

A
Project Report on
**“COSTOMER PREFERENCE DIGITAL CURRENCY ONPHONE
PAY”**



Palamuru University

This project Report submitted in partial fulfillment of the requirement for theaward of the
Degree of “BACHELOR OF COMMERCE”

2022-2023

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UNDER THE ESTEEMED GUIDANCE OF

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(Lecturer in commerce)



Dr. BRR GOVT DEGREE COLLEGE

(Affiliated to Palamuru University)Jadcherla,

Mahabubnagar

CERTIFICATE

DEPARTMENT OF COMMERCE

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EXTERNL EXAMINAR



INTERNAL EXAMINAR

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Mrs.R.VIJAYA LAXMI DEVI

PROJECT GUIDE

DECLARATION

We hereby declare that the project work entitled on

“COSTOMER PREFERENCE DIGITAL CURRENCY ON PHONE PAY”

Submitted by us to the Department of commerce is a Bonafide work done by us and it is not submitted to any other university for the award of any UG.B.com/certificate or published any time before, under the guidance of **Mrs.R.VIJAYA LAXMI DEVI** lecturer in commerce.

The project embodies the result of original work studies carried out by us and the contents of the project do not form the basis for the award of any other degree to us.

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HOD **Mrs.Dr.K.MANJULA** and my project guide **Mrs.R.VIJAYA LAXMI DEVI** lecturer in commerce. For the kind encouragement and constant support extended completion of this project work

Thankful to all those who have incidentally helped us, through their valued guidance, Co-Operation and unstinted support during the course of our project

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ABSTRACT

India is at the verge of digital Darwinism now most popularly called as the “**FINTECH**” which is revolutionising the way business of BFSI is being carried out. One of the branches of activities carried out by banking organisations is carrying out the security of digital payments wallet is strengthened and accuracy of the system improved then we can replace payment or clearing and settlement activities now the burden of these activities to a great extent are being transferred on to Payment apps.

Payment apps are the digital payments system developed by the programmer and the user can access the services through their smart phones. It makes the payment or remits the money within a finger tips and sometimes these apps are more efficient than the banks. If the banking system with payment apps.

Payment apps are saving time and provide the discount or coupons to the users will attract the people to recommend to such apps. Youth and employees are normally attracted towards these apps. Some of the payment wallets are Phonepay, Google Pay, Free Charge, Airtel Money, Jio Money, Ola Money, Amazon Pay, Oxigen Wallet, Mobikwik etc.

The digital payments sector in India is facing tectonic shifts. Entities with divergent business models, subject to diverse regulations, are competing for a pie in the market share. Globally, role of non-banks in promoting digital payments is increasingly becoming prominent. It has been reported non-banks have high focus on superior user interface and user experience, reaching the unbanked segments, low cost and technology friendly structure, which allows them to be successful. In addition, availability of direct and interoperable access for nonbanks to critical payment systems and ability to partner with incumbents has made significant contribution to growth of digital payments in different countries. This had complementary benefits like advancement of formal financial services and economic growth. Cash is the most preferred mode of payments in India. Currency circulation in India accounts for 18 percent of gross domestic product (GDP) as against 3.5-8 percent in mature markets, such as UK and US. Around 78 percent of all consumer payments and 97 percent of all retail payments in India occur in cash. Consumers' preference to cash payments is significantly higher in India when compared with other markets. A recent study in Jaipur highlighted that irrespective of income group, cash is the preferred source of transactions, such as payments for groceries, clothing, footwear, utility bills, fuel for vehicle, durable goods, restaurants, tours and travels, and recreation.

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CHAPTER 1

INTRODUCTION

Introduction

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The digital payments sector in india is facing tectonic shifts. Entities with divergent business models, subject to diverse regulations, are competing for a pie in the market share. Globally, role of non-banks in promoting digital payments is increasingly becoming prominent. It has been reported non-banks have high focus on superior user interface and user experience, reaching the unbanked segments, low cost and technology friendly structure, which allows them to be successful. In addition, availability of direct and interoperable access for nonbanks to critical payment systems and ability to partner with incumbents has made significant contribution to growth of digital payments in different countries. This had complementary benefits like advancement of formal financial services and economic growth.

Cash is the must preferred mode of payments in india. Currency circulation in india accounts for 18 percent of gross domestic product (GDP) as against 3.5-8 percent in mature markets, such as UK and US. Around 78 percent of all consumer payments and 97 percent of all retail payments in India occur in cash. Consumers’ preference to cash payments is significantly higher in India when compared with other markets. A recent study in Jaipur highlighted that irrespective of income group, cash is the preferred source of transactions, such as payments for groceries, clothing, footwear, utility bills, fuel for vehicle, durable goods, restaurants, tours and travels, and recreation.

It has been estimated that the Central and commercial banks in India annually spend around US\$3.5bn in currency operations costs. The net cost of cash was estimated to be around 1.7 percent of India’s real GDP in 2014-15.

As a result, the need to shift from cash to digital modes of payments is being recognised. The Government of India has taken several steps to move towards a less cash society and reduce consumers’ preference to cash. In this regard, one of the most recognised moves has been the demonetization

exercise in November 2016, pursuant to which 86 percent of currency in circulation was stripped overnight of its recognition as legal tender. Consequently, the volume of digital transactions increased from 671.5 million transactions to 844.7 million between November 2016 and June 2017, and the value of transactions increased from M94tn to M113.75tn.

