

**INNOVATIONS AND RISK FACTORS IN
IMPLEMENTING DIGITAL PAYMENTS IN OMNI
CHANNEL RETAILING, INDIA: CONCEPTUAL
PERSPECTIVE**

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ABSTRACT

This article is designed to understand the Innovations and risk factors in implementing digital payments in Omni channel Retail, India. Since many FinTech companies are focusing on building service platforms for payments it can be implemented in retail sector by minimizing the risk. The Omni channel opportunity, unlocking the power of connected customer (By Deloitte to ebay Annual General meeting report, 2013). Determinants of mobile payment usage (Tan Chew Beng and Uchenna C. Eze ,2010) clearly states the 3 key determinants for digital payments are Consumer Crust (cost, feasibility, consistency) Business crust (Visibility , System feature, Customer check) Technology Crust (safety ,SMS services, businessprogression) will influence mobile payment usage by customers. (Piyush Kumar and Dr.Dhani Shanker Chaubey, 2017) concluded the digital payment had set relief and force towarddigital payments post demonetization. Public adopted technology slowly, but don't required to pay in addition for digital transaction. (Iguácel Melero and Peter C. Verhoef, 2016) states Recasting the shoppers practice in Today's Omni-channel atmosphere has to touch all the payment platforms to its

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customers in order to complete the transactions both in online and offline shopping.(Mosquera, A., Olarte Pascual, C. y Juaneda Ayensa , E , 2017) refers customers prefer to be more conscious about their transactions details in new age payments of Omni channel shopping but tend to be more open for new technology payment platforms if they are more secure, reliable and faster. (Worldpay ,2015) states digital payments eliminates flow of cash physically in stores and but payment gateways software need to be improves in case of transaction failure money has to be instantly refund back to the source account to reinitiate the payments again.

Key Words: Omni Channel, Digital Payments, Shopping, Payment Gateways, Customer Experiences, Technology, Cyber Security.

INTRODUCTION

Digital Payment

The Payment and Settlement Act, 2007 has define Digital Payments as “electronic moneyshift means allshift of funds which is initiate from an individual by way of instruction, endorsement or sortto a bank to debit or credit in the bank accountmaintain with that bank all the way through electronic means and includespot of deal transfers; ATM transactions, direct deposit or withdrawal of money, transferinitiate by cell phone, internet and, card payment.

Digital payment is a method done through digital modes. In digital payments, person paying and payee both use digital mode to send and acceptcash. It is also known as electronic recompense. No physical cash isconcerned in the digital payment. All the transactions in digital payments aredone online. It is convenient andeasy way to make payments. If we speak about cash payments, we have to first withdraw cash from our bank account and then we use the cash to make payments in the shop. Retailers go to the bank and deposit the cash into his account. This process is lengthy for us and also for the shopkeeper. But in Digital payments there is no need for the retailer or customer to visit ATM or bank to withdraw or to deposit the cash.

List Approved Digital payments Technologies by **National Payments Corporation of India**

- NFC (Near Field Communication)

- UPI (Unified Payments Interface)
- *99# (USSD based mobile banking – Offline)
- Bank Cards (Debit Card, Credit Card)
- QR Code (Quick Responsive Code)
- Bank cards (Debit & Credit card)
- Net Banking
- IMPS(Immediate Payment Service)
- BHIM Aadhaar (Bharat Interface for Money linking with Aadhaar)
- USSD (Unstructured Supplementary Service Data)
- MMID (Mobile Money Identifier)
- RTGS (Real Time Gross Settlement)
- NETC (National Electronic Toll Collection)
- BHIM (Bharat Interface for Money)
- BBPS (Bharat Bill Payment System)
- NACH (National Automated Clearing House)
- NEFT (National Electronic Funds Transfer)

Benefits of Digital Payments

Digital payment method is further safe and secure compared to making transactions relating cash withdrawal. These methods of payment promote additional transparency and liability, reduce operation costs, and reduce the size of the informal economy. No extra cost of printing hard cash- At the time of demonetization phase RBI have splurge 7935 crores to publish the newly designed hard cash.

