

Changes in Business processes - 21st century

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Abstract

In the present scenario after covid-19 the businesses have to shift their focus and look for new ways to run their businesses in order to sustain. The businesses has to ensure that they deliver their products to the customers on time and extend their markets, in order to do this they have to focus on the processes like advertisement, direct marketing etc., and shift towards online trends. The paper focuses mainly on the payment processes which is a back bone for transformation like phone pay, google pay, paytm etc.,

Keywords: Digital payments, cash payments, online tools, phone pay.

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1. INTRODUCTION

In the financial year 2021, digital payments in India reached a total of over 53 billion Indian rupees. This marks a significant increase from 20.7 billion Indian rupees in financial year 2018. From the above chart 1.1, it can be understood that there is a decline in the cash payments and an increase in digital payments. In 2005 the cash payments are 92% of the whole payment transactions and the digital payments are 3%. But in 2020 there is an increasing trend in the digital payments to 39% and decline in cash payments to 60% and in the coming years that is in 2024 the cash payments will be 41% a further decrease in the transactions and the digital payments will increase to 58%.^[1]

The above chart shows that the Digital payments in India in value, the amount from 2010-11 has increased from 98 crores of rupees to 1,623 crores of rupees in 2019-20. This shows that there is a huge growth in the digital payments.

2. Objectives

The objective of the paper is as follows

1. To understand the factors that are contributing to the growth of the digital payments.
2. To understand the relation between the factors and the customer intention
3. The online tools that have contributed to the growth of digital payments.
4. To understand the features of the online tools.

3. Research methodology

The type of research that is conducted here is exploratory research and the data used is mainly secondary data. The data is collected from primary and secondary sources the primary source is mainly through questionnaire and the secondary source is internet and the online resources.

The tool that has been used for the analysis is the SPSS package (statistical package for the social sciences).

4. Factors that are contributing to the growth of Digital payments

There is a tremendous growth in the digital payments after covid-19 this is because many users have shifted from traditional payments to the tools like google pay and phone pay etc., in this study the factors that have contributed to the growth of the online payments mainly using google pay and phone pay and other methods have been analyzed by conducting a survey on 150 respondents and also the relation between these factors with the customer intention.^[2]

4.1 Increased awareness (IA)

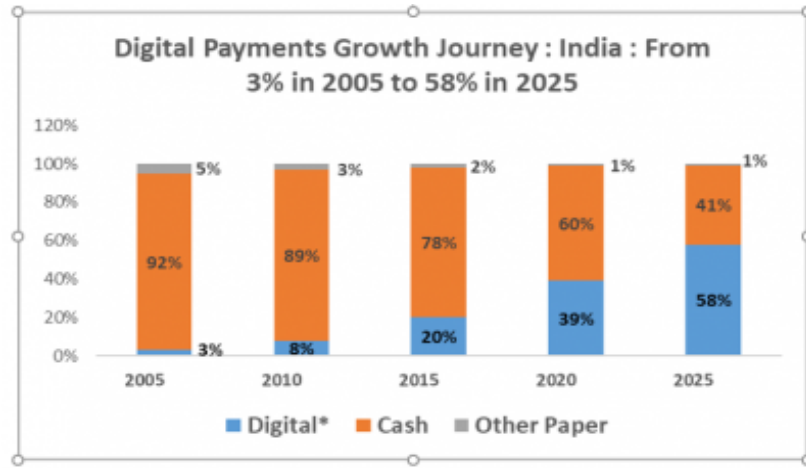
Consumer acceptance of digital modes of payments has shot up in recent times, especially after demonetization in November 2016. Millennials and Gen Z consumers are comfortable with digital payments and use them more than often. By not accepting digital payments, merchants are going to lose out on a sizeable chunk of business.

4.2 Government policies (GP)

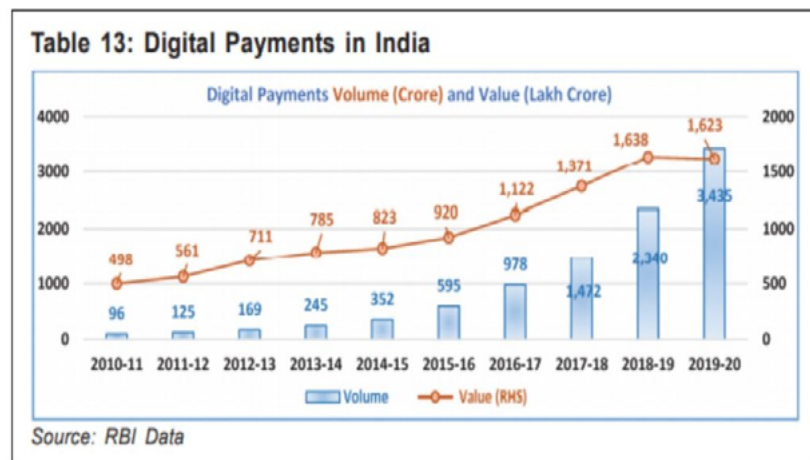
The incumbent government's focus on achieving a cashless economy in India has led to the introduction of several policies favoring merchants who are integrating digital payments.

