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Digital Payments and Cost Aspect in India

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ABSTRACT

Payment system is the lifeline of any economy as it promotes trade and transactions in an economy. Now a day, the global payment system experienced various remarkable changes. Technology has been playing very crucial role in the payment system of any economy whether developed or developing. As there are long listed benefits of using digital modes of payments, in India efforts are being made to make our economy a less-cash economy. But this cash-digital divide cannot be eliminated in a short span of time. Promotion of digital payment system has given motivation to various banking and non-banking institutions to design the products and services for customers. But all these convenient and quick products and services are not free of cost. So, it is very important for the services providers to design their products and services in such a manner to be economical and affordable for the customers and viable for them to remain in the competitive market. Customers should analyse various options of digital payments available to them before choosing any of them along with the benefits and costs associated with them. In order to maintain transparency in the system, the service providers (banks and other financial institutions) should inform their customers about the fee and charges. In this paper an effort has been made to analyse the various modes of digital payment and cost associated with banking and other digital financial services.

Keywords: Payment System, Digital Payments, Digital Modes of Payment, Cost.

INTRODUCTION:

In the recent years, the global payment system has gone through some remarkable changes. Due to evolution of technology, payments are no longer dependent on banks only. Customer's needs, preferences and behaviour are changing and all these have motivated the new participants to enter the payment system. Now various non-banking institutions are attracting the limelight and setting new standards for customer's expectations.

Most of the developed economies are shifting towards electronic modes of payments from cash payments. Digital modes of transactions are very popular and common mode of payment in the countries like USA and UK. According to Central Bank of Sweden, cash transactions stood at only 2% of the total payments value in the year 2016. Government of Sweden has taken various initiatives to be a cashless economy by 2020. In India, digitization of payments is a recent phenomenon. In India share of digital payments is less than 10% in volume and 30% in value, which shows high dependency on cash. Ratio of cash to GDP was also very high as compared to other emerging economies before demonetization in India. Before demonetization currency in circulation was Rs 17.98 lakh crore and it was around 12% of GDP as compared to 4.5% in Brazil. After demonetization, due to cash crunch share of the digital payments rose but cash finds its way back to the system and again reached at 11.3% of GDP in April, 2018[1].The value of the circulated currency in India is also very high as compared to other developed nations which also show heavy cash dependency and high currency printing and maintenance charges. It was 12.45 trillion as compared to only 1.5 trillion in USA in March 2017.

[1]http:// www.newindianexpress.com/business/2018/may/04/cash-to-gdp-ratio-to-pre-nov-16-demonetisation-levels-1809949.html

But Government of India, RBI, banking and non-banking financial institutions, all are committed to encourage the use of the digital mode of payments and moving ahead on the path of making Indian economy as a "less-cash" economy. Efforts are being made to build such a payment system that combines safety, security and universal reach of advanced technology among the un-served people of India. India's payment system scored 5 points (highest score) for innovation and customer value among 40 countries. Fidelity National Information Services (US research firm) tracked these 40 countries on the criteria of round-the-clock-availability, settlement speed and government or regulator support level. This shows that Indian payment system is growing at a high speed. Taking advantage of this opportunity world's big technology firms are entering into Indian payment system. SamsungPay, WhatsApp, Google, Amazon Pay are some of these entrants.[2] IMPS is recognised as fastest growing immediate payment system in the world.[3]
Branch based banking is still very popular and widespread medium for performing banking transactions in India. Use of the internet and other advanced technologies had changed the scenario now. Now all the banks and financial institutions are using more advanced technologies to improve their operations and to cut their costs.

Digital Payments:
Digital payment is the payment which is completed by using the digital modes of payment. In this case the payer and payee utilize the digital mode of payment to send or receive the money. Digital modes of payments are very convenient, and transaction is completed instantly.
The term "Digital Payments" has been defined by the Payment and Settlement Act, 2007. According to the act electronic fund transfer means any transfer of funds by a person by giving instructions/ order /authorization to bank to debit or credit the given account in that particular bank. This process is performed electronically and includes PoS transfers; ATM transactions, direct deposits or withdrawals of funds, any transfer made using telephone, internet and card payments.
In order to make cash payments one need to withdraw the cash from the bank branch and then the receiver of the money again goes to the branch to deposit the same money in his/her account. But if the digital mode of payment is used, there will be no need to withdraw money and deposit the same money in another bank account. Because by using digital mode of payment the same will be done in few seconds and the amount will be deducted from one account and transferred to receiver's account. By using these modes precious time can be saved.
In India all the segments of the digital payments have shown a positive trend on the graph of the growth since 2012-13. Retail electronic payments have shown highest growth among various digital modes of payment. Volume of the RTGS and NEFT transactions has shown a rise by 3 times from 2013 to 2016. The main reason behind this is the adoption of these technologies by the users of all the segments. Transactions through mobile, ATM, PoS, PPIs and IMPS all have shown a steep rise in their volume. As a result of this, cheque payments are showing a declining trend both in terms of volume and value between 2013 to 2016 (RBI 2017).
An online survey was conducted by ET wealth to know the adoption level of the digital payment solutions and user habits. The results revealed that people are getting comfortable in using digital modes of payments. Security is the main concern of the people while using digital platforms of payments. Most of the people find it very convenient to use net banking and payments through cards.[4]

Different Modes of Digital Payments:
There are various modes of making digital payments, which are available in India. AEPS, USSD, Debit and Credit cards, E-Wallets, UPI, Pre-paid Cards, Point-of-sale, Internet Banking, Mobile Banking and Micro ATM are the various available options which can be used to make or receive the payments electronically. Government of India is continuously promoting the use of various digital payment applications along with private players in the digital payment field i.e. Paytm, Mobikwik, Freecharge etc. Aadhar Payment App, the UPI app and BHIM app developed by NPCI. Objective behind the development and promotion of these apps by Government of India is to make the transfer of money an easy business for the people of India, especially in rural areas. Major concern of the GoI is to bring a change in the behaviour of the people of the country to adopt cashless means over cash. As digital payment industry is growing at a high rate in India, so it is attracting the investments from foreign countries and try to establish themselves as early birds.
Benefits of using Digital Modes of Payments:
- Digital payments are very easy and convenient mode of payments.