Omni-channel retail

The word Omni is derived from the Latin word Omnis, which mean everyone or universal.

Omni-Channel reflects the approach of innovative consumers take their own pathway to buy through a range of retail channels offered. This might include usual brick-and-mortar stores, but also some of the rising virtual channels, such as social networks, mobile and online. Renovate to an Omni-Channel business form, in which all the channels are integrated and function cordially,

is an achievement for the mercantile community. Few leaders in marketing define Omni channel as:

- Square define: Gathering people on the channels everywhere they are shopping. Whether it's an on social media or a physical store or online store, and linking the dots among those channels. The intention is to keep consumers moving around the brand ecosystem.
- Hub spots states: "the capability to deliver a flawless and reliable experience across channels, while factoring in the diverse devices those consumers is using to interact with your business."
- Google defines : "ensure [retailer] marketstrategy is geared toenable customers to exchange on any channel."

Linking Digital Payments with Omni Channel Retailing

Mobile devices permanently connected to the internet are seen as a game changer for merchants and the supporting payments industry. In the last decade, consumers have embraced these new technologies. It is predictable that the quantity of devices associated to the Internet will blow up from 10 billion at present to 50 billion by 2020 (source: PCM Research).

Individual use of mobile devices and internet technology is giving consumers access to unlimited digital information, allowing them to make more informed decisions. Embraced by the consumers, the demand for a unique Omni-channel sales consumer experience has gained significant momentum

- **Research Online Purchase Offline:** Worldwide, 88 per cent of consumers are seeking information online before buying in-store or in-app (source: Viva KiAdvance: Connected Commerce 2016)
- **Cross-channel behavior:** 91 per cent of consumers get goods information online before buying in-store. (source: PCM Research 2017)
- **Mobile in-store:** 75 per cent of French people already used their smartphone in-store to compare prices. (source: PCM Research 2017)
- **Connected:** 54 per cent of smartphone owners use their mobile to look up merchant information on the go. (source: PCM Research 2017)

- **Service:** 59 per cent of consumers think that “bricks & mortar” merchants are providing the best advice. (source: PCM Research 2017)
- **Pricing is the most sensitive criteria:** 50 per cent of users will move for a 5 per cent difference. (source: PCM Research 2017)
- **Loyalty:** Satisfied mobile consumers report being 40 per cent more likely to buy from other channels at the same merchant. (Source: PCM Research 2017)
- **Show rooming:** In France, 67 per cent of clients think that having the ability to compare and get more information about products via their mobile devices in store might influence their purchasing decision (source: KiAdvance: Connected Commerce 2016)
- **Omni-Channel sales experience:** 36 per cent of shoppers consider that experience & convenience prevails over price or rewards (source: MasterCard, The Omni Shopper Projects, 2015)
- **Social media:** The influence and role of social networks and chat rooms on consumers seeking for information is increasing. Also, consumers communicate their shopping experience and their sales recommendations for products and services in social media looking into the specific data of major European countries shows that connected consumers are the new normal for retailers and the payments industry
- **Consumer Demands drive the Change:** According to large retailers, consumer expectations for retailing services will be a seamless Omni channel shopping and payments experience combined with added-value services for consumers across all retail channels, regardless of the challenges this poses the retailer.
- **Multi-payment services:** 71 per cent of the consumers want more payment options at the touch point of choice. (Source: PCM Research 2017)

OBJECTIVES OF THE STUDY

- To study retailers consolidating payment systems in order to provide a seamless customer experience across multiple channels and geographies.

REVIEW OF LITERATURE

Sanghita Roy, Dr. Indrajit Sinha (2014). Stated that E- payment structure in India, has proved amazing growth, but still there has lot to be done to amplify its usage. Still 90% of

the transactions are currency based. Technology Acceptance Model used for the purpose of study. They found Innovation, inducement; customer ease and legal framework are the four factors which will build up the E- payment system.

