insight about the concept of Paytm.
2. To understand the basic features of Digital payment system especially with Paytm.

RESEARCH METHODOLOGY

This study is conceptual and descriptive in nature with a detailed review of literature, the official websites, research papers and journals were also required during the study.

PAYTM

Paytm, as its abbreviation states, "Pay through Mobile" was launched in 2010 by One97 communications as a prepaid mobile and DTH Recharge Company. Gradually, it made its way into the e-commerce market in the year 2014 and further added bus ticketing to its application in 2015. Paytm now offers multiple products ranging from primary mobile recharges to buying products enabling customers to get everything at one place. Thus, over a period of time, it has become both a payment platform as well as the marketplace. The present study is taken into consideration only one objective that 'to know Paytm's Growth in India as a Digital Payment Platform. The study is based on secondary data, which is collected through various books, business magazines, journals, newspapers, research studies internet, web sites, and etc., which is presented about growth of Paytm since from origin.

In today's business world, pay tm is increasing with mobile phones. People access various features through mobiles wherever they are, whenever they need it. In addition to this, pay tm is playing a major role by benefiting the customers to make online payments. Pay tm has also had the option of recharging and shopping from anywhere and whenever equipped with a secure online wallet called pay tm cash.

FEATURES OF PAYTM BANK

The Paytm Bank is officially launched. Now you can expect full features of this bank. It has some really cool features. But, these features would be enough to make you an informed decision. You can decide whether you should open an account in Paytm Bank or Not.

1. Payment Bank: It is a Paymentbank. The RBI has permitted this type of bank recently. These

banks can only deposit money and facilitate the fund transfer. These can't lend money or issue a credit card. There would be only saving account and current account.

2. Easy Account Opening: You can open an account in Paytm Bank from the Paytm app. The account opening process is user-friendly and you can complete it within 2 minutes. However, you still need Physical KYC verification for the Paytm Bank as well. You can fill the KYC form in the app itself. The Paytm representative would visit your house to complete the KYC formalities.

3. No Minimum Balance: All regular banks require a minimum balance in the saving account. If you don't maintain the minimum balance, there can be a penalty. But, Paytm Bank doesn't charge such penalty. You are free to keep zero balance in your Paytm bank account.

4. Free Online Transaction: The Paytm Payment Bank is useful for online transactions. It does not charge for any online fund transfer. The transfer can be through the UPI, IMPS or NEFT. However, UPI transaction charge is zero from the regular banks as well. But bank charge fees for IMPS and NEFT transaction. In the Paytm Bank, it would be free.

5. Rupay Debit Card, International Payment Not Possible : It issues the Rupay Debit card. This card is given in digital format. It means you would get the card number, expiry date and CVV number. These details are required for the online transactions. However, Rupay Debit card is not accepted for the international payments. There would not be any charge for the digital debit card.

6. Charge for Paytm Wallet to Bank Transfer: Paytm bank does not charge for fund transfers. But, ironically, it charges for fund transfer from its wallet to the bank account. While both are the part of the same Paytm app. It is a heavy charge; you have to give 3% cut for the transfer from Paytm Wallet to Paytm Bank Account.

7. No Cheque, No DD: The Paytm Payment bank does not issue a cheque book. It means you can't issue a cheque for the third party payment. Similarly, you can't get Demand draft from the Paytm Bank. To do this task, you have to go to the regular bank.

EVOLUTION OF PAYTM

- PayTM was founded in August 2010 with an initial investment of \$2 million by its founder Vijay Shekhar Sharma in NOIDA, a region adjacent to India's capital New Delhi. It started off as a prepaid mobile and DTH recharge

- platform, and later added data card, postpaid mobile and landline bill payments in 2013.
- By January 2014, the company launched the PayTM Wallet, and the Indian Railways and Uber added it as a payment option. It launched into E-commerce with online deals and bus ticketing.
 - In 2015, it unveiled more use-cases like education fees, metro recharges, electricity, gas, and water bill payments. It also started powering the payment gateway for Indian Railways.
 - In 2016, PayTM launched movies, events and amusement parks ticketing as well as flight ticket bookings and PayTM QR. Later that year, it launched rail bookings and gift cards.
 - In 2017, PayTM became India's first payment app to cross over 100 million app downloads. The same year, it launched PayTM Gold, a product that allowed users to buy as little as ₹ 1 of pure gold online. It also launched the PayTM Payments Bank and 'Inbox', a messaging platform with in-chat payments among other products.
 - By 2018, it started allowing merchants to accept PayTM, UPI and Card payments directly into their bank accounts at 0% charge. It also launched the 'PayTM for Business' app, allowing merchants to track their.

III. CONCLUSION

Paytm is growing very fast and it will grow more in the coming time. Paytm initially started the business with some limited services but currently it is providing many services. Paytm opened its own payment bank in 2017 and Paytm was the most used at the time of demonetization. It has also started its own Paytm Mall app. It also starts various promotion programmes to increase awareness level i.e. cash discounts, gifts, low service charges & high rate of interest on deposit . PayTM promotes cashless economy & contributes in the mission of "Digital India" started by the government of India. Overall we can say that Paytm has increased its customer base and is growing very fast.

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