However, it has been reported that five months after demonetisation, cash withdrawals were actually 0.6 percent higher than a year earlier. Further, upon remonetisation of currency notes as per the new denomination, people reverted to using cash for their payment transactions. This led to rising levels of cash in the economy. The volume of digital payments has reduced from 957.50 million transactions in December 2016 to 862.38 million in July 2017. During this period, minor increase from M104 lakh crore to 107 lakh crore in the value of digital payments was recorded. Consequently, during June 2017 the digital wallet industry contracted by 30 percent and recorded

221.63 million transactions as against 320.87 million transactions in April 2017. It is time the government recognises that a broader, more systemic changes are needed to boost digital payments.

ADVANTAGES:

i. Easy and convenient:

Digital payments are easy and convenient. You do not need to take loads of cash with you. All you need is your mobile phone or Aadhar number or a card to pay. UPI apps and E-Wallets made digital payments easier.

ii. Pay or send money from anywhere:

With digital payment modes, you can pay from anywhere anytime. 10

iii. Discounts from taxes:

Government has announced many discounts to encourage digital payments. If you use digital modes to make a payment up to Rs. 2000, you get full exemption from service tax. You also get 0.75% discounts on fuels and 10% discount on insurance premiums of government insurers.

iv. Written record:

You often forget to note down your cash spending. Or even if you note, it takes a lot of time. But you do not need to note your spending every time with digital payments. These are automatically recorded in your passbook or inside your E-Wallet app. This helps to maintain your record, track your spending and budget planning.

iv. Less Risk:

Digital payments have less risk if you use them wisely. If you lose your mobile phone or debit/credit card or Aadhar card you don't have to worry a lot. No one can use your

money without MPIN, PIN or your fingerprint in the case of Aadhar. But it is advised that you should get your card blocked if you lost it. Also call the helpline of your E-wallet to suspend the wallet account to prevent anyone from using your wallet money.

DRAWBACKS OF DIGITAL PAYMENTS:

Every coin has two sides so as the digital payments. Despite many advantages, digital payments have a few drawbacks also.

- i. Difficult for a non-technical person:** As most of the digital payment modes are based on mobile phone, the internet and cards. These modes are somewhat difficult for non-technical persons such as farmers, workers etc.
- ii. The risk of data theft:** There is a big risk of data theft associated with the digital payment. Hackers can hack the servers of the bank or the E-Wallet you are using and easily get your personal information. They can use this information to steal money from your account.
- iii. Overspending:** You keep limited cash in your physical wallet. Hence, you think twice before buying anything. But if you use digital payment modes, you have all your money with you always. This can result in overspending .
- iv. Future of Digital Payments:** The future of digital payments is very bright. India is experiencing a remarkable growth in digital payments. In 2015-16, a total of Rs. 4018 billion transacted through mobile banking as compared to Rs. 60 billion in 2012-13. The percentage of the digital payments through other modes is also increasing in a significant speed.

Objectives of the study

- i.** To make a detailed study on the Digital payments in india by listing the historical, contemporary and potential future issues.
- ii.** To analyse the perception of Customers on phonePey

Research Methodology

i. Primary data

The current study is based on primary data collected from 50 respondents from the different parts of Hyderabad. A well-structured questionnaire was designed to collect the information from the respondents the questionnaire was designed to study perception of customer towards adoption of digital payment mode.

ii. Secondary data

Theory is developed on the basis of referring secondary data like books, journals and magazines.

NEED OF THE STUDY:

India is at a cusp of a big change, going from the earlier 97% cash-based economy to becoming Less-cash" economy. Against the backdrop of demonetization, there emerged a new set of consumers and merchants who were either unaware of or unaccustomed to digital payments, inducing the need to educate „newbies" about why it could simplify life for everyone.

Here are some reasons why it makes sense to adopt digital payment methods:

- Convenience & Speed
- Security
- Consumer Safety & Protection
- Financial gains
- No Financial Leakage

SCOPE OF STUDY

The study is confined to the study of transactions that take place in digital payments. Primary data has been collected by surveys; Secondary data has been collected from various websites and Study Materials. Further study deals with analysis of people"s awareness in subject to digital payments. Mobile payments security and raising awareness of the same with respect to the policies and procedures.

LIMITATION OF THE STUDY

- Detailed study was not possible due to limited size of the respondents.
- The study focuses only on Phone pay as mode of digital payments.

CHAPTER 2

REVIEW OF LITERATURE

Literature Review Prof Trilok Nath Shukla in his paper “Mobile Wallet: Present and the Future” (June 2016) has discussed about mobile wallet, working, types and its advantages and disadvantages. His analysis included perception of consumers and retailers about mobile wallets. He concluded that mobile wallets will be used to engage with the customer by the marketers and digital businesses. Irrespective of the market status of these mobile wallets, marketers should take advantage of the emerging opportunities.