Rakesh H M & Ramya T J (2014) in their investigate document strive to inspect the factors that manipulate internet banking implementation. It is set up that internet banking is manipulated by its alleged dependability. In the procedure of internet banking armed forces expert should give importance to the benefits its implementation provides and knowledge can also be enhanced to catch the attention of consumer's towards internet banking services. Kartikeya Bolar (2014) In his investigate document said End-user recognition of Technology Interface in transaction based Ambience confirmed that creators and investors of technology required details about the customers evaluation of their technology interface based on the features and different quality dimensions to make calculated decisions in civilizing technology interfaces and compete on different quality proportions.

Nitsure (2014) in his paper observed that the problem being faced by developing countries like India in the adoption of E-banking initiatives due to low dissemination of Information Technology. The paper highlighted the problems such as security concerns, rules, regulation and management. In India there is a key threat of the emergence of a digital divide as the poor are expelled from the internet and so from the economic system.

According to Slozko & Pello, (2015). E-payment systems are essential mechanisms used by person and organizations as a safe and well-located way of doing payments over the internet and at the same time an entryway to scientific improvement in the field of world financial system. Balazs Vinnai, general manager, Digital Channels, Misys(2016), says that It is serious for banks to think about new digital channels as part of an incorporated plan and go forward from first to second generation digital banking: switching digital from a underneath role, to the major sales and communication channel for banks, says Vinnai. Reengineering processes in the region of the customer is not easy, but banks are required to embrace digital banking to remain cutthroat competitive and significant.

CONCEPTUAL FRAMEWORK MODEL

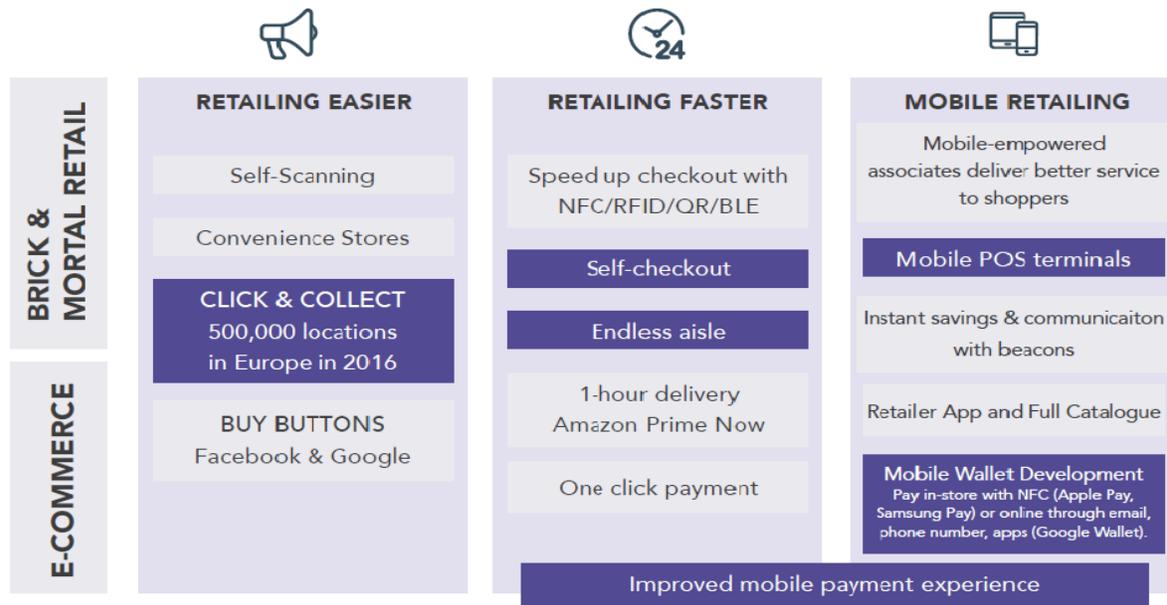
Juaneda- Ayensa, Mosquera, & Sierra Murillo, (2016) states Firms participate in global markets and markets have been changed by technology. Advanced in information technology and communication have led to an boost in the number of transaction formats through which consumers can get in touch with a company during their customer journey. In addition to usual physical and online provisions, new mobile channels (mobile devices, branded apps, social media, and connected objects) and touch-points have changed the consumer purchasing process.