[2] https://www.ndtv.com/india-news/upi-unified-payments-interface-on-rise-in-india-digital-payments-move-over-mastercard-1828642
[3] http://www.businesstoday.in/sectors/bank/imps-rated-best-payment-innovation-in-the-world/story/282949.html
[4] http://economictimes.indiatimes.com/wealth/spend/ready-to-go-cashless/articleshow/56269830.cms

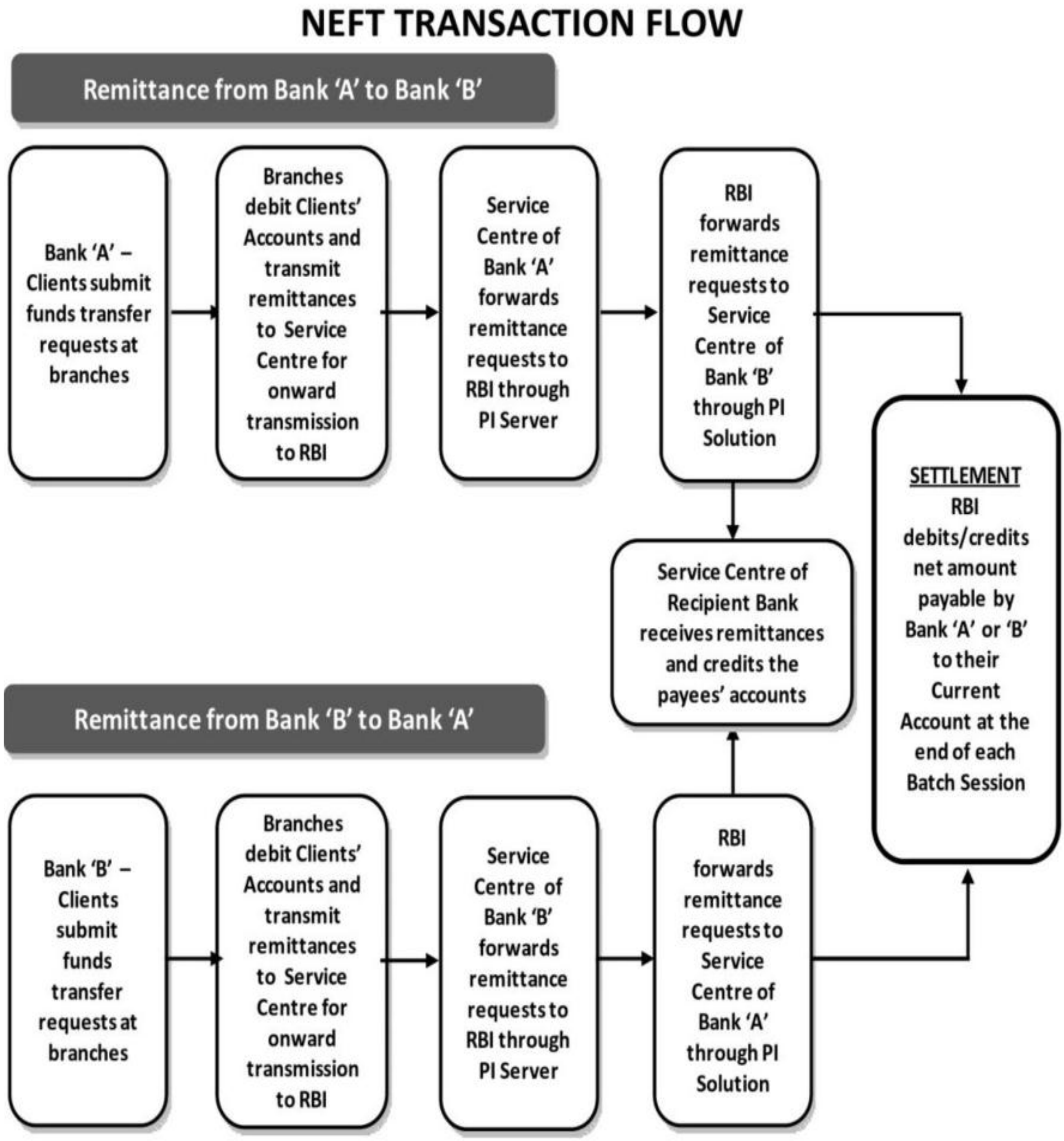
- By using digital payments funds can be transferred from anywhere to anyone in no time.
- If digital modes of payments are used to send or receive funds, a written record is maintained automatically. Spending can be tracked and helpful in financial planning.

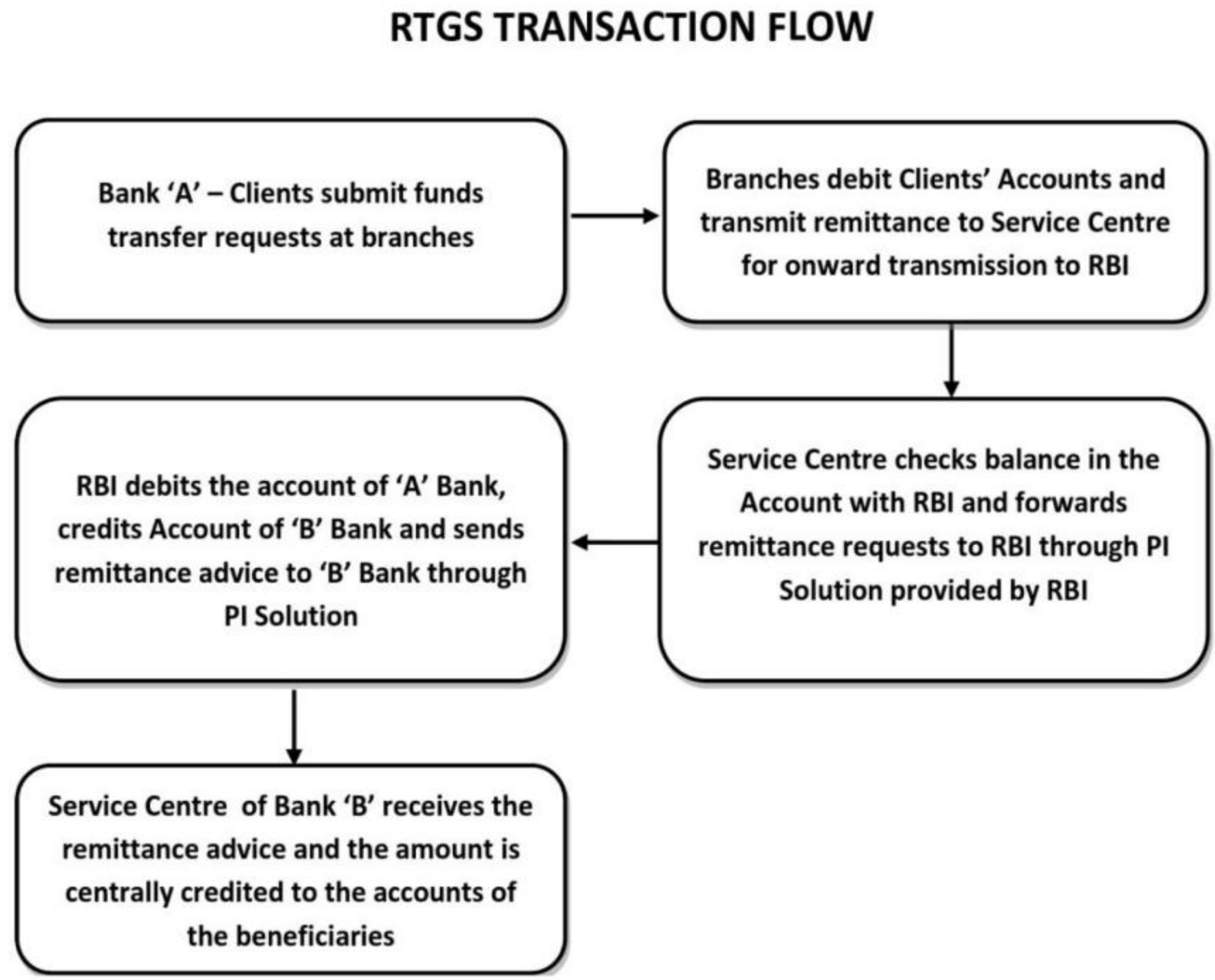
Following are the various technologies used for electronic fund transfer:

