ANALYSING THE IMPACT OF PAYMENT SYSTEMS IN ADDING VALUE TO BUSINESS

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ABSTRACT

The field of digital marketing has turned out to be more powerful these days. They play a prominent role in doing business across the world. Digital marketing has aroused and expand its popularity among the people globally. The adoption of digital technology in modern marketing strategies embraced through the use of social media is SEO service, sources responsive websites and email marketing. Digital marketing is a very broad topic which involves marketing of your product and services by using digital medium especially the internet. These are cost-effective strategies to use online to further legitimize and attract people to your business and its product or service and help in yielding a high return on investments, pay per click and get to the audience sooner and create brand awareness on budget. The digital media can deliver fast results and sales digital marketing allows a business to respond to customers and make any adjustments quickly. They also have some negative sides of digital media on business. The disadvantages are the trolls made by the general public have impacts on market and market products. It requires skills and training, the global audience with digital marketing create worldwide competition. The negative feedback or criticism of any brand is visible to the audience through social media.

Keywords: e-commerce, search engine optimization, e-wallets.

INTRODUCTION

The emergence of e-commerce and online purchases, the form required for the payment system also required to change, forcing it to go digital. An indicative progress path is shown in the graph. Thus we migrated from cash payments (which required us to carry our leather /cloth wallet loaded with cash at all times that made it theft prone) to plastic card payments (debit / credit card based system which avoided the use of carrying liquid cash and gave us the freedom to withdraw money / make payments or transfers or remittances from all locations across the globe where the card could be machine-read) and now to contactless payments made over digital channels, either from dematerialized cards held on digital wallets or in the cloud, or from new digital payment mechanisms. Since the scenario is still evolving a wide variety of names are used inter-chantingly for such transactions such as e-money, digital money, micro-payments etc. The terminology as well as the technology for operation of the wallet is still evolving. Wallet in the conventional sense of the term, refers to a purse or folding case for safely holding money or personal information such as identity card. Digital or Electronic Wallet (e-wallet) refers to an electronic, internet based payment system
which stores financial value as well as personal identity related information. Such electronic payment systems enable a customer to pay online for the goods and services, including transferring funds to others, by using an integrated hardware and software system. Hardware can be a mobile or computer. Communication between the buyer and the seller may happen over the internet or blue tooth or on mobile network. Thus, e-wallet is nothing but an online money account which does not require the use of a physical card for undertaking transactions/remittances. Unlike savings bank accounts, they, at present, do not offer any interest for keeping money in it, but rewards the holders through cash-backs for making purchases through it. Unlike credit cards, e-wallets are pre-loaded money. Hence, it resembles more to a debit card.

**TYPES OF E-WALLETS PERMITTED IN INDIA**

As per the Reserve Bank of India, there are three kinds of e-wallets in India: closed, semi-closed and open.

**Closed e-wallets:**

These are wallets issued by an entity for facilitating the purchase of goods and services from it. These instruments do not permit cash withdrawal or redemption. As these instruments do not facilitate payments and settlement for third party services, issue and operation of such wallets are not classified as payment systems. Hence, RBI approval is not required for issuing them.

E.g. Cab services, e-commerce and mobile companies create e-wallets for making payments towards purchase of products from them /for usage of their services. They provide cash backs for payments made through this channel. This is one way of ensuring loyalty of their customers.

**Semi-Closed e-wallets:**

These are wallets which can be used for purchase of goods and services, including financial services at a group of clearly identified merchant locations/ establishments which have a specific contract with the issuer to accept them. These wallets do not permit cash withdrawal or redemption by the holder.

Wallets for amounts up to Rs.10,000/- can be created under this category by accepting minimum details of the customer, provided the amount outstanding at any point of time does not exceed Rs. 10,000/- and the total value of reloads during any given month also does not exceed Rs. 10,000/-. Amount up to Rs.50, 000/- can be created in wallets by accepting any ‘officially valid document’ which is compliant with anti-money laundering rules. Such wallets are non-reloadable in natureAmount up to Rs.1, 00,000/- can be created by with full Know Your Client norms (KYC) and can be reloaded. AirTel Money, which is used for
making payments for a range of services like money transfer from Airtel Money to another bank account or any other Airtel Money Wallet or paying select utility bills.

