Chapter 11
Technological Advancements in Payments:
From Cash to Digital through Unified Payments Interface(UPI)

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ABSTRACT

Mobile banking in India has witnessed a lot of changes with respect to technological and architectural changes. The continuous rise in the number of mobile banking users is due to this fact that the technological advancements that has restored the faith and boosted the trust of users towards mobile banking and payments. However, in a developing economy like India, where this number of mobile users is expected to grow exponentially, the complexity will also grow as the mobile users expect the mobile banking services to be fast, convenient and most importantly, more secure. There is a scope of improvement with the already existing thing and mobile banking is no different In this direction, the National Payments Corporation of India has initiated a system called Unified Payments Interface (UPI) that further eases the process of money transfer through smart phones and feature phones, thereby bringing this technology within everybody's reach. This chapter further puts insights into the implementation and feasibility aspects of UPI and how it is better than the systems prevailing today.

INTRODUCTION

Doing business in India is a challenging task as this country is mired in procedures. Organizations need easier ways of doing business that are less time consuming and more productive. The Information Technology has helped a lot in this direction and has given a whole new set of options for new types of businesses in web based businesses, mobile application based, on social media platforms, through television advertisements. All such kind of businesses cannot flourish without technology and they will need technological enhancements and innovations to grow further.

The most important area where information technology comes into picture is online payments and mobile banking. Like organizations, customers also need less complex ways of making payments. A recent development in this context was made with the launch of Unified Payment Interface (UPI) which aims to make money transfers easy, quick and hassle free. Payments through mobile phone is in trend and also quite successful, but simplifying it to an extent that it looks as easy as sending an SMS is the highlight of UPI.

As the India Prime Minister had recently launched the Digital India Campaign which focuses on aligning every aspect of the economy with technology and make it transparent, the launch of UPI will further boost the digital India campaign and bring the country's population in the formal financial sector and towards digital transactions, making India a cashless economy.

Developed by National Payments Corporation of India (NPCI) and launched by RBI Governor Raghu Ram Rajan, the UPI is all set to revolutionize the way online payments and money transfers take place in this country.

This chapter is further organized as follows: The background section Provide broad definitions and discussions of the topic and the literature review. The next section presents the issues and problems associated with the already existing payment mechanisms. Then, the next section will provide the solutions to the problems raised by author in the previous section. Finally, future research directions and the conclusion of the chapter will follow.

BACKGROUND

Before moving further, it is important to understand some terms that will be used very frequently in the chapter ahead:

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