Dr. Karminder Ghuman and CS Shruti Srivastava in their paper “Recharging: the Right Way?? A case study on e-payment giants: Freecharge & PayTM” has asked readers a strategic question that in the emerging internet based service provision industry, whether it is a better strategy to develop a unique positioning on the basis of single key service or it’s better for an organization to offer multiple services, thereby reducing risk, increasing traction and thus increasing its valuation? And thus they have compared Paytm and Freecharge who are employing opposite strategies to find out which one is better.

Key Pousttchi and Dietmar G. Wiedemann in their paper “What Influences Consumers’ Intention to Use Mobile Payments?” (2008) studied the adoption of mobile payments and IJRDO-Journal of Business Management ISSN: 2455-6661 Volume-4 | Issue-1 | January, 2018 evaluated what key influences affected consumers to use mobile payments and found that subjective security was not a primary driver of mobile payment acceptance. They found that perceived confidentiality of payment details and perceived trustworthiness were strongly correlated. Four key variables were found to directly impact consumer intention and usage behavior: performance expectancy, effort expectancy, social influence, and facilitating conditions.

ThaeMin Lee in his paper “The impact of perceptions of interactivity on customer trust and transaction intentions in mobile commerce” (2005) investigated the impact of perceptions of interactivity on consumer trust and transactions in mobile commerce and concluded that trust does in fact play a significant role in determining consumer transaction intentions. Hsin-Hui

Lin and Yi-Shun Wang in their paper “An examination of the determinants of customer loyalty in mobile commerce contexts” (2005) examined the factors that contributed to customer loyalty in mobile commerce; perceived value and trust were found to be directly related to customer satisfaction and customer loyalty; customer satisfaction was also suggested to positively affect customer loyalty; and

habit was proposed to determine customer loyalty. They also found that customer loyalty was directly affected by perceived value, trust, habit, and customer satisfaction. Customer loyalty was evaluated to be a strong determining factor in acceptance of mobilecommerce.

An article that was published on 1st of July 2015 in The Economic Times stating that “Whether you have to pay for a taxi ride or teach your child the basics of managing money, a preloaded mobile wallet could be the answer.”

Rajesh Krishna Balan, Narayan Ramasubbu, Giri Kumar Tayi studied in their paper “Digital Wallet: Requirements and Challenges” (2006) that there requirements and challenges of deploying a nationwide digital wallet solution in Singapore. Further they discussed why Singapore is ready for a digital wallet and identify the key challenges in building and deploying a digital wallet. Then discussed one of the key challenges, supporting peer -to-peer cash transactions between individuals using a digital wallet, in more detail and end the paper with their proposed solution.

Dr. Poonam Painuly, Shalu Rathi in their paper “Mobile Wallet: Anupcoming mode of business transactions” (May 2016) has explained about mobile wallet, types and trends. Then discussed about Role of mobile wallet in various sectors like Banks, Retail and Hospitality. The paper explains the importance of mobile wallet for Banks, Customers and Companies. In future scope it talks of mobile wallets becoming a latest marketing channel in near future.

And contribute highly in a seamless shopping experience for the customers that increase their tendency for frequent and more repurchases with delightful experiences. To conclude they speak the importance and growth of mobile money in business, social and economic prospective. The presence of mobile wallet spreading from urban to rural areas on a large scale. Hence, wallet money sees a high bright future in near time.

An article that was published on 9 December 2016 in The Indian Express under Brand solution section stated that Digital wallets are for those with some experience of the way digital transactions work. The unlettered, the elderly, and those without smartphones will be largely left out. Poor connectivity and patchy Internet are serious challenges.

Pralay Mondal, Senior Group President, Retail Banking, Yes Bank, said “Prepaid wallets will increasingly replace cash in the near future. They will not replace debit or credit cards, but will be used for specific needs and micro transactions.”

The balance in semi-closed wallets which are issued by non-banking entities like Paytm, Mobikwik, Oxigen and ITZCash, cannot exceed Rs 1 lakh. Unless offered in association with banks, you cannot use your mobile wallets for cash withdrawal.

CHAPTER 3

COMPANY PROFILE

Phonepay is a financial technology company headquartered in Bangalore, India. It was founded in December 2015 founded by Sameer Nigam and Rahul Chari. It provides an online payment platform based on Unified Payments Interface (UPI), which is a new process in electronic funds transfer launched by National Payments Corporation of India (NPCI).

It is licensed by the Reserve Bank of India for issuance and operation of a Semi Closed Prepaid Payment system.

History

Phonepe received its licence to operate on 26th August, 2014 and began operations in December, 2015. However, in April 2016, the company was acquired by Flipkart. Flipkart's Vice President inMarketing, Sameer Nigam was assigned as their new CEO.

In August 2016, the company partnered with Yes Bank to launch a UPI-based mobile paymentapp, based on the government-backed UPI platform.

Legal Challenges Faced

On 14 January 2017, ICICI bank blocked PhonePe transactions, citing the reasons that it did not meet the NPCI guidelines. Initially, on 19 January 2017, NPCI instructed ICICI to allow UPI transactions via PhonePe. During this period, Airtel too blocked PhonePe transactions on its platforms. A day later, on 20 January, 2017 NPCI renounced the previous instructions citing the reason that PhonePe indeed violated the UPI norms.