**Open e-wallets:**

These are wallets which can be used for purchase of goods and services, including financial services like funds transfer at any card accepting merchant locations [point of sale (POS) terminals] and also permit cash withdrawal at ATMs / Banking Correspondents (BCs). However, cash withdrawal at POS is permitted only up to a limit of Rs.1000/- per day subject to the same conditions as applicable hitherto to debit cards (for cash withdrawal at POS).

E.g. M-Pesa is an open wallet run by Vodafone in partnership with ICICI Bank. Axis Bank’s e-Wallet Card’, can used for making payments on sites that accept Visa cards, with a minimum limit of Rs 10, and a maximum limit of Rs 50,000, and a validity of 48 hours

**OTHER DIGITAL PAYMENT SYSTEMS IN INDIA**

Many digital payment methods are encouraged by the government to transfer money, to avoid physical cash transactions and to increase the accountability. It leads to avoid tax avoidance and many other purposes of government initiated various forms of digital payments in India. One of the digital payment methods is e-wallet or mobile wallets.

**RUPAYCONTACTLESS PAYMENT**

The key feature of the NPCI specification is that it enables Acquirers or Operators to own independent blocks on the payment card. These blocks of are referred to as Service. An acquirer who wishes to implement special function along with the EMV based payments on specific terminals can do so using empty storages area called as “service compartment“. Service compartments may contain data which is specific to a particular operator. The specification will enable service owners to create/modify and use their own space on the card. RuPay Contactless specifications have been developed to offer vendor agnostic, scalable, inter-operable, secured, user friendly and cost effective ecosystem of low value payments to facilitate building a cashless transaction environment. The specifications will allow member banks and any other RuPay service provider/issuer to bring out open loop RuPay products while providing them the option of offering inbuilt stored value and stored data functionalities.

**BHARATH INTERFACE FOR MONEY (BHIM)**

Bharat Interface for Money (BHIM) is an app that lets you make simple, easy and quick payment transactions using Unified Payments Interface (UPI). You can make instant bank-to-bank payments and Pay and collect money using just Mobile number or Virtual Payment Address.
UNIFIED PAYMENTS INTERFACE (UPI)

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one. It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.

With the above context in mind, NPCI conducted a pilot launch with 21 member banks. The pilot launch was on 11th April 2016 by Dr. Raghuram G Rajan, Governor, RBI at Mumbai. Banks have started to upload their UPI enabled Apps on Google Play store from 25th August, 2016 onwards.

BHARATH BILL PAY

The Bharat Bill Payments system is a Reserve Bank of India (RBI) conceptualised system driven by National Payments Corporation of India (NPCI). It is a one-stop payment platform for all bills providing an interoperable and accessible “Anytime Anywhere” bill payment service to all customers across India with certainty, reliability and safety of transactions.

Bharat Bill Pay a One-stop access: Bharat Bill Pay has multiple modes of payment and provides instant confirmation of payment via an SMS or receipt. Bharat Bill Pay offers myriad bill collection categories like electricity, telecom, DTH, gas, water bills etc. through a single window. In future biller categories may be expanded to include insurance premium, mutual funds, school fees, institution fees, credit cards, local taxes, invoice payments, etc. An effective mechanism for handling consumer complaints has also been put in place to support consumer regarding any bill related problems in Bharat Bill Pay.

IMMEDIATE PAYMENT SERVICE (IMPS)

For transferring funds real time and 24X7X365 interbank was a major challenge faced in banking industry. Only NEFT&RTGS were available to user for fund transfer during banking hours.

With the above context in mind, NPCI conducted a pilot study on the mobile payment system with the banks like SBI, BOI, UBI and ICICI in August 2010. Also the banks like Yes bank, Axis and HDFC bank joined this league in the month of September, October and November 2010 respectively. Immediate Payment Service (IMPS) public launch happened on 22nd November 2010 by Smt. ShyamalaGopinath, DG RBI at Mumbai and this service is now available to the Indian public.
IMPS provides robust & real time fund transfer which offers an instant, 24X7, interbank electronic fund transfer service that could be accessed on multiple channels like Mobile, Internet, ATM, SMS, Branch and USSD(*99#). IMPS are an emphatic service which allows transferring of funds instantly within banks across India which is not only safe but also economical. Currently on IMPS, 243 members are live which includes banks & PPIs