NEFT and RTGS:

National Electronic Fund Transfer is a system that facilitates one to one fund transfer. This service can be accessed at the branch as well as by using internet banking. By using this service the funds can be transferred to the beneficiary account within hours. RTGS (Real Time Gross Settlement) facility offers transfer of high amounts. Minimum Rs 2 lakh can be transferred by using this service.

Since 2010, NEFT and RTGS were the only options available to the users for fund transfer. These services are available during banking hours.





Source: Aggarwal, S. and Nangia, V.K (2016)

IMPS:

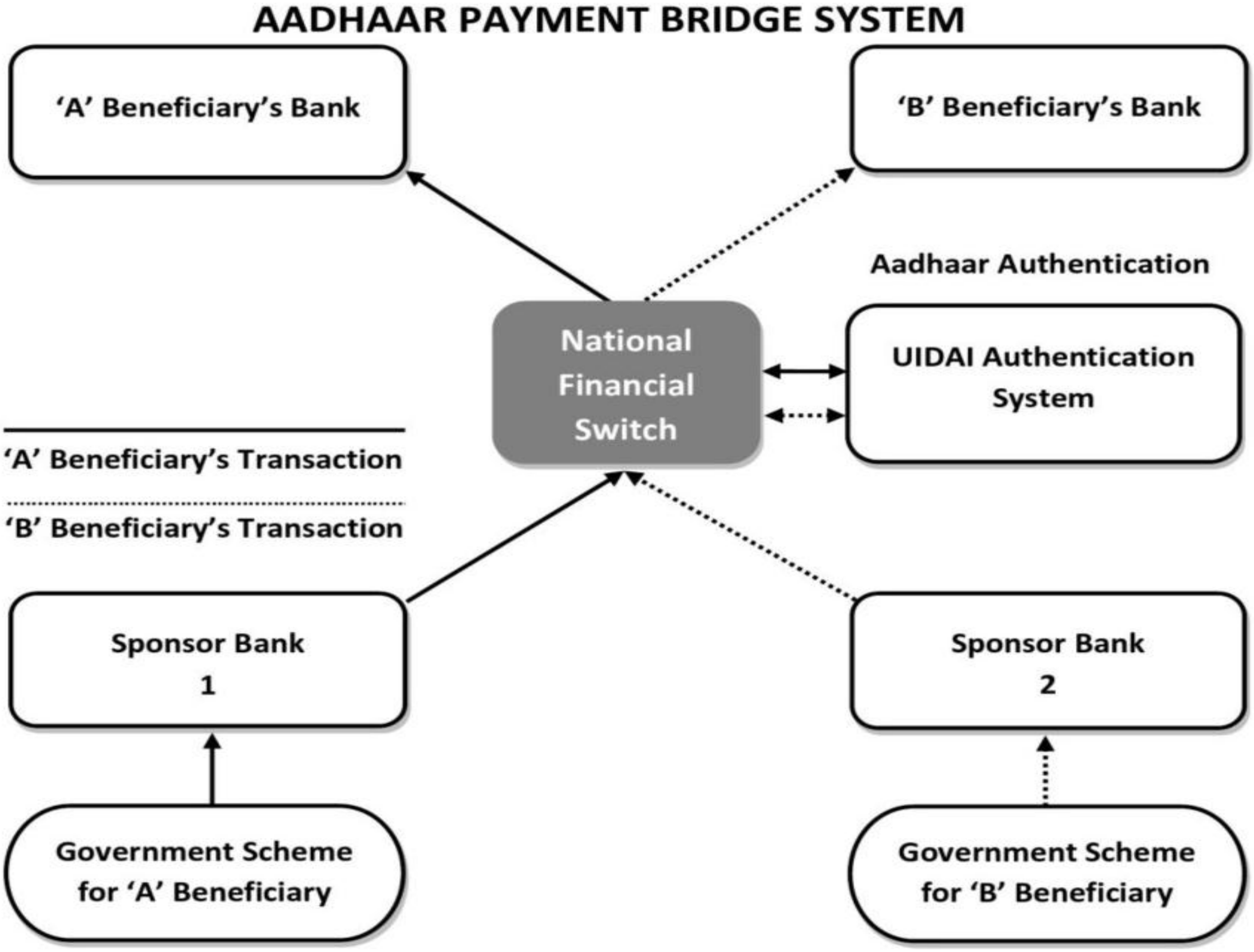
On 22nd November 2010 Immediate Payment System was launched in Mumbai. IMPS provide real time fund transfer which is available 24x7 on all Sundays and other holidays. This service can be used through various channels i.e. Internet Banking, Mobile Banking, ATM, SMS, USSD etc. this service is safe as well as economical also. IMPS or Immediate Payment System helps the customers to access their bank account and transfer the funds instantly. This is a safe medium of transferring the funds. The account of the beneficiary is credited immediately with the transferred amount.