After this, PhonePe closed its operations on Flipkart's website to align itself with the terms stated in the updated verdict from NPCI. By February, 2017, PhonePe resolved the issues with ICICI.

More about PhonePe:

PhonePe is a digital payment application, one of the best app built for Android smart phones on UPI (United Payments Interface) that allows you to connect your bank account to the app and useit for digital payments to fulfil your wishes at various times. Launched in partnership with YES Bank, PhonePe allows you to link bank accounts securely to your smart phones through encrypted software of National Payments Corporation of India. It is the most secure payment platform in the country and offers direct bank-to-bank transfers using recipient's mobile numbers.

Features of PhonePe:

PhonePe is among India's first UPI App

This cool App is based on the Government-backed Unified Payment Interface (UPI) platform. What is UPI, Your next question, right?

Well, UPI is built over the IMPS (Immediate Payment Service) infrastructure that allows you to transfer money between two parties bank account by using identifiers like mobile number or a unique payment address (VPA) without using the account numbers or the IFSC codes. Because of this, sending or receiving money becomes easy. You just have to enter the receiver's mobile number/VPA and send him/her money instantly into his/her bank account, that's it!

i. No need to exchange Bank details

PhonePe app is linked and live with 30 major banks on the UPI platform such as State bank of India, HDFC Bank, ICICI Bank, Standard Chartered Bank and more. When you link your bankaccount to your PhonePe app, all you need is to share and verify your mobile number and bankname, and the UPI will retrieve the account details from your bank over a secure network.

FYI: If your bank account is not live with UPI, you cannot add your bank account to the PhonePeapp. **iii.**

Say Good-bye to multiple Authentication Methods

Using the PhonePe UPI App, you can send and receive money instantly using a VPA (Virtual payment address) and mobile phone number. This means you can also transfer money between any two bank accounts. You can also make direct transactions from your bank account bothonline and offline. The best part is, you don't need to enter credit or debit card details, a one-timepassword (OTP), your bank's IFSC code or any other details. Transferring and receiving money has become easier than ever before with PhonePe app!

iv. Don't take trouble of Topping up your Wallet

The other good thing about the PhonePe app is you don't have to load funds into your wallet. Later you can now make payments from your bank account by using just your registered mobile number or a virtual ID. This means you don't have to worry about running out of balance or going through the whole process of topping up your wallet before your transaction unlike the other E-Wallets.

v. Bill Payments, Recharges and Money Transfers made easy through PhonePe

Now use your PhonePe app to pay your postpaid and utility bills as well recharge your prepaid mobile number, data card and DTH. You can also send and request money from your loved ones by just entering their number, name or VPA. Want to treat your friends while watching a movie? With PhonePe app, you can do that too! Also you can check your bank account balance or scan QR codes to pay.

vi. PhonePe app, Safe, Secure and Free

The PhonePe app allows you to make transactions free of cost. It is 100% safe and secure powered by Yes Bank. All the payments happen over a secure banking networks and the app doesn't not store any data of the users neither the passwords. All you need to do for every transaction is enter your MPIN (which only you know). Make sure that you never share your MPIN with anyone.

vii. Easy Limits and Validity

Using the PhonePe app, now you can easily make big transactions. The transaction limits are higher – you can transact 30L/month as compared to 20K for the other wallets. You are allowed to spend a maximum of Rs One Lakh per transaction. In addition, you can enjoy a long validity of your wallet balance. If you transact at least once in two years, be assured that your PhonePe wallet will be active and the balance will not expire.

PhonePe app Highlights:

- i. High Transaction Limit (Rs.30Lakh/month and transaction limit of Rs.1lakh/day)
- ii. NO Top-up required
- iii. Lifetime Zero Fee
- iv. Only Recipients mobile numberrequired
- v. Secure as ATM (the MPIN is known by only you just like your ATM pin)

CHAPTER 4

A STUDY ON DIGITAL PAYMENTS IN INDIA

MODES OF DIGITAL PAYMENTS IN INDIA.

There are ten(10) types of Digital Payment Methods in India

- i. Banking cards:** Cards are among the most widely used payment methods and come with various features and benefits such as security of payments, convenience, etc. The main advantage of debit/credit or prepaid banking cards is that they can be used to make other types of digital payments. For example, customers can store card information in digital payment apps or mobile wallets to make a cashless payment. Some of the most reputed and wellknown card payment systems are Visa, Rupay and MasterCard, among others. Banking cards can be used for online purchases, in digital payment apps, PoS machines, online transactions,etc.
- ii. USSD:** Another type of digital payment method, *99#, can be used to carry out mobile transactions without downloading any app. These types of 17 payments can also be made with no mobile data facility. This facility is backed by the USSD along with the National Payments Corporation of India (NPCI). The main aim of this type of digital payment service is to create an environment of inclusion among the underserved sections of society and integrate them into mainstream banking. This service can be used to initiate fund transfers, get a look at bank statements and make balance queries. Another advantage of this type of payment system is that it is also available in Hindi
- iii. AEPS:** Expanded as Aadhaar Enabled Payment System, AEPS, can be used for all banking transactions such as balance enquiry, cash withdrawal, cash deposit, payment transactions, Aadhaar to Aadhaar fund transfers, etc. All transactions are carried out through a banking correspondent based on Aadhaar verification. There is no need to physically visit a branch, provide debit or credit cards, or even make a signature on a document. This service can only be availed if your Aadhaar number is registered with the bank where you hold an account. This is another initiative taken by the NPCI to promote digital payments in the country.
- iv. UPI:** UPI is a type of interoperable payment system through which any customer holding any bank account can send and receive money through a UPIbased app. The service allows a user to link more

