REVIEW ON UNIFIED PAYMENT INTERFACE ADVANCEMENT TOWARDS DIGITALIZATION AND CHALLENGES FACED

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Abstract

After Demonetization there was huge requirement for currency notes but government was unable to provide required quantity of currency notes and also Indian government wanted to promote cashless transactions. UPI is built over Immediate Payment Service (IMPS) for transferring funds using Virtual Payment Address (a unique ID provided by the bank). Unified Payments Interface is a payment system launched by (NPCI) which is National Payments Corporation of India and is regulated by the (RBI) Reserve Bank of India which provides the facility of instant fund transfer between two bank accounts online through payment apps. Digital transactions by UPI have been made very easy. The UPI service is available 24X7,it is not like RTGS and NEFT which doesn't works on holidays and non-banking hours. This will bring tremendous efficiency in the system and help India become a cashless economy.

Keywords

Digital illiteracy, Online payments, cashless economy

Introduction

India is the seventh largest economy of the world with GDP of USD $ 2.3 trillion, for an economy of this size India is predominantly cash driven economy. The circulation of total currency in India on March 2016 was Rs. 16,415 billion. (Gochhwal) The purpose behind studying the paper is to study the detailed technology behind UPI and the value addition that UPI brings with respect to the existing digital payment systems. Unified Payments Interface (UPI) is an instant real-time payment system developed by National Payments Corporation of India facilitating inter-bank transactions. Rapid growth can be witnessed in UPI which can be attributed to the expanding ecosystem promoted by banks and increasing the adoption by the users but primary usage for these early adopters has been to make person-to-person remittances. For UPI to reach its full potential, it is critical to develop merchant centric UPI payments solutions. (Gochhwal).

Objectives of UPI

- To provide instant payments through mobile, web and other applications.
- To provide more secure and convenient payment service for both sender and receiver channels.
- To allow banks and other players to innovate and offer a next level customer experience to make the electronic payments more secure for using.
- To Support the growth of e-commerce, while at the same time meet the target of financial inclusion.

Challenges faced by UPI

- Technological barriers: For it is online transaction there can be technological barriers regarding using the apps as it can stop working which can lead to transaction problem or can cause errors which can again be vulnerable.
- Digital literacy: This has always been a barrier regarding the digital literacy in India it is less in rural areas where people tend to use lesser mobiles and online modes of transactions in remote areas. It will still require some time for India to come to fully Digitalized.

- Complexity: The conundrum with the online payment modes is it requires a lot of information. Therefore lot of people refrain from these kind of complexity arising. So this payment modes should be as simple as possible.

- Online transactions privacy issues: There has been a lot of fear regarding the transactions people do online because they could get trapped or deceived while dealing online. So permanent solution should be amended through a simple process which can be safe for people to use.

Research methodology

The data collected uses the approach of exploratory research to discuss the study relevant to the title. The information has been drawn from E-journals. Articles are collected from relevant websites and using primary data for analysis reviews from peers and employees, students, businessmen and home makers.

Review of literature

1- Issues in transaction of money online (V01) : There are various issues in transaction of money online such as privacy issues in which people refrain from using digital payments apps and there is a sense of risk for them while using these apps . Rather then risk is more riskier for non users is the money they are about to transfer through this apps because there is fear of losing money or they getting trapped. Therefore to keep in other words we can say there are security issues as well. (Radhika Basavaraj Kakade)

2- No accessibility to internet (V02) : There was a provision where apps to be made which can transfer money offline as well. But to make it more proper or more accurate wherein the transactions happening can be traced, so accessibility to internet is much needed where the source would know from when and where the transactions are taking place. No internet can really hamper the UPI payment process. (Financial express)

3- Complexity of using UPI (V03): The urban India following the recent trends and making its way towards digitalization often adapts the new and easier ways for everything but considering the rural areas wherein the digital illiteracy is whooping 90% wherein we can understand the usage of UPI and because they haven't used these kind of modes of payment online they feel it more complex to use. (Radhika Basavaraj Kakade)