UPI App:

NPCI launched the Unified Payment Interface for instant payment facility. Unified payment interface is a payment mode in which funds are transferred through a mobile app.To use UPI app customer has to register for mobile banking and create a UPI ID. Various UPI apps are available, and it is not necessary to use any particular bank's app in which customer has his/her account. But all these services can be availed only when the customer has access to android phone and stable internet connection. In this facility the user can send or receive money without entering detailed banking information. Virtual payment address is used to send or receive money. Upto Rs 1 lakh can be transferred through UPI app.

AEPS:

Aadhaar Enabled Payment Service is another important mode of digital payment. Aadhaar number is required to make payments in this mode. To use this service the customer is required to link his/her aadhaar number with bank account. When you use this service, the money you pay automatically will be deducted from your account and credited to the payee's account. There are no charges to use this service unlike cards and USSD. No bank account details, signature or any password are required to use AEPS. Fingerprints are used as password in this service, so this is very secure mode of payment. Funds can be transferred to any aadhaar linked account at any PoS.



Source: Aggarwal, S. and Nangia, V.K (2016)

USSD:
This can be termed as unstructured supplementary service data. This service is unique in its nature and different from other digital modes of payment, because there is no need to have a smart phone and internet facility to use this service. This service can be used even by using a basic feature phone. Objective behind the launch of this service is to provide the banking service to every common man. This service can be availed by simply dialing *99#. Account to account transfer, balance enquiry and mini statement is the main facilities which can be availed. Customer's account number should be linked with bank account. For using this service customer need to register for USSD/Mobile banking and get a MMID i.e. mobile money identity and get a mobile pin.

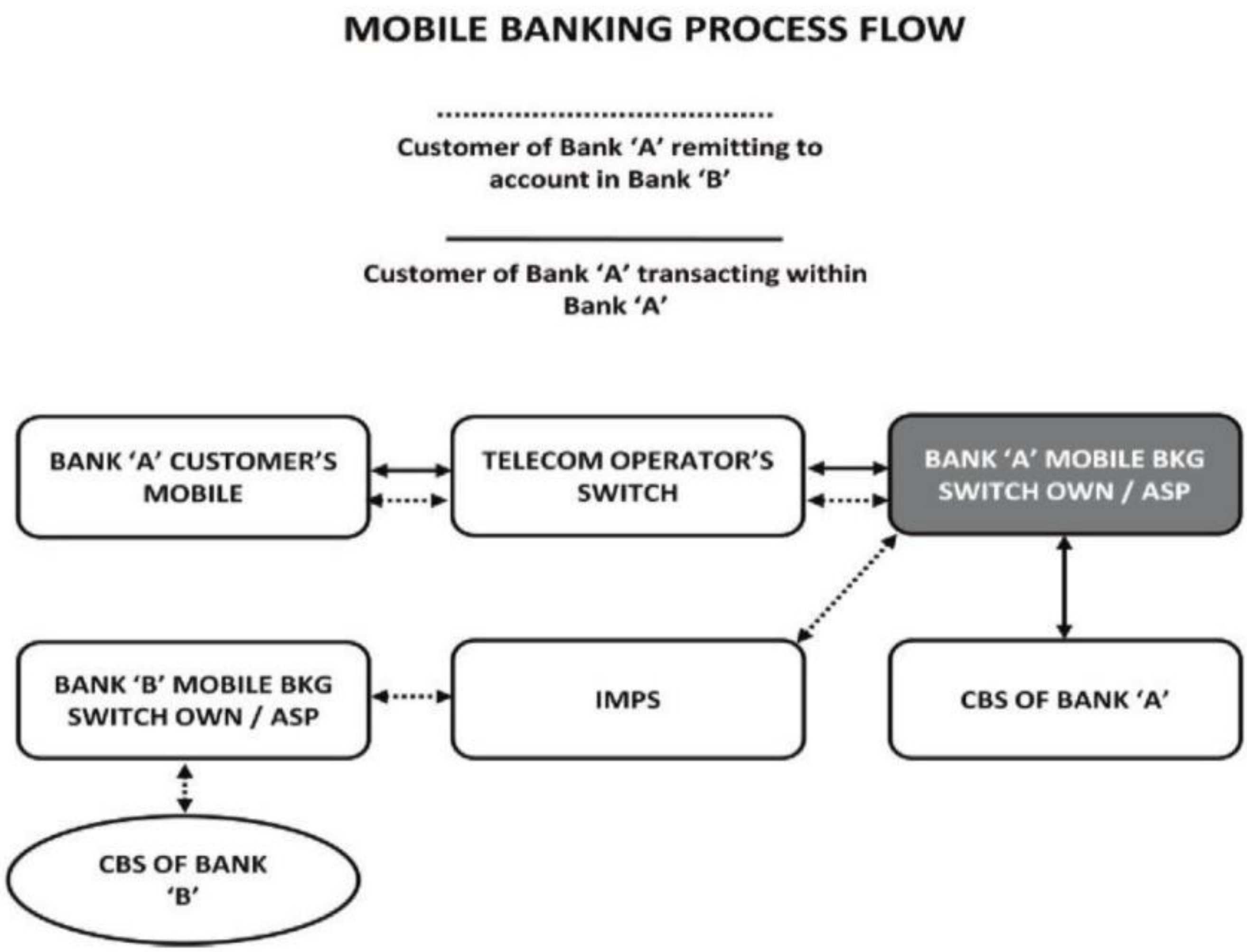
Mobile Wallets:
By using an app on the smart phone, mobile wallets allow a customer to send or receive money. In a mobile wallet cash can be stored in a digital form. For this purpose, customer can link his/her cards information in mobile device to mobile wallet application. Another way to transfer money to mobile wallet is online transfer. Customers need not to carry physical cash or cards; they can pay with their smart phone. Most of the banks have their mobile wallets and various private companies are also in this field like Paytm, Freecharge, Mobikwik, Airtel Money, Jio Money, SBI Buddy, Vodafon M-pesa etc. By using this service customers can make balance enquiry, accept or pay money. There is significant increase in the number of the digital wallet startups in India after demonetization. This increasing number of the digital wallets shows that India is slowly moving towards cashless. RBI categorised the mobile wallets as Prepaid Payment Instruments.[5]

[5] RBI master Circular no. RBI/2015-16/66-DPSS.CO.PD.PPI.No.2/02.14.006/2015-16 dated 1st July 2015.