than one bank account on a UPI app on their smartphone to seamlessly initiate fund transfers and make collect requests on a 24/7 basis and on all 365 days a year. The main advantage of UPI is that it enables users to transfer money without a bank account or IFSC code. All you need is a Virtual Payment Address (VPA). There are many UPI apps in the market and it is available on both Android and iOS platforms. To use the service one should have a valid bank account and a registered mobile number, which is linked to the same bank account. There are no transaction 18 charges for using UPI. Through this, a customer can send and receive money and make balance enquiries

v. Mobile Wallets: A mobile wallet is a type of virtual wallet service that can be used by downloading an app. The digital or mobile wallet stores bank account or debit/credit card information or bank account information in an encoded format to allow secure payments. One can also add money to a mobile wallet and use the same to make payments and purchase goods and services. This eliminated the need to use credit/debit cards or remember the CVV or 4-digit pin. Many banks in the country have launched e-wallet services and apart from banks, there are also many private players. Some of the mobile wallet apps in the market are Paytm, Mobikwik, Freecharge, etc. The various services offered by mobile wallets include sending and receiving money, making payments to merchants, online purchases, etc. Some mobile wallets may charge a certain transaction fee for the services offered.

vi. Bank pre-paid cards: A prepaid card is a type of payment instrument on to which you load money to make purchases. The type of card may not be linked to the bank account of the customer. However, a debit card issued by the bank is linked with the bank account of the customer.

vii. PoS terminals: Traditionally, PoS terminals referred to those that were installed at all stores where purchases were made by customers using credit/debit cards. It is usually a hand held device that reads banking cards. However, with digitization the scope of PoS is expanding and this service is also available on mobile platforms and through internet browsers. There are 19 different types of PoS terminals such as Physical PoS, Mobile PoS and Virtual PoS. Physical PoS terminals are the ones that are kept at shops and stores. On the other hand, mobile PoS terminals work through a tablet or smartphone. This is advantageous for small time business owners as they do not have to invest in expensive electronic registers. Virtual PoS systems use web-based applications to process payments.

viii. Internet Banking: Internet banking refers to the process of carrying out banking transactions online. These may include many services such as transferring funds, opening a new fixed or recurring

deposit, closing an account, etc. Internet banking is also referred to as e-banking or virtual banking. Internet banking is usually used to make online fund transfers via NEFT, RTGS or IMPS. Banks offer customers all types of banking services through their website and a customer can log into his/her account by using a username and password. Unlike visiting a physical bank, there are no time restrictions for internet banking services and they can be availed at any time and on all 365 days in a year. There is a wide scope for internet banking services.

ix. Mobile Banking: Mobile banking is referred to the process of carrying out financial transactions/banking transactions through a smartphone. The scope of mobile banking is only expanding with the introduction of many mobile wallets, digital payment apps and other services like the UPI. Many banks have their own apps and customers can download the same to carry out banking transactions at the click of a button. Mobile banking is a wide term used for the extensive range or umbrella of services that can be availed under this.

x. Bharat Interface for Money (BHIM) app: The BHIM app allows users to make payments using the UPI application. This also works in collaboration with UPI and transactions can be carried out using a VPA. One can link his/her bank 20 account with the BHIM interface easily. It is also possible to link multiple bank accounts. The BHIM app can be used by anyone who has a mobile number, debit card and a valid bank account. Money can be sent to different bank accounts, virtual addresses or to an Aadhaar number. There are also many banks that have collaborated with the NPCI and BHIM to allow customers to use this interface...

Government Preference to Bank Payments

Preferential treatment to select suppliers is one of the indicators of sub-optimal competition.

In addition to limited role for non-banks in digital retail payments industry, it appears that Indian government also accords preferential treatment to banks and bank led modes of digital payments.

For instance, pursuant to the Union Budget 2017-18, two schemes were launched to promote usage of BHIM (an inter-bank payment mobile application operated by NPCI). These comprise a merchant cashback scheme and customer referral bonus scheme. These schemes have been recently extended till March 31, 2018.

Under the merchant cashback scheme, for number of credit transactions between 20-50, merchants will receive a cashback of M50 at the end of month. In case of more than 50 credit transactions, from at least

20 unique customers and minimum transaction value of M25 each, merchants will receive a cashback of M2 per transaction up to M950. The maximum cashback in this case is M1,000 per month. Under the customer referral bonus scheme, each referrer and each new referee (new BHIM/ BHIM bank UPI application user) is eligible for a bonus of Rs 25.

It has been reported that M495 crores is the total outlay for such promotional schemes for BHIM for a six-month period (from April 14, 2017-October 14, 2017), and the scheme is being administered by the Ministry of Electronics and

Information Technology. It has been pointed out that taxpayers' funds are being utilised to promote a mobile application issued by a private company. Similar initiatives to promote NPCI/bank-led digital payments have been under taken in the past.