BHARATHQR

A QR code consists of black squares arranged in a square grid on a white background, which can be read by an imaging device such as a camera. It contains information about the item to which it is attached. NPCI jointly worked with International card Schemes to develop a common standard QR code specifications. BQR is Person to Merchant (P2M) Mobile payment solution. Payment Using BQR enabled Mobile banking Application/wallet:

Merchants need to display QR codes in their premises. User can scan these QR via BQR enabled mobile banking app and pay using Card linked account / VPA / IFSC + Account / Aadhaar.

NPCI and UPI

Under the recommendation of the RBI, the National Payments Corporation of India (NPCI) was incorporated in 2008 as a joint venture of banks to act as a cooperative to promote payment standards in India. In line with its mandate, the NPCI has released several payments products to the market such as IMPS (Immediate Mobile Payments Service) and the UPI (Unified Payments Interface). Unlike mobile wallets, these products can be operated only through a bank account. It is expected that with the launch of payments banks, these platforms will ultimately score over mobile wallets in the long run.

The UPI is a revolutionary new payment mechanism that provides for a safe and secure manner of making a payment without sharing the bank account number or IFSC codes. This is possible through the generation of a Virtual Payment Address (VPA) that can be obtained by anyone with an account in a participating bank.

OPPORTUNITIES FOR BANKS AND MFIS

- e-KYC with Adhere will make account opening easier
- Remote validation of bank account opening based on a scanned electronic copy can also ease the KYC burdens
- Abridged CBS platforms (or payment bank platforms, if approved by the sponsor bank/RBI) can lower processing costs for healthy transaction volumes and providing real time transaction processing
• White label business correspondents can be added to banks’ distribution network and generate more transaction volumes

**MFIs**

• Not enough financial muscle to invest in technology on their own
• Mobile phone (SMS / USSD / Application) based instructions are still a challenge for poorer, uneducated or non tech savvy people Cards infrastructure can get expensive

**MNOs OPPORTUNITIES**

MNOs have the capability to process low value transactions in a more economical and efficient way. Once consumer trust is built, more transaction volumes will lead to more revenues, Status of a payment bank will allow more freedom to offer extensive products and services related to payments and deposits, thus, improving the client value proposition. White Label Business Correspondents can complement existing networks and be more economically

**THIRD PARTIES OPPORTUNITIES**

• Should the RBI approve the Payment Bank License, service providers can offer more adapted services to the clients e.g. deposits and cash out
• Incentives can be offered to distributors and retailers. For example, processing transactions on behalf of illiterate customers can earn agents commission instead of them having to take time to educate the customer. Agents can also be offered credit at attractive rates depending on the volume of their activity.

**CONCLUSION**

This paper is to analyse the various payment systems available in India, Social and digital media is the future of marketing with which targeting customer will be easier with affordable ways. Digital marketing plays significant role in the comprehensive growth in economy. Many leading marketing companies adopted social and digital media for the promotion of product and service the main focus must be in empowerment and no removal from digital environment. The ultimate goal is having safe and effective access. The social media simplified and revolutionised marketing to reach the target audience with various methods adopted for cashless transaction, though it has positive side in the business it equally has negatives as two side of a coin. The government is largely proactive and is driving digital and mobile financial initiatives. The national payments corporation focuses on mobile and digital financial initiatives and provides a strong switch with nationwide reach large populations can be brought on board with the right ecosystem and customer message/education

The mobile channel offers a cost effective, secure and convenient alternative to access financial services Technology is evolving to meet the needs of low end to high end
consumers, and is already accessible through USSD, IVR, SMS, web and apps. Weaknesses are despite the market opportunity, the number of actual customers is still low, largely due to regulatory constraints and weak business models. Banks still need to do more to extend financial services to under banked segments; Service providers need to invest more time and money to make digital financial services a viable business. It cannot just be an ‘add on’ to an existing business line. More marketing and awareness campaigns need to be developed to educate consumers Even though technology is progressive; there are still incompatibility issues between handsets and required applications/software to access services. We have to strike a balance between social impacts and digital marketing.

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