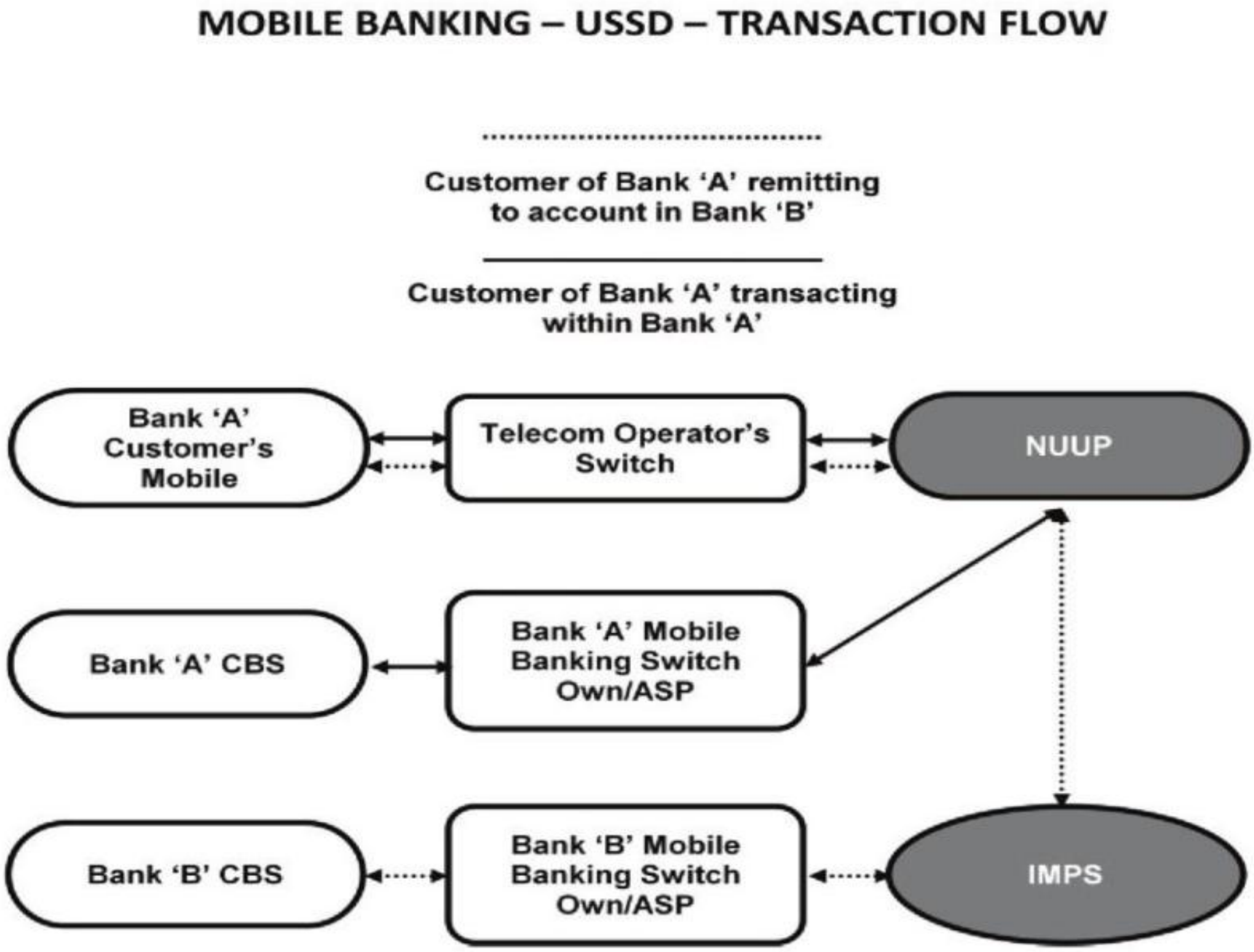
Banking Cards:
There are various types of banking cards available i.e. debit cards, credit cards, cash cards and travel cards. Making electronic payments through debit and credit cards is most common method of the present time. Banking cards are more secure and convenient way for making payments because these cards provide double layered authentication for making any payment. Secure pin and OTP are required to make payments. By using cards to make payments time and money can be saved of both the customers and merchants.
There are five Card payment Networks in India as approved by RBI.[6] These are:

- National Payment Council of India- Rupay Card
- Master Card
- VISA
- American Express
- Diners Club

Mobile Banking:
By using mobile banking customers can perform different type of financial transactions without visiting their branch. These transactions can be performed through mobile phone through an app. Customer need to get a customer identity from the concerned bank and pin for this. By using this i.d. and pin customer can log in the account and can perform various types of transactions.



[6] Notification issued by RBI on 28TH October 2015 regarding certificates of authorization for setting and operating payment systems in India.



Source: Aggarwal, S. and Nangia, V.K (2016)

Micro ATM:
This is the device that is used by business correspondents to deliver banking services in the remote areas. On authentication of the identity, the customer can deposit or withdraw money, balance enquiry; fund transfer and can get the mini statement through business correspondent. In this service the business correspondents act as a bank for the customers.

Indian Post Payment Bank:
Government of India launched this new facility recently. Now, customers can open account at the counter of the post office or through postman at their doorstep. The account holder can avail various financial facilities along with basic banking facilities. Facilities like mobile banking to have a digital savings account, sms banking, missed call banking, phone banking, transfer of funds, deposit, withdrawals, recharge and bill payment can be availed through these accounts. The account opening procedure is very simple and can be opened only with Aadhar card, mobile phone or fingertips. There is no need to maintain minimum average balance in the account.