Example: In her maiden budget speech, India's Finance Minister Nirmala Sitharaman had proposed that establishments with annual turnover of more than 50 crore shall offer low-cost digital modes of payment, such as BHIM UPI, Aadhaar Pay, UPI-QR Code, debit cards, NEFT and RTGS, to customers and no charges or Merchant

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Graph 1.1 – Digital payments Vs Cash payments



Source: Table 13 : Digital payments in India – RBI Data

Graph 1.2 – Digital payments in value

Discount Rate (MDR) shall be imposed either on customers or merchants. With the passage of the Finance Bill, this proposal is now part of the law and will come into effect on November 1.

4.3 Ease of use(EU)

Gone are the days when complex technology used to act as a hinderance to digital adoption. for instance, we use best-in-class technology to design products that are easy to use and help merchants grow their business. We also have a dedicated customer onboarding team to help merchants seamlessly embrace digital payment solutions.

4.4 Internet expansion(IE)

Did you know that the number of smartphone users in India are expected to double to 859 million by 2022 from the 468 million users in 2017? Add to it the fact that India (12%) has surpassed the United States (8%) and is now the second largest internet user base in the world, as per Mary Meeker's Internet Trends Report 2019. These facts point to the fact that digital payments are only going to point north from here onwards.

4.5 Regulatory support(RS)

RBI's May 2019 release of the vision document titled, "Payment and Settlement Systems in India: Vision 2019-2021" is a step in the right direction. The document outlines 36 specific

Action Points for turning India into a Cashless Economy and such efforts on the part of the banking regulator is the need of the hour to further expand the digital payments infrastructure in the country.

4.6 Payment Gateways (Pgs)

A typical online payment transaction requires the involvement of several intermediaries like banks and non-banks which act as merchant aggregators.PGs are entities that facilitate ecommerce sites and merchants to accept various payment instruments from customers for completion of their payment obligations without the need for merchants to create a separate payment integration system of their own. In this process, PGs provide only technological infrastructure. While banks and other FIIs are directly regulated by RBI.

5 Factor Analysis

Analysis can be suitable to conduct at 95% confidence level. Eigen values of factors are larger than one which indicates that all the factors are important. The eigenvalues of factor 1 (IA) is 8.943 that involves 34.396% of variance. The eigenvalues of factor 2 (GP) is 1.942 which consists 7.470% of variance. The eigenvalues of factor 3 (EU) is 1.666 which consists 6.407% of variance. The

eigenvalues of factor 4 (IE) is 1.477 which consists 5.681% of variance. The eigenvalues of factor 5 (RS) is 1.417 which consists 5.451% of variance. The eigenvalues of factor 6 (PG) is 1.085 which consists 4.175% of variance. Thus, Perceived Benefits is the most important factors.

Tools used in the digital payments

According to a survey conducted on digital payments in India in 2020, around 79 percent of the households used some form of third-party digital payment apps, like Paytm and PhonePe show in screen shot 1.

PhonePe said it has crossed the 300 million lifetime registered users milestone. The company reported 125 million monthly active users (MAU) and an annualized TPV (total payment volume) run-rate of over \$390 billion in May '21. Its merchant network also continues to grow rapidly across India, and now has over 20 million offline merchants across 11,000 towns and talukas in India. PhonePe competes with rivals such as Google Pay, Amazon Pay, and Alibaba-backed Paytm. It had crossed the 250-million registered users mark in November 2020, and added another 50 million registered users in less than 6 months. In March 2021, PhonePe became the first industry player to process over one billion UPI transactions in a single month and has been clocking over a billion UPI transactions on its platform every month since then. For FY20, PhonePe earned Rs 427 crore in total revenue, up 74 percent from Rs 245 crore in FY19. Since Rs 273 crore revenue in FY16, the jump in four years has been over 156 times. In terms of income, Rs 371 crore came through revenue from operations, making up the bulk of the overall revenue for

PhonePe in FY20 PhonePe has continued to dominate the Unified Payments Interface (UPI) app ecosystem in India and expanded its market share to 46.04 percent in June 2021. Walmart's payment arm in India PhonePe continued to remain the dominant UPI app for a third straight month in February 2021, cornering an impressive 42.5 per cent share of the 2,292.90 million UPI transactions during the said month. PhonePe, which was spun off from Flipkart in December last year and currently competes with Google Pay and Paytm primarily, processed 975.53 million UPI transactions amounting to Rs 1.89 lakh crore, up from 968.72 million UPI transactions worth nearly Rs 1.92 lakh crore in January 2021, according to the data released by the National Payments Corporation of India (NPCI). Likewise, Google Pay, which lost the top spot to PhonePe in December 2020, remained the second-largest UPI app in February processing 827.86 million transactions (36 per cent of total UPI volume) worth Rs 1.74 lakh crore, down from 853.53 million transactions worth Rs 1.77 lakh crore in January. PhonePe and Google Pay had a combined 78.5 per cent UPI volume share in February.