Tushar Oka (2017) states Digital gives many opportunities for retailers to obtain new customers, slot in superior with available customers, decrease the cost of operations and technology required grouping of resources (can contain instruments, networks, devices, , protocols, bots, methodologies, tools, teams processes,) which enables the accessibility of content (can be data, information, expert/social reviews, reports, examination, games) for the user (employee or customer) to make more dynamic (can contact cost, time or service level) decisions and satisfying choices.

Anand Ramanathan (2017) says Digital has helped to build a equivalent description of inductive doctrines where focus is on looking at meeting between sectors, breaking down functional silos within organizations by customer-centric, chances to work in partnership even with opposition by developing a co-operation way of thinking, co-ownership of funds through franchisees/alliances for scalable development with low levels of benefit strength, building relations with the new generation of inter-connected customers who are mixed up in co-creation of products/ services and a extensive term course of continuous learning through provide for review to better advance the customer deliverance model.

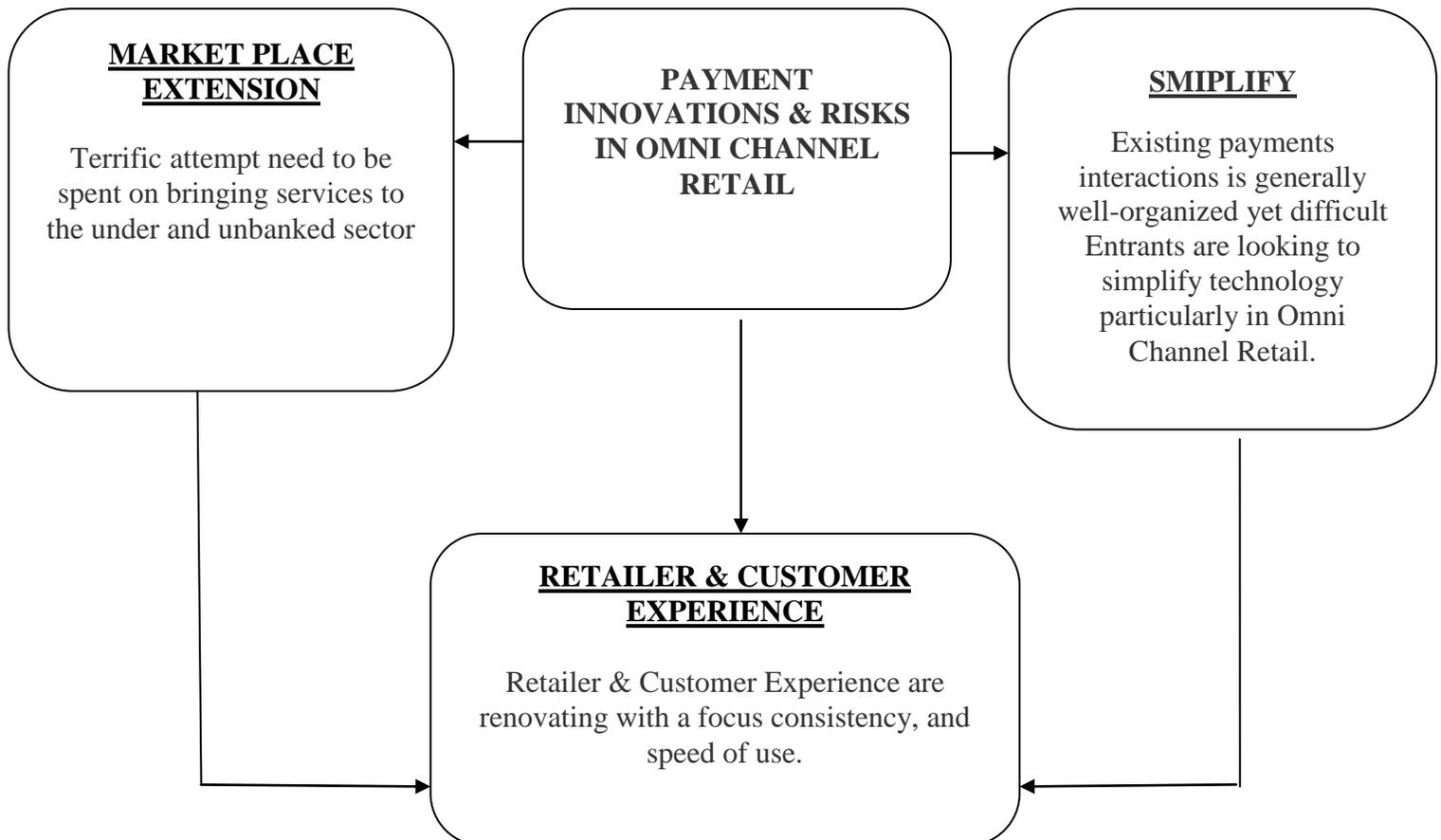
Gaurav Garg (2018) refers, Robotic development computerization and mechanism knowledge are the next generation equipments for payment service providers in fighting scam and improving cyber safety measures .With machine learning frauds can be recognized and analyzed in real time with algorithms that mind data from customers purchasing record while examining patterns of likely fraud for avoidance attacks, decreasing frauds and improving threat management.

