

Dynamics of Digital Payments Enable the World's Safest Way to Pay

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ABSTRACT:

The digital payment system marks an innovative phase in the global economy. Digital payments, sometimes referred to as electronic payment systems, have given rise to mobile shopping and physical ecommerce. The e-commerce sector in India has significantly increased customer satisfaction in a range of focused on consumers industries. Currently, companies are developing an industry centered on mobile applications with the aid of advanced technology. Mobile commerce refers to technical business that is built on mobile applications. Digital payment business is an innovative business model based on internet applications. Growing the strength and capacity of remote offers allows clients to contribute more freely in an ascending manner. Companies are starting to realize that m-trade is essential to enhancing their reputation, closing agreements, and competing. Today's business groups have integrated portable trade into a number of functional areas. India must be at the forefront of these fields when it comes to offering its citizens innovative services and applications. The paper highlights the dynamics of digital payments and the manner in which worldwide digital payment companies allow customers to choose the safest way to make a payment. This study analyses information collected from secondary sources.

Key Words: Digital Payment, global economy, dynamics.

INTRODUCTION

Cashless transactions provide many benefits when compared to conventional payment methods, including heightened speed, convenience, and security. Businesses gain from cashless transactions because they enhance tracking, revenue, and customer happiness. There are several readily apparent benefits to switching to digital payments and documentation. Nowadays, companies and customers anticipate that the digital payment capability will ultimately be rendered accessible to enable safer, quicker, and cost-free transactions. The person making the payment reduces risk by having a mobile phone that offers further validation through a thumb scan or other validation or fingerprinting technology. Digital Payments Market developed as an outcome of the collaboration of technological businesses and giants of e-commerce. Apple, Google, Facebook, Amazon, Samsung Pay, and Alipay represent just some of the largest businesses in the online payment space. Another of the largest Chinese online transaction networks, Alipay, has over 900 million domestic users that facilitate payments among buyers and sellers.

DYNAMICS OF THE DIGITAL PAYMENT MARKET

1. Growth Driver: Increasing User Demand for Digital Payments.

Customers are starting to prefer digital payments more and more as a result of the increasing popularity of cashless transactions. Users at large are able to perform payments from everywhere at any moment thanks to the increasing approval of transactions that do not require cash, which has altered the worldwide environment of digital payments. Cashless transactions provide many benefits when compared to conventional payment methods, including heightened

speed, convenience, and security. Businesses gain from cashless transactions because they enhance tracking, revenue, and customer happiness. The amount of digital payments is expected to rise significantly in the next years as consumers find it simple to use these methods to make purchases of goods and products. This is what propels the growth and progression of the marketplace. There is an increasing demand for real-time transaction solutions because of factors including mobile phone usage, greater access to the internet, and transparent interfaces. This need is going to lead to a rise in the marketplace for digital compensation. Customers presently expect online transactions to be easier and more efficient. Global demand for the sector is expanding as a result of better, more seamless user experiences and greater customisation. The growing use of mobile wallets is one of the primary factors propelling the growth of the virtual transaction system market. E-wallets have become more and more common over time because of their simplicity of use and the many advantages provided by online transaction apps.

2. Restraints: Insufficient Security and Privacy Concerns.

The internet payments industry is expanding fast due to how rapidly technology advances, but many consumers have reservations about just how widely electronic payments will be accepted. Concerns about safety and secrecy are the main drawbacks of using electronic payments. The digital payment system is vulnerable to deception, unethical performers, and information thefts due to a lack of appropriate security measures. Data about customers and companies may be lost as a consequence of inadequate safeguards. Though plenty of individuals use digital payments, their anonymity and confidentiality are insufficient. Customers may worry fear their data being misused without permission or about being identified when associated with a personal transaction or their account belonging to another individual. Therefore, this limits the marketplace's development and expansion.

3. Opportunities: Growing Smartphone Adoption and Internet Expansion.

A significant and broad impact on consumer and business conduct has resulted from the internet's and smartphones' rapid expansion in the worldwide digital payments sector. Irrespective of the existence of a person at the point of sale, digital payments allow anyone with a device capable of connecting to the internet to carry out business with retailers all the time, continuously. With having cash or utilising bank or credit cards, customers can make purchases and pay for things fast and easily thanks to its immediate accessibility. Customers can send and receive money in a dependable, efficient, secure, and quick way by simply connecting retail devices to other payment service providers electronically.

4. Challenges: the lack of digital literacy and awareness.

A sizable section of the populace in underdeveloped and developing countries is not familiar with digital transactions. They don't own smart, connected products, and the absence of internet connectivity in these nations makes the market much less likely to expand. The expansion of the market will be hampered by the lack of digital literacy.