REVIEW OF LITERATURE:

According to a report on Digital Payments 2020 by Google and BCG (2016), India is expected to experience a tenfold rise in digital payments over the next four years. By 2020, Indian digital payment industry is expected to be of worth of US $ 5 billion. Person to person and person to business digital payments are very important part of digital India mission because by making digital payments a large number of intermediaries, time and cost and a lot of confusion can be avoided. There will be more transparency in the transaction if digital modes of payments are used. Digital literacy has very important role to play in creating faith of the customers in digital payments because privacy and secrecy are the main concern of the customers while making digital payments or using different modes of digital payments.

GPFI (2015) pointed out in its report that the price of any payment service plays very important role in uptake and use of various innovative digital services by customers. It may be possible that various payment services are available, but they may be unaffordable by the customers. Various new products and services are designed by the banks and financial institutions, but only viable business models can reach the un-served and underserved. These viable models should also be commercially viable from the provider's perspective. There is a reduction in the cost of providing payment services due to technological innovations. But only 10% of the payment services are found to be free of cost according to Global Payment System Survey. But these innovations are making digital payments within reach of more and more people. Improvement in the status of the digital payments in India due to technological advancements and innovations has the capacity to improve the usage of these services by the customers. For example, mobile point of sale devices are making even a small retailer to join digital payment system.

Fawzi Al Sawalqa, Khaled Abu Aliqah (2013) conducted a study to identify the nature of the relationship between cost of different banking service and acceptance of banking services by customers. The research approach used for the study was quantitative methodology. According to the results of the study, the top five most accepted services are; ATM withdrawals, balance checking using ATM, counter deposit service, request for account statement using ATM, fund transfer using counter. The results also revealed that traditional counter/ branch banking is still popular among customers of the commercial banks located at Tafila. This shows that customers of that region are still not comfortable in using electronic modes of payments and banking. Cost of each category of service is very important factor in acceptance of such category of service by the customers based on income level and financial behavior of the customers.

Amy Jensen Mowl (2012) conducted a research to study the role of transaction costs in accessing savings and credit facilities. For the purpose of the research both qualitative and quantitative survey method were used. Survey was conducted on 240 households and six focus groups were selected. Study revealed that transaction cost is very important factor affecting use of any financial service. These costs should be reduced to increase the demand for financial services and use of these services. Results show that customers are very sensitive towards opportunity cost of time lost and waiting time. Transaction costs increase the overall cost of the financial services and this may cause low demand.

Kumar M, (2010) identified eight factors which affects the decision of the customers while choosing their bank. The study was conducted in Malaysia. These eight factors are; branding, convenience, recommendations by peers, require by company, variety of products and services, rate charges, flexibility in account handling and friendly environment.

Koenig-lewis et al. (2010) conducted a study in Germany on 155 customers (aged 18-35) to find out the factors affecting the adoption of mobile banking instead of traditional banking. Results shows that perceived usefulness, compatibility, and risk significantly affects consumer's intention to adopt mobile banking. In addition, perceived cost, ease of use, credibility and trust are the factors which could not be ignored, and these factors play very important role in influencing the intention of the customers to use internet banking. TAM and diffusion theory were used in the study. Yang (2009) conducted a study by using rasch measurement model and item response theory. A survey was conducted on 178 respondents. The results revealed that the speed of transaction and special reduction in the transaction fees are the main factors that encourage thee customers to use mobile banking. In addition, safety and initial setup fees are the major constraints in using digital modes of payments.

OBJECTIVE OF THE STUDY:

To study various aspects of digital payments in India.

RESEARCH METHODOLOGY:

Methodology adopted for the present research is descriptive in nature. Secondary data has been used for the study. Various research articles from reputed journals, websites and magazines have been consulted. Various reports published by banks, RBI and other financial and non-financial institutions have been used.

DIGITAL PAYMENT'S STATUS AND COST ASPECT IN INDIA:

Some research pointed out that the boom in the use of the digital modes of payments was only due to non-availability of cash after demonetization in India. Demonatisation gave a push to the use of digital modes of payments. Major factors responsible for the growth of the digital payment modes are rapid growth of the fintec players who are

delivering the services, expectations of the customers and government push to digital economy in the country. Digital payments increased by 55% in terms of volume and 24.2% in value terms in 2016-17(Niti Aayog).
By March 2017, 854.87 million debit cards are issued in India. Around 33% of these cards are issued by the State Bank of India. 29.84 million Credit cards were issued by March 2017. Out of this, 23.24 million cards are issued by top 5 banks including HDFC, ICICI, SBI, Citi Bank and Axis Bank. In March 2016, 57,280 million were transacted through mobile banking, which increased to 171,853 million in March 2017. There is around 200% increases in the amount transacted thorough mobile banking. Mobile wallets are gaining importance these days. Paytm is one of the popular mobile wallets in India, which have 218 million registered users by March 2017 (Medianama 2017).
"It is easier to rob by setting up a bank than by holding up a bank clerk." The statement seems to convey the same meaning and indicate towards the increasing trends of bank transaction charges in India. Many of the Indian banks decided to levy charges on use of their services which are free to customers till now, and customers will be charged even for their cash transaction keeping some transactions free. It is said that all these efforts are made to promote less-cash transactions and reducing the level of cash transactions. The State Bank of India, the largest bank of India announced an increase in charges for various transactions effective from April 2017.
Due to changes in the charges for various services, there is disagreement between the customers and banks. Both the parties have their own issues. By this move banks want to cut their costs and try to set off the costs of zero balance accounts. On the other hand, due to these charges customers feel cheated. Now it's not possible for the customers to visit their branch in a carefree manner. Now the customers have to keep their visits to branch within the limit specified by their bank to save themselves from extra charges. Customers are being penalized by their bank for visiting their branch, making withdrawals by ATM and for not maintaining a minimum balance in their account.

There are various reasons behind this move of the banks. Some of these are discussed below:
The main reason behind levying these charges is to support digitization. Banks have been trying to motivate their customers to use digital modes. The number of the free transactions at branch and through ATM has been restricted to push the customers to use other digital modes of payments. On the other hand, banks want to maintain a margin. Almost all the public sector banks have written off huge bad loans in their books over the past few years. So now banks started charging for various services which are free of cost till now.
Another important reason behind levying these charges is to reduce the cash handling charges and pushing customers to use the digital modes of payments. By imposing these charges, the banks are trying to off-set the costs of zero balance Jan Dhan accounts. The idea behind restricting the number of free atm withdrawals is that people go to atm to withdraw money to give someone else and then in turn the receiver of the money deposits the same in bank. This process involves huge cost which is not visible to general public as these costs were not transferred to the customers. This includes transportation cost, cash counting, cash handling and security costs. Banks and government justify these charges by claiming that these charges are imposed to reduce the dependency on cash and increase the usage of the digital mode of payments. But various digital services provided by the banks and other institutions are also not free. These services also have their usage charges. If the government and banks want to reduce cash dependency, then digital modes should be provided free of cost or very minimal charges should be levied on customers.
Following are the various charges charged by the banks and other service providers from their customers:

Charges on Deposits in Cash Deposit Machine
Cash deposit machine popularly known as CDM is a machine in which we can deposit money in own or third party's account without visiting the branch at non-banking hours also.

