Government's effort to move India towards digital payments era

By ET Bureau | Updated: Dec 02, 2016, 01.11 AM IST   **Post a Comment**

Building on the demonetisation, the govt has launched a massive effort to ensure India starts using more of digital payments & less of cash. ET looks at the initiative

Multiple digital payments options

Unified Payment Interface (UPI)
*App-based transaction platform on smartphones
*Download the UPI app, create your unique ID, set your PIN
*Send/receive funds using this unique ID

e-Wallet
*Another app-based payment mechanism
*Link debit or credit card and use the app for payments
*Top up the e-wallet with cash and use for transaction

Cards
*Payments can be made using prepaid, debit or credit card
*Needs a PoS terminal to swipe the card

Aadhaar-enabled payment system
*Link your Aadhaar card with bank account
*Transfer funds or withdraw cash using Aadhaar number and biometric authentication

Unstructured Supplementary Service Data (USSD)
*Normal mobile phone used to transfer funds
*Mobile number linked to bank account to facilitate transactions

10-POINT PLAN FROM GOVERNMENT

- A committee of CMs to chart a road map for **rollout of digital payments**
- **10 teams at the NITI Aayog** to apprise ministries, states and DCs on digital payments
- Talks with mobile manufacturers to provide **in-built thumb/iris identifications**
- Working on a system to incentivise **digital transactions** on a sustainable basis
- **IT ministry outreach** campaign to generate awareness about digital payments
- **80 lakh villagers** to be informed through common service centres
- Massive **enrolment of merchants** on the digital platform
- **Labour ministry** opening accounts of unorganised and contract workers
- **Micro ATMs** at labour-intensive sites to facilitate transactions
- **Textile ministry** to facilitate cashless payments for sector workers

NOT A SMOOTH SAIL

- Consumers skeptical about safety and security issues
- Users worried their devices could be hacked or attacked by virus
- Often money is debited but transaction is declined
- Often extra charges are levied on digital transactions
- Disclosing details might create problems if info used by hackers
- Reluctance as transactions become transparent and are taxable

COST ISSUES NEED TO BE ADDRESSED

MERCHANTS
- Cost levied on merchant as fees

CONSUMERS
- Annual fees for using cards
- Safety and security concerns

BANKS
- Cost associated with card issuance, maintenance and replacement
- Need to put in place risk and fraud monitoring system

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