4- Technological barriers (V04): There are technological barriers regarding UPI which is an end to end encryption method for transactions of money meanwhile it can also cause technological barriers like errors in using the different payments app or slow internet connections which can hamper it. (Chatterjee)

5- Digital Illiteracy (V05): There is less digital literacy in India except rural areas because of increasing population in urban cities the statistics show huge numbers :of usage but the matter of the fact is there is still digital illiteracy in India in rural areas which can prove to regressive in aspect of country going towards digitalization. (Radhika Basavaraj Kakade)

6- Capability to call it as cost effective innovation (V06): Since it lacks many features, there were rumours of it replacing the NET Banking. But the problem with UPI is it lacks lot of other features to call it as a cost effective innovation such as to apply for the loans or to open a bank account such as savings A/C or current A/C. (THE HINDU)

Data analysis

Data analysis is a process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Average score

Average score analysis/Descriptive analysis is used to describe the basic features of the data in the study. They provide simple summaries about the sample and the measures. Together with simple graphical analysis, they form the basic virtual of any quantitative analysis of data. With descriptive analysis, one simply describes what is or what the data shows.

Sr.no	Employee	Businessmen	Self-maker	Graduate	Below Graduate	Total
V1	⇨ 3.8	⇨ 4.0	⬇ 2.0	⇨ 3.6	⇨ 4.0	⇨ 3.7
v2	⬆ 4.2	⇨ 3.8	⬇ 2.0	⇨ 3.3	⇨ 3.3	⇨ 3.8
V3	⬇ 2.6	⬇ 2.0	⇨ 4.0	⬇ 2.6	⬇ 2.6	⬇ 2.5
V4	⇨ 3.3	⬇ 2.3	⬆ 5.0	⬇ 2.6	⬇ 2.6	⇨ 3.1
V5	⇨ 3.9	⇨ 4.0	⬆ 5.0	⬆ 4.3	⬆ 4.3	⇨ 4.0
V6	⇨ 4.0	⇨ 3.8	⬇ 2.0	⇨ 3.9	⇨ 3.9	⇨ 3.8

Source: Primary Data. Figure 1 occupation wise average score analysis

From the above table it is found that:-

- **V3(UPI complex to understand):-** from the primary data collected it is found that people disagree with the statement and rather UPI is not complex to understand.
- **V5(digital literacy)**:-from the primary data it is found that respondents believe that digital literacy is less in India.

Summary of findings

1) It is found that UPI is not complex to understand and yet is not used which is complimenting the variable such as digital illiteracy in India.

2) From the above study it is found that V5 that is digital literacy is very less in India (Digital Empowerment Foundation, 2017-18)

3) From the above primary data V4 that is technological barriers is also affecting the UPI application. Technological barriers like Internet, user friendliness of applications etc. are affecting the UPI application in India.

Suggestions

1) Indian people having negative perception towards online payment application because of fraudulent activates people mostly prefer cash transaction. If online wallets, UPI or any other online cash transfer application should focus on marketing of their security of the transaction.

2) Indian government is taking steps towards "Digital India" and for attracting the customers UPI is giving benefits like cash backs, discounts etc. Government should invest in "How to be a cashless" in form of seminars or TV advertisement.

3) In India there is lack of internet connectivity in rural areas or even some parts of urban areas. Government should invest in providing high speed internet in low cost. If internet connectivity will increase then online fund transfer will surely increase.

Conclusion

From the above study we conclude that there is dire necessity of Digital literacy in India. In (Digital Empowerment Foundation, 2017-18) it is said that 90% of people are under digital illiteracy in India. Government should focus on how to reduce the illiteracy in our country. The main objective of the study is how India canbecome digitalized. If Indian people adopt the

cashless service than transparency will increase and it will help to ease the process. Thus cashless process will help in reduce the black money.

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Bio

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