Service	SBI	HDFC	ICICI BANK
At Cash Deposit Machine	By card to card linked account is free. Debit card to third party account- Rs 22 plus GST is applicable.	-------	At Cash Acceptance Machine: Nil for the first transaction in a month, thereafter Rs 5 per thousand rupees or Rs 150 whichever is higher.

Charges for using ATM:
Charges for using ATM are similar for all banks as these are regulated by RBI. Customers can spread out the transactions by using both own bank's ATM and other bank's ATM. Up to 8 transactions can be done without attracting extra charges for this.
Charges on ATM related transactions: For HDFC and ICICI Bank:

ATM charges for Home Bank	First five transactions are free, thereafter Rs 20 per financial transaction and Rs 8.50 per non-financial transaction.
Other Bank ATM Charges	Three transactions are free from ATM of other banks in six metro cities, 5 transactions in all other locations are free in a month, thereafter Rs 20 per financial transaction and Rs 8.50 for non-financial transactions.

Charges for ATM Transactions For State Bank of India				
	At SBG ATM		**At other Bank's ATM**	
Previous Month's AMB	**In 6 Metro cities**	**In Other Cities**	**In 6 Metro Cities**	**In Other Cities**
Below Rs. 1000	5	5	3	5
>Rs. 1000 upto Rs 25000	5	5	3	5
>Rs 25000 upto Rs 50000	Unlimited		3	5
> Rs 50000 upto Rs 1 lakh			3	5
More than Rs 1 Lakh			Unlimited	
Charges on Financial Transactions Beyond free limit	Rs. 10 plus GST		Rs. 20 plus GST	
Charges on Non-financial Transactions beyond free limit	Rs. 5 plus GST		Rs. 8 plus GST	

Non-financial transactions are the transactions which are performed to change the user details, balance enquiry, mini statement printing, pin change and cheque book request through ATM card at ATM. Whereas financial transactions involve transfer of funds and cash withdrawal. In case of non-financial transactions, there is no debit or credit from the customer's account. If any transaction is declined due to insufficient balance in account Rs 20 plus GST are levied by State Bank of India.

Card Fees:
Debit and credit cards are not issued free of cost to the customers. They also have issue fees, annual charges etc. if the card is lost, then customers have to apply for reissue of card. Then renew charges are also to be paid.

Debit Card Charges	**SBI**	**HDFC**	**ICICI**
Card Issuance Charges	Normal card- NIL	Rupey premium card- Rs 200	Debit Card fees- Rs 150, for gramin locations-Rs 99
	Gold Card- Rs 100	Business Debit Card- Rs 250	
	Platinum- Rs 306	Platinum Debit Card- Rs 750	
Annual Maintenance Charges	Normal card- Rs 100	Rupey premium card- Rs 200	Debit Card fees- Rs 150, for gramin locations – Rs 99
	Gold Card- Rs 150	Business Debit Card- Rs 250	
	Platinum- Rs 200	Platinum Debit Card- Rs 750	
Card Replacement Charges	Rs 200	Rs 200	Rs 200
Duplicate Pin Generation Charges	Rs 50	Rs 50	Rs 50
Transaction Decline due to Insufficient Balances	Rs 17 plus taxes	Rs 25 plus taxes	Rs 25 plus taxes

Use of the card at a point of sale is also not free of cost. Merchants are required to pay a fee to the bank called Merchant Discount Rate (MDR). Cash out charges are levied in case of credit cards.
Debit Cards- Effective from April 1, 2017

S. No.	**Merchant Category**	**MDR for Debit card transactions (% of transaction value) Physical PoS Infrastructure Digital PoS**	
1.	Small Merchants	Not exceeding 0.40%	Not exceeding 0.30%
2.	Special category of merchants	Not exceeding 0.40%	Not exceeding 0.30%
3.	All other category merchants	Not exceeding 0.95%	Not exceeding 0.85%
4.	Government Transactions	Flat fee of Rs 5 for transaction value Rs 1 to Rs 1000 Flat fee of Rs 10 for transaction value Rs 1001 to Rs 2000 MDR not exceeding 0.50% for transaction value above Rs 2001 with cap of Rs 250 per transaction	

As per RBI circular on "Rationalisation of MDR for Debit Card Transactions

NEFT and RTGS Charges:
National electronic fund transfer is a system for one to one fund transfer. There are uniform guidelines from RBI regarding charges for NEFT. NEFT service can be used by the customers who don't have a bank account in the branch. They can transfer funds by using NEFT. Now, NEFT settlement cycle have been reduced to half hourly batches from hourly batches. This is done to improve the efficiency and customer convenience of the customers. NEFT services are available at branches as well as online mode. Charges are different for the transactions made at branch and online transactions. RTGS service is mainly used for large value transactions. Minimum amount that can be transacted through RTGS is Rs 2 lakhs.
In June 2019 RBI directed to eliminate the charges on RTGS/NEFT services to promote the digital transactions. Maximum charges that are being charged by a bank from its customers for using NEFT service are:

NEFT charges (through Net Banking/Mobile Banking):

Bank	SBI	HDFC	ICICI
Upto Rs 10000/-	Rs 1.	NIL	NIL
Above Rs 10000 and upto Rs 1 Lakh	Rs 2.	NIL	NIL
Above 1 Rs Lakh and upto Rs 2 Lakh	Rs. 3	NIL	NIL
Above Rs. 2 Lakhs	Rs. 5	NIL	NIL

Charges for NEFT(at branch):

Value	Maximum charges+ GST
Upto Rs 10000/-	Rs 2.50
From 10,001 to 1 Lacs	Rs 5/-
Above 1 Lac up to 2 lacs	Rs 15/-
Above 2 Lacs	Rs 25/-

Charges for RTGS:

Inward Transactions	Free of cost

Outward Transactions:

Rs 2 Lacs to Rs 5 lacs	Rs 25 + applicable varying charges, subject to maximum Rs 30/-.
Above Rs 5 lacs	Rs 50 + applicable time varying charges, subject to a maximum of Rs 55/-.