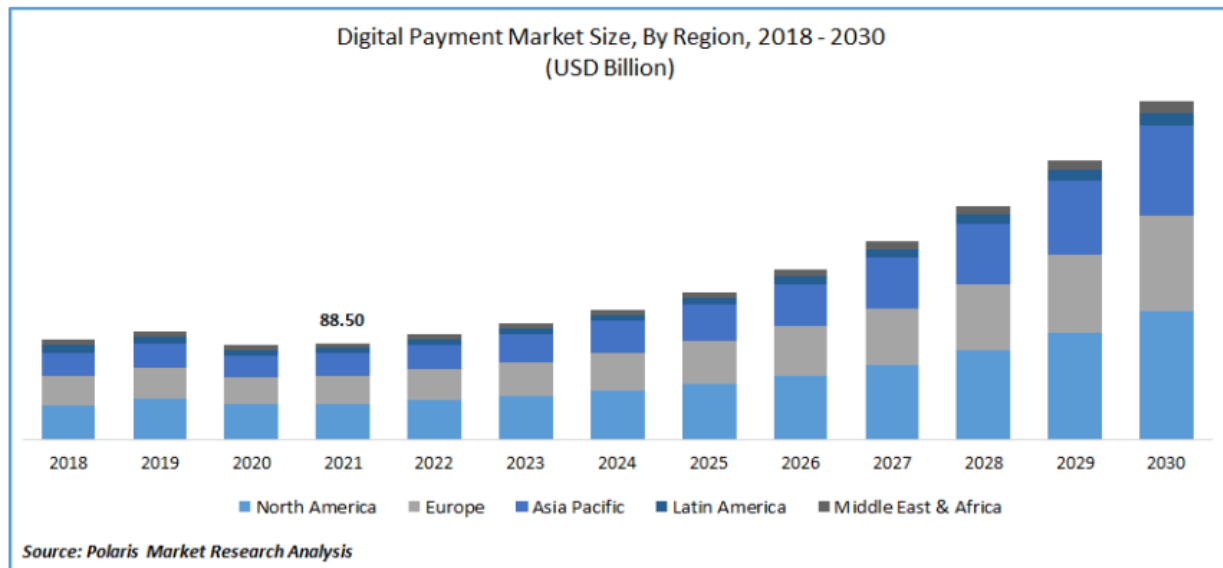
5. Ukraine-Russia war impact on digital payments industry

Although it possesses a chance to worsen the prevailing semiconductor shortage, which has caused economic damage in several other industries recently, including computers and autos, the crisis in Ukraine could have a significant impact on the digital economy. Important ingredients for semiconductors exported from Russia and Ukraine comprise titanium as a metal nickel, platinum, rhodium, and palladium in addition to gas neon and liquid C4F6. The increasing adoption of electronic transactions as a result of the ongoing dispute with Ukraine and Russia is projected to lead the sector to grow considerably. Increasing sector revenue for non-US-based Digital Payments solutions in the region is expected as a result of numerous Russian banks being expelled from the SWIFT payment system and Mastercard and Visa processes being suspended in Russia.

DIGITAL PAYMENT: GLOBAL MARKET OVERVIEW

Mobile commerce refers to technical personnel business that relies on applications for mobile devices. Smart trade is a new company structure that utilises applications for the internet. Improving the magnitude and breadth of faraway solutions enables clients to contribute more freely in an ascending manner. Companies are starting to understand that m-trade is crucial for developing their reputation, closing agreements, and competing. Modern corporate organisations incorporate mobile trading into an array of practical areas. India needs to stay at the cutting-edge of these sectors as soon as it relates to delivering its citizens unique services and applications.

Fig1. :
Digital Payment Market Size : By Region 2018-2030 (USD Billion)



Source: Polaris Market Research Analysis

The increasing popularity of debit and credit cards, digital currencies, mobile wallets, net banking, point of sale, and the growing acceptance of mobile apps are all anticipated to drive up consumer interest in online transactions throughout the course of the time frame anticipated. In order to draw consumers in to the use of credit cards and apps for purchasing things online, these smartphone programmes offer an assortment of promotion programmes on virtual transactions, include refunds, price reductions, with-store deals, e-commerce gift cards, and others.

GLOBAL DIGITAL PAYMENTS PLAYERS

A cashless future is drawing closer by every day courtesy to the largest digital payments companies in the world. Tangible money, including coins or paper money, makes up just a tiny percentage of the global money supply. With the development of digital payments, multiple companies are currently influencing how money and e-commerce will develop in the future. The most prominent ten digital payment businesses globally, alongside their services, are listed here. The overall market value of each company is used to rank them on this list.