In this regard, the government has decided to expand existing BHIM scheme to Bank UPI applications and bank merchants. UPI-enabled banks will need to use BHIM in their name and also logo. Consequently, the possibility of any competing product being developed by bank on BHIM application has been avoided, and thus prevented a potential innovation. The scheme excludes all third party applications (and thus applications developed by non-banks) as well as large organised UPI merchants, who will not be eligible for aforementioned benefits.

Similarly, the Committee of Chief Ministers on Digital Payments (Convener: Chandrababu Naidu, Chief Minister, Government of Andhra Pradesh) recommended 50 percent subsidy to all merchant points for adoption of biometric (fingerprint and iris) sensors to be used for Aadhaar pay transactions. It also recommended promotion of AEPS by incentivising and not charging.

Merchant Discount Rate (MDR). Further, it calls for allowing white labelled business-cum-merchant correspondents for spreading AEPS PoS terminals across country. Accordingly, government proposed certain tax exemptions on specific PoS terminals through the Union Budget 2017-18. It needs to be recalled that NPCI runs the AEPS platform which facilitates inter-bank transfers only. Consequently, it appears that despite being aware that digital payments are competing more with cash and less inter-se, the government has been consciously promoting specific bank-led modes of digital payments.

Role of National Payments Corporation of India

Inability to curb practice related distortions to competition is also one of the key indicators of sub-optimal competition. This also appears to be true in case of retail digital payments in India.

As indicated earlier, most digital payment platforms viz. IMPS, AEPS, UPI, BBPS are offered by NPCI. It is a non-profit company promoted by 10 banks to run the payment systems. In September 2016, its shareholding was expanded to include 46 new banks. Its board includes a nominee director from RBI and nominees of core promoter banks. The steering committees of IMPS, UPI and AEPS at NPCI are manned solely by bank representatives. It sets the technical standards for facilitating direct and indirect access to such platform, and thus regulates the conduct of systems participants. NPCI has obtained a Type D membership of the RTGS system from the RBI and provides settlement service to its members.⁵³ NPCI does not allow non-banks to directly access its platforms, thus arguably torts of banks. Indian competition regulator has not yet shown an inclination to investigate or curb such potentially anticompetitive practices, perhaps owing to lack of awareness about competition concerns and limited share of digital payments in the entire retail payments ecosystem.

NPCI has also issued the BHIM mobile application to facilitate inter-bank payment, which runs on its UPI platform and competes with other applications which run on UPI platform. In fact, as indicated above, banks are rechristening their respective UPI-based applications to BHIM UPI application. Arguably, conflict of interest exists as NPCI has the dual role of platform operator and service provider, and it and government is promoting its products over competitors.

NPCI is also the sole retail payments organisation in India and is the sole operator of BBPS. There are no guidelines for competing with NPCI as a retail payments organisation or operator of BBPS. NPCI has also received an in-principle approval for setting up and operating a National Electronic Toll Collection system.

The Working Group on Payments of the Financial Sector Legislative Reforms Commission (FSLRC) noted the worrisome prospect of monopoly by design being created through NPCI. It recommended that the RBI should generate confidence that there is no regulatory resistance to other payment system providers competing with NPCI, and that the latter does not resort to predatory pricing and abuse of dominance.

It recommended that such a mechanism will aid in preventing systemic risk and single point of failure in the payments infrastructure. However, it appears that these recommendations have not been accepted and the government has continued to empower NPCI, without any complementary accountability standards.

Such weak institutional mechanism according unreasonable power to one bank-owned private sector entity has the potential to limit competition in the digital retail payment sector.

Access to Data

Existence of banks and NPCI across digital retail payments ecosystem not only makes them dominant in this market, but also provides them access to data about consumers' choices, preferences and transaction history, not necessarily with express and informed customer consent. Non-banks do not necessarily have access to such entire set of data, as they are present at only one end (sending or receiving funds) of the digital payment transaction. Access to data puts incumbents in an advantageous position and provides them an opportunity to design products and services per consumer needs and preferences, consequently making it difficult for non-banks to challenge them.

Experts have already pointed out that with the power of artificial intelligence and data, it is possible to know when, where, and how much customers will pay, even before they do. Moreover, the virtuous cycle of data feeds itself, creating winner takes all scenarios. Such data is being locked into silos, so that the value extracted from the data does not have to be shared with anyone, not even with the users who helped create it. This sort of data domination does not leave any oxygen for challengers to outgrow the giant

CHAPTER 5

DATA ANALYSIS AND INTERPRETATION

In the data analysis the profile of respondents is explained taking into account gender, age, occupation and qualification cross tabulation and charts are presented to disclose the number of respondents and their proportion out of total respondents. Further chi square has been done to check the association between the variables.