6.PhonePe - Future Plans

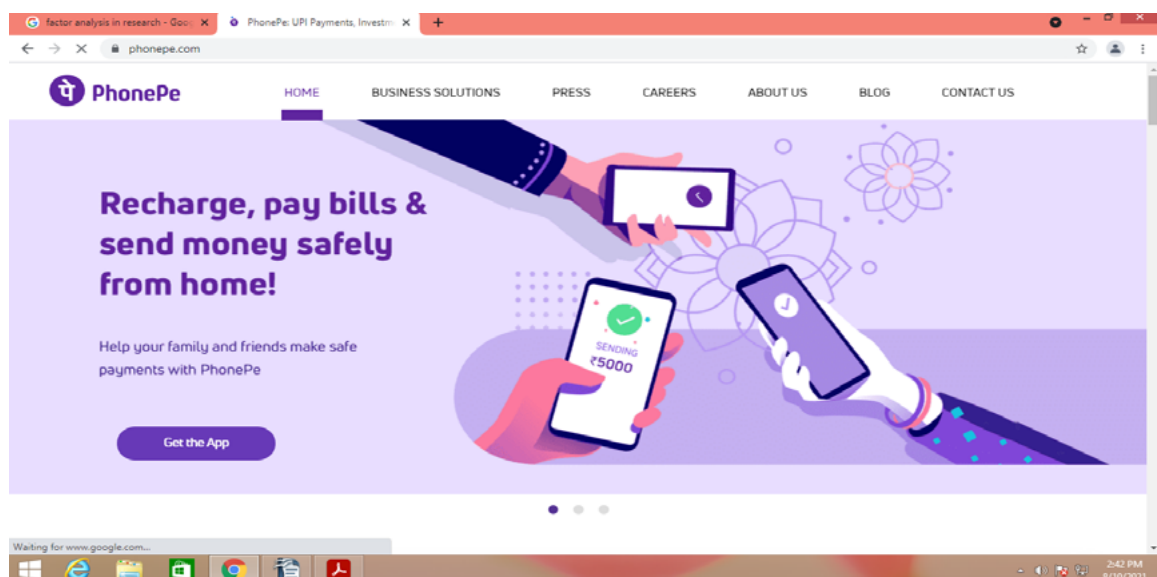
The company has plans to become more profitable by 2022. PhonePe is also helping its users discover several new products online. It is informing people when, where, and which shops are open and delivering such products. This is a unique offering. PhonePe has launched a new chat service for users and merchants it deals with.

Table 1: The Pearson Correlation Relationship between Variables

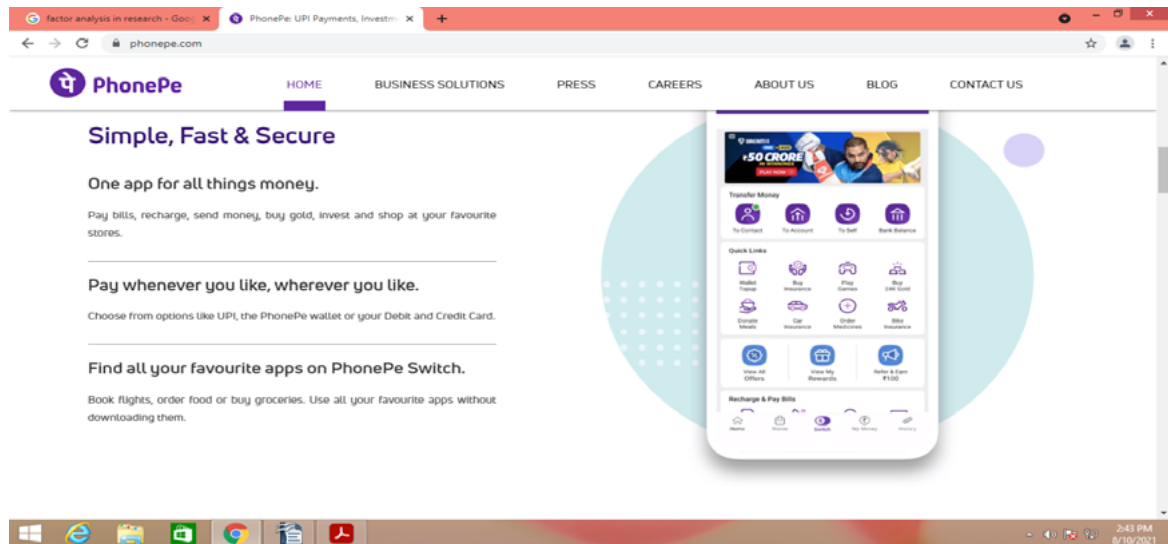
This research is N= 150

Relationship	Strength of correlation	
IA & CI	0.51	Moderate Positive
GP & CI	0.57	Moderate Positive
EU & CI	0.48	Moderate Positive
IE & CI	0.37	Moderate Positive
RS & CI	0.6	Moderate Positive
PG & CI	0.69	Moderate Positive

Screen shot 1 : phonepe.



Screen shot 2 : phonepe

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References:-

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