Fig 2:
Global Digital Payments Players

Rank	Company	Market Capitalization Value
1	Visa Inc.	\$387 billion
2	JP Morgan Chase & Co.	\$320 billion
3	MasterCard	\$283.7 billion
4	PayPal	\$100.5 billion
5	Stripe	\$95 billion
6	Square (Block)	\$33.2 billion
7	GoJek	\$32 billion
8	Bolt	\$11 billion
9	Klarna	\$6.7 billion
10	Paytm	\$5.5 billion

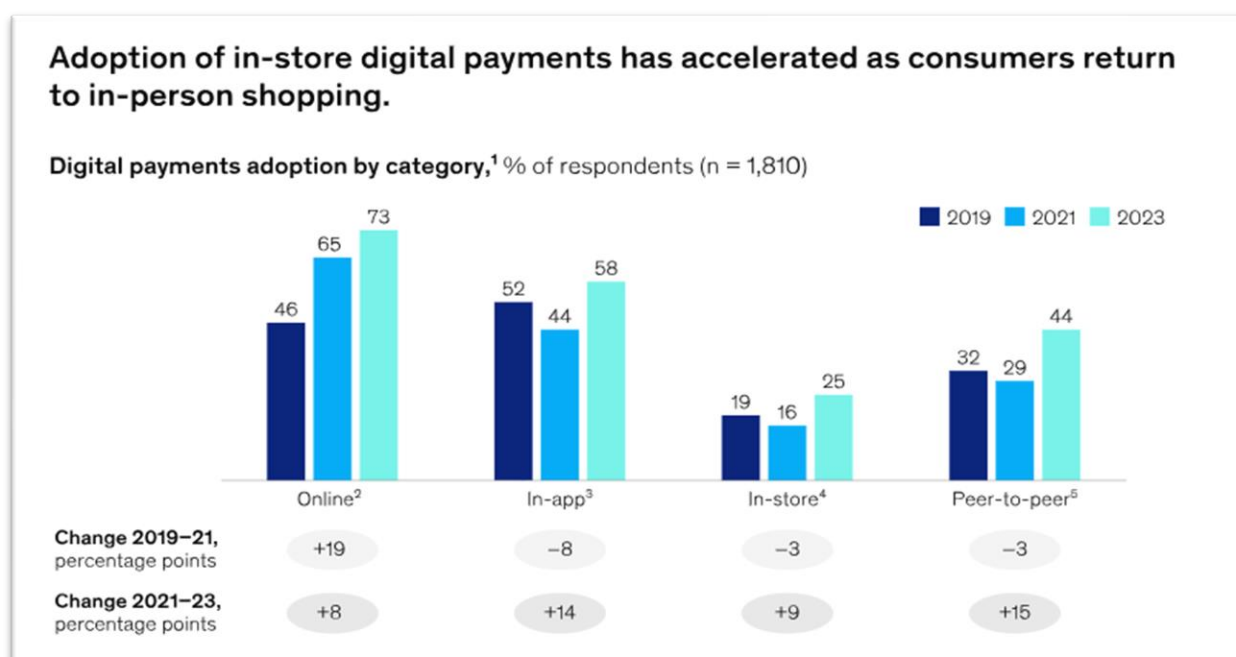
Source : history-computer.com

INCREMENTAL ADOPTION OF DIGITAL PAYMENT

A fast evolving market is revealed by McKinsey's 2023 Digital Payments Consumer Survey. During the eight-year duration of the polls, this metric has gone up progressively, and during the period of the pandemic, it has increased significantly. For the first time, in 2021, it surpassed 80% of consumers. Digital payment is the purchasing goods or pay for activities via a website/browser on a computer, phone, or a tablet remain to dominate the field of digital payment categories. In the last year, 73% of those surveyed said they have made a digital payment of such a nature. The current growth of the in-app and in-store segments is more notable. In 2021, both categories witnessed a tiny drop due to a drop of behaviours such as sharing a ride and same-person buying. A lot of consumers utilise electronic habits that they gained online when they perform these activities again. The 18 to 24 demographic is extremely proficient when it comes to in-store digital payments; their acceptance at a rate of thirty-two per cent is double that of the 55 and above group.

Fig 3:

McKinsey's 2023 Digital Payments Consumer Survey



Source: Mckinsey.com

The trend towards e-wallets convergence is a significant development. Thirty percent of customers expected the fact that they would have three or more digital wallets (like Samsung Pay and Google Pay) on their phones as late as 2021. This percentage dropped to twenty percent in 2023. On the opposite hand, all through the exact same period of time, the proportion of those surveyed who anticipated relying on a single wallet increased from twenty-one percent to thirty-one percent.

CONCLUSION:

Digital payment is the purchasing goods or pay for activities via a website/browser on a computer, smartphone, or a tablet remain to dominate the field of digital payment categories. The increasing popularity of debit and credit cards, digital currencies, mobile wallets, net banking, point of sale, and the growing acceptance of mobile apps are all anticipated to drive up consumer interest in online transactions throughout the course of the time frame anticipated. Cashless transactions provide many benefits when compared to conventional payment methods, including heightened speed, convenience, and security. Businesses gain from cashless transactions because they enhance tracking, revenue, and customer happiness. E-wallets have become more and more common over time because of their simplicity of use and the many advantages provided by online transaction apps. Tangible money, including coins or paper money, makes up just a tiny percentage of the global money supply. The digital payment system is vulnerable to deception, unethical

performers, and information thefts due to a lack of appropriate security measures. Data about customers and companies may be lost as a consequence of inadequate safeguards. The digital payment metric has gone up progressively, and during the period of the pandemic, it has increased significantly globally.

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