Frequency Tables:

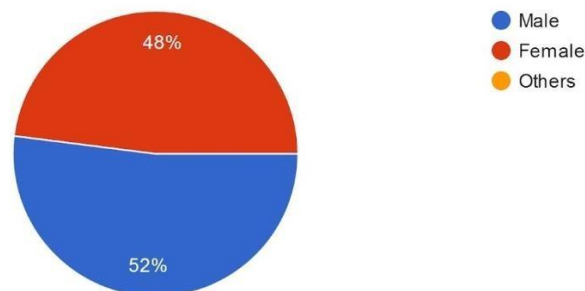
Table 1: Gender

Frequency of respondents across the gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	26	52.0	52.0	52.0
female	24	48.0	48.0	100.0
Valid Total	50	100.0	100.0	152

Pie chart:

Gender
50 responses



INTERPRITATION:

The above table and pie chart shows that vast majority of respondents were from the group of male i.e., of 52%, where the remaining were under the group of female i.e., 48% with a standard deviation of 0.505.

Table 2: Age

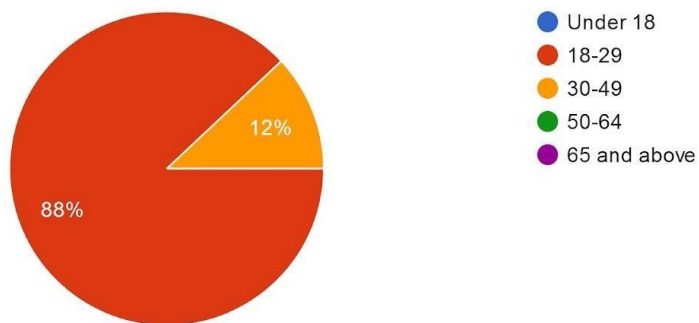
Frequency of respondents across the age

	Frequency	Percent	Valid Percent	Cumulative Percent
18-29	44	88.0	88.0	88.0
30-49	6	12.0	12.0	100.0
Total	50	100.0	100.0	

Pie chart:

Age

50 responses



INTERPRITATION:

The above table and pie chart shows that vast majority of respondents were from the group of agerange of 18-29 i.e., of 88% , where the remaining were under the group of age range i.e., 12% with a standard deviation of 0.328.

Table 3: Occupation:

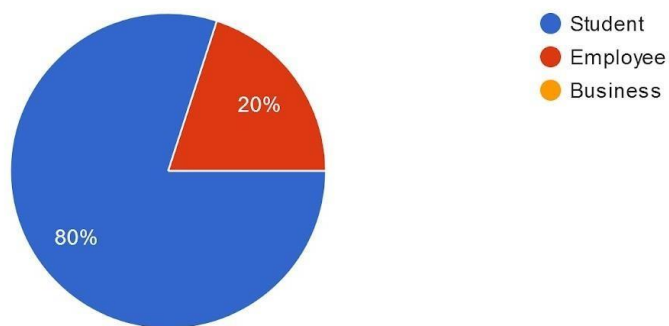
Frequency of respondents across the occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Student	40	80.0	80.0	80.0
Valid Employee	10	20.0	20.0	20.0
Total	50	100	100	100

**Pie
chat:**

Occupation

50 responses



INTERPRITATION:

The above table and pie chart shows that vast majority of respondents were from the group of students i.e., of 80% , where the remaining were under the group of employees i.e., 20% with a standard deviation of 0.404.

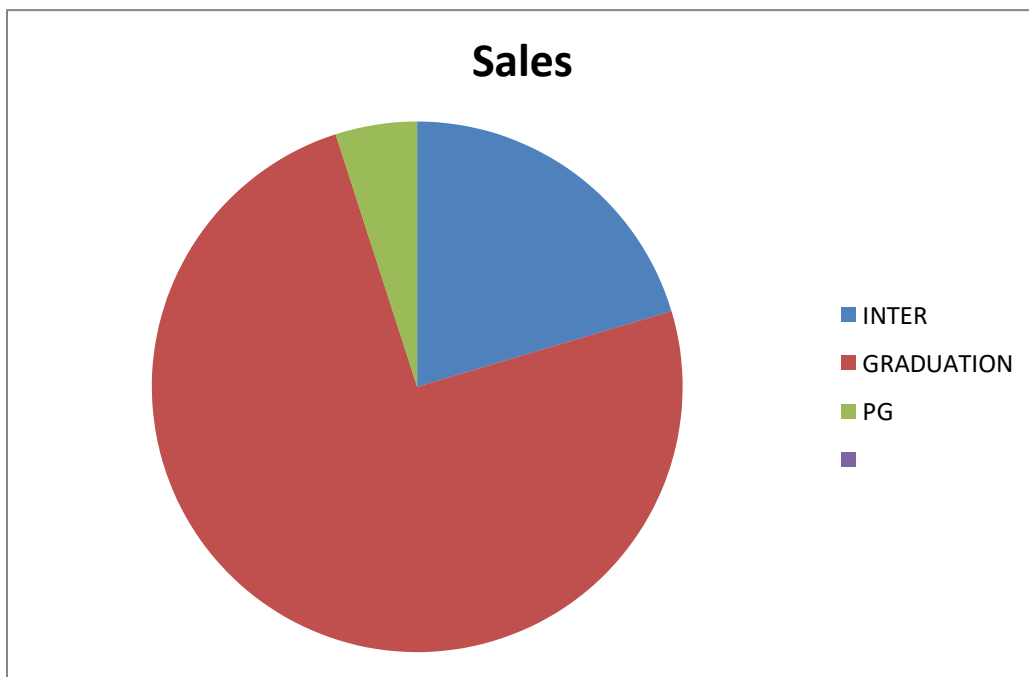
Table 4: Qualification

Frequency of respondents across the qualification

	FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
INTER	10	36	36	36
GRADUATION	30	60	60	96
PG	2	4	4	100

Pie chart:

Qualification
50 responses



INTERPRITATION:

The above table and pie chart shows that vast majority of respondents were from the group of graduation i.e., of 36% , 60% of the sample was covered by post graduates and the remaining were under the group of ph.d i.e., 4% with a standard deviation of 0.551.

