



Press Release

Tracing India's Journey In The Digital Payments' Domain

Source: outlookindia

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Mumbai, August 10, 2019

Be it travelling, shopping, booking movie tickets, reserving seats at your favorite dine-in facility, lending, borrowing or any other activity — cashless payments have you covered. Thanks to the robust fintech ecosystem, the world has become our oyster and at every step, digital transactions are helping us save both time and money.

Digital Payments – The Journey So Far

When Point Of Sale (POS) terminals made their way into the Indian financial ecosystem in a full-fledged manner in 2016, there were challenges that simultaneously struck the nation in terms of their full acceptance. Nearly a decade ago, people in India hesitated to even indulge in online transactions as they found cash to be the only trustworthy and secure way to make payments. While e-banking has been there in the Indian spectrum since early 2000s, it was limited to big business transactions. Similarly, the casual use of debit and credit cards or e-payments was concentrated in the metro cities. And despite digital transactions already making headwinds, its meteoric rise can be attributed to demonetisation. And since then there has been no looking back.

India's digital payments story is akin to none. This revolution prevailed over other nations gradually but due to demonetisation and the government's intervention in compelling telcos to reduce their services costs led to the fast penetration of internet services, in even the most rural parts of the country, which became possible due to advancements in the technology and infrastructure. India adapted to the transition of paying via digital means almost overnight. Post demonetisation, digital transactions found their way into the Indian psyche. Immediately afterwards, government began providing people with several incentives or concessions or benefits for opting to use online methods of making payments. Ever since payment gateways and APIs (Applications) came into existence, they have proven to be a boon for the economy since these platforms does not require physical presence of cards.

Further, cashless transactions also encouraged people to purchase more, thereby, contributing to economic growth. Experts opine that this transformation has the potential to take India closer to its dream of becoming an economic superpower by ensuring transparency and accountability in the system and reducing expenses of producing and distributing cash.

The rise of digital payments has also paved way for several new businesses and has expanded the business outreach of several leading business players across sectors. Take e-tailers, cab services and food aggregators, they all owe big time to digital transactions as their revenues have sky-rocketed ever since the boom of e-payments.

Yet another factor behind the rise of digital payments is the new Indian middle class with increased purchasing power. Although India is still far from becoming a consumption market, the shift in the Indian consumers' spending habits is clearly evident. A careful analysis reveals a significant rise in spending on restaurants, clothing, and jewelry apart from usual items such as grocery and fuel. A considerable percentage of these transactions are done through digital means.

Way Forward For Digital Payments

Seeing the world grow with innovative, useful and convenient technology, Digital Payments' Sector is already geared up to mould accordingly in terms of providing security and convenience to people. As far as the future possibilities are concerned, the next generation is sure to witness myriads of improvements in the Digital payments' sector. The same is only possible with innovations like iris recognition as password, or validation chip tied to the wrist of the cardholder, automated payments for several services and thumb impression to validate payments.

In June this year, the Reserve Bank of India (RBI) estimated that digital transactions are set to rise four times by 2021. The central bank's report revealed that the total digital transactions in volume terms recorded a growth rate of 58.8% during 2018-19, on top of a growth of 50.4% during 2017-18.

In light of the above statement, government and the RBI have set ambitious target for deeper penetration of digital payments to turn India into a cash-lite economy. To that end, RBI is taking steps to ensure a 34% increase in the usage of POS terminals by traders.

In 2017, the banking ombudsman scheme was amended and brought into effect for resolution of consumers' complaints relating to certain services rendered by banks. All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks have been covered under the Scheme.

Meanwhile, the government is giving a nudge to new technologies in the financial technology space along with focusing on inclusive banking. Inefficiencies in this regard like Know Your Customer (KYC) bottlenecks and cyber security threats are also being tackled to avoid any obstacle in the rise of digital payments.

Along with the efforts by the government and RBI, private ventures are also investing heavily in the digital payments' sector. Many startups are leveraging advanced technologies to facilitate digital payments.

In addition, with digital payments' industry becoming an attractive destination for foreign investors keen to establish a foothold in India, it can be concluded that the country's near future is all about Digital India.

The author is the CEO and Director at Lyra Network India

About Lyra

Started in 2007, in Mumbai, India, Lyra is established as a leader in securing e-commerce and proximity payments, working in sectors like payment gateway, IP solutions sim solutions, payment switch, merchant plug-in, etc.

Lyra's Key Figures:

- Over 10 billion payments secured and transmitted
- Over 1,20,000 e-merchants
- Over 14,00,000 POS devices
- Processing 16 million connections per day
- SSL certified, EMV 3D2.0 secured and PCI DSS V 3.2.1 compliant services

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