Charges for IMPS:

Amount	SBI	ICICI
Up to Rs 1000/-	Nil	Nil
Above 1000 & up to 10000	Rs 1+ GST	Rs 5 + GST
10001 to 1 Lakh	Rs 2 + GST	Rs 10 + GST
1 Lakh to 2 Lakh	Rs 3 + GST	Rs 15 + GST

Charges for availing SMS service:
Now customers can have updated information regarding their transactions on their registered mobile number through SMS. Whenever any transaction is made through customers account, customer is informed by the means of SMS. Customers can also check their balance by giving a missed call on a number provided by the bank. A SMS is sent by the bank regarding updated balance in the account. Rs 15 plus service tax per quarter is

charged by the bank for availing this service.

Charges for ECS transactions:
There are heavy penalties if any ECS transaction is failed due to any reason. Some banks have a fixed rate for each failed ECS transaction, but some have different charges in case of second rejection. For example, HDFC bank charges Rs 350 for first failed ECS transaction and Rs 750 for subsequent failed ECS transaction.

Charges for using USSD:
Rs .50 is charged for making any transaction through USSD by the operator. But these charges are added to the mobile bill of the customer whether the transaction is completed or not. Fund transfer limit is Rs 5000 per day and Rs 50000 per annum (cashlessindia.gov.in)

Charges for making transaction through Mobile Wallets, Mobile Money Accounts and Payment Banks:
There are no charges for making payments through mobile wallets. Instead customers get various discounts or cash backs while making transaction through mobile wallets. Customers are charged only when transfer is made from mobile wallet to bank account. Through a mobile money account customer can avail various services like deposit facility, prepaid recharge, transfer of funds, payments of bills, withdraw cash and payments to merchants. According to RBI guidelines a payment bank can offer limited services to customers. Airtel Payment Bank and Paytm Payment Bank are some popular payment banks in India.

Paytm:
1) Paytm to Paytm Wallet- No charges
2) Paytm Wallet to Paytm Payment Bank Transfer - 4%
3) Paytm Wallet to Bank Transfer (KYC Customer) – 4%

Airtel Payment Bank:

Account Opening Charges	Nil
Cash Deposit Charges	Nil
Cash Withdrawal Charges	.65% of Amount
Fund Transfer within Airtel Payment Bank	Nil
From Airtel Payment Bank to another account	1% of amount transferred

m-paisa:
This is the mobile wallet and mobile money account jointly presented by ICICI Bank and MSCL- a Vodafone group company. This service is available to Vodafone subscribers.

	Mobile Wallet	**Mobile Money A/c**
Fund Transfer Limit	Not Allowed	25000
M-pesa Account Balance (Maximum)	20000	100,000
Transfer to un-registered customers	Not Allowed	10,000
Send money to m-pesa customers	20,000	25,000

6.9.4 m-Rupee: This provides a money transfer facility.

Fund Transfer Limit	**Fee**
Up to Rs 5	Rs 5
Rs 6 to Rs 1,000	Rs 20
Rs 1,001 to Rs 5,000	2%
Rs 5,001 to Rs 10,000	Rs 100
Rs 10,001 to Rs 15,000	1.05%
Rs 15,001 to Rs 20,000	1.05%

Charges for using doorstep services of Indian Post Payment Bank:
When customer open account with post office, they can use various financial services at their doorstep through postman. But customers are charged for every transaction performed at their doorstep through digital tools with the help of postman.

- Customer on boarding- No charges
- Digital Transaction (other than cash deposit /withdrawal) - Rs 15 per transaction
- Cash Transaction (cash withdrawal, cash deposit) – Rs 25 per transaction

Doorstep banking will be charged for every successful transaction.

CONCLUSION:

Use of the digital payment service can also be very helpful in bringing transparency in transactions. Digital payments could also be very helpful in reducing or eliminating the leakages in public welfare schemes if all the government to person payments is made through digital mode. Then it will be helpful to keep record of all the transactions. Such type of initiatives will also be very helpful in bringing previously unbanked and under banked under the purview of the banking system. In addition to the long list of benefits, the digital payments are not so easy to be used by any individual who is not technology friendly. Sometimes, use of the digital modes of payments may result in overspending. As we have access to all funds through electronic means, whereas we have limited cash in our physical wallet.
Nothing is free in this world. A cost is attached to everything. Digital modes of payments are gaining importance these days as these services provide a convenient, easy and quick mode of transferring funds to the customers. But these facilities also have their cost. Although these fees may not seem too high, but in the long run it can eat the account balances. So, it is very important to know the various available options and cost associated to these services. Only then customer can choose an economical method of payment. Customers should read all the terms and conditions carefully before accepting and using any service provided by the banking and other financial institutions. Here, financial literacy is the main factor that can play important role in creating awareness and improving knowledge regarding the digital modes and tools for payments.
There is a great need to strengthen the infrastructure to support the use of digital platforms, because various cards transaction happens to be rejected at PoS due to server issues. Network congestion and internet connectivity are the main reasons behind this. Security is another issue which prevents thousands of people from moving towards using digital payments modes. Mindset change is required to make people feel comfortable with digital payments.
There should be transparency in the system. Banks should send the updates regarding various charges to the customers. Because many times customers are not aware about the charges for various services that has already been charged to them and deducted from their account. Printed material should also be provided to the customers at the branch to inform them about the latest charges that bank is charging to provide various services. For example, many of the customers don’t know how the minimum account balances to be maintained are calculated. So, banks need to educate their customers about these issues.
The C’s are the very important pillars for the development and strengthening the infrastructure for digital payments. These are coverage, convenience, convergence and the cost. In order to make a “less-cash” economy continuous efforts are needed from the side of all the stake holders. Focus should be on developing good regulatory framework, increasing the interoperability of the digital payment modes and the most important is the security and convenience for the customers. RBI is committed to promote the digital transactions and taken various initiatives for the same i.e. reduction and elimination of various charges for the usage of digital payments.

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