Crosstab 1:

Gender * Perception

Crosstab					
			perception		Total
			low	high	
gender	male	Count	9	17	26
		% within gender	34.6%	65.4%	100.0%
	female	Count	5	19	24
		% within gender	20.8%	79.2%	100.0%
Total		Count	14	36	50
		% within gender	28.0%	72.0%	100.0%

Pearson Chi-Square value 1.176^a, Df 1, p value. 278

Through the above cross table an attempt is made to find if there is an association between gender of respondents and consumer perception on phonepe. Out of which more male are using phonepe as compare that of female. As calculated value (1.176) is less than critical value (3.841) at (0.05) level of significance with 1 degree of freedom is null hypothesis is accepted that there is no significant relationship between gender and consumer perception on phonepe.

Crosstab 2:

Occupation * Perception

Crosstab						
			CONSUMER		Total	
			LOW	HIGH		
occupation	student	Count	9	31	40	
		% within occupation	22.5%	77.5%	100.0%	
	employee	Count	5	5	10	
		% within occupation	50.0%	50.0%	100.0%	
	Total		Count	14	36	50
			% within occupation	28.0%	72.0%	100.0%
Pearson Chi-Square value 3.001 ^a , Df 1, p value. 083						

Through the above cross table an attempt is made to find if there is an association between occupation of respondents and consumer perception on phonepe. Out of which more students are using phonepe as compare that of employees . As calculated value (3.001) is less than critical value (3.841) at (0.05) level of significance with 1 degree of freedom is null hypothesis is accepted that there is no significant relationship between occupation and consumer perception on phone pe

Crosstab 3:

Age * Perception

Crosstab						
			Perception		Total	
			low	High		
age	18-29	Count	9	35	44	
		% within age	20.5%	79.5%	100.0%	
	30-49	Count	5	1	6	
		% within age	83.3%	16.7%	100.0%	
	Total		Count	14	36	50
			% within age	28.0%	72.0%	100.0%
Pearson Chi-Square value 10.355 ^a , Df 1, p value. .001						

Through the above cross table an attempt is made to find if there is an association between age of respondents and consumer perception on phonepe. Out of which more respondents belongs to agerange of 18 to 29 are using phonepe as compare to age range of 30 to 49 . As calculated value (10.355) is more than critical value (3.841) at (0.05) level of significance with 1 degree of freedom is null hypothesis is rejected that there is a significant relationship between age of respondents and consumer perception on phonepe.

Crosstab 4:

Qualification * Perception

Crosstab						
			CONSUMER		Total	
			LOW	HIGH		
qualification	Graduation	Count	7	11	18	
		% within qualification	38.9%	61.1%	100.0%	
	Post graduation	Count	7	23	30	
		% within qualification	23.3%	76.7%	100.0%	
	ph. d	Count	0	2	2	
		% within qualification	0.0%	100.0%	100.0%	
	Total		Count	14	36	50
			% within qualification	28.0%	72.0%	100.0%
	Pearson Chi-Square value 2.160 ^a , Df 2, p value. 340					

Through the above cross table an attempt is made to find if there is an association between qualification of respondents and consumer perception on phonepe. Out of which more post graduates are using phonepe as compare that of graduates and ph.d. As calculated value (2.160) is less than critical value (5.991) at (0.05) level of significance with 2 degree of freedom is null hypothesis is accepted that there is no significant relationship between qualification of respondents and consumer perception of phonepe.

CHAPTER 6

FINDINGS AND CONCLUSION

FINDINGS:

- i. 52% of male individuals are using phonepe
- ii. 88% of theof 18-29 years age group are using phonepe
- iii. The individuals ofpost graduates are using phonepe are 60%.
- iv. The individuals under the group of students are using phonepe are 80%
- v. There is no significant relationship between gender and consumer perception on phonepe
- vi. there is no significant relationship between occupation of respondents and consumerperception of phonepe.
- vii.there is a significant relationship between age of respondents and consumer perception on phonepe.
- viii. there is no significant relationship between qualification of respondents and consumer perception of phonepe.

CONCLUSION

Present study has made an attempt to understand customer perception regarding digital payment. It was found that demographic factors such as gender, occupation, Qualification do not exhibit much difference in their perception on PhonePe. On the other hand, considering age of the respondents, there is a significant difference in the perception about PhonePe, as is evident from p-value (0.01) which is less than alpha vale (0.05). It indicates that adoption of digital payment is influenced by the age of the customer.

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