A change in retail: The new Customer's view



Source: PCM Research.

Conceptual frame work on Innovations and risk factors in implementing digital payments in Omni channel retailing, India: Conceptual Perspective



Source: Compiled by the author

BRIDGING THE GAP BETWEEN TRADITION PAYMENTS AND DIGITAL PAYMENTS WITH THE RETAILERS THROUGH VARIOUS INNOVATION TECHNOLOGIES

- All digital payment marketplaces in India will grow up to US\$1 trillion by FY23E led by the enlargement in mobile payments. Mobile payment transactions are expected to grow up from US\$10 billion in FY18E to US\$190 billion by FY23E. These estimates however include only 5 instruments which are: IMPS, Prepaid Instruments, UPI, ECS / NACH and Online spend. The following developments are expected to contribute to the growth of Digital Payments in the country.
- The Digital Payments ecosystem in India is undergoing a transformation with the origin of global tech missives that are performing as aggregators for selling transactions. Within just four months of begin, Google's pay app is now already dealing out a huge number of digital transactions.
- With Paytm which has 7 million merchants (>2x the banking system) now becoming a bank and post the launch of Google Tez and PhonePe, which are also focusing on merchant payments, a steep rise in digital payments could be expected.
- While the number of PoS terminals has doubled since demonetization, the merchant acquisition infrastructure in India remains weak, as banks have not been able to drive adoption. This sector presents immense opportunities for digital players.

Source: Digital payment trends issues and opportunities, Author: Ratan P. Watal, Principal Adviser, NITI Aayog)

CONCLUSION

According to Rebecca Dyer & Alex Hamilton (2017) discussed about risk in implementing digital payments with retailers are keen to overhaul their payments systems in line with innovation, security and stability are key barriers for many. Technology is changing the face of payments and has the potential to make checking out easier, safer and more convenient. Dan Harder (2017) says customer trust is too big issue and fraud is a too big risk to be playing fast and loose with new payment technologies and methods of data collection. At the same time,

consumer habits are evolving and there is a clear desire among retailers to offer the payment choices shoppers demand. With the right support and the right investment, retailers can deliver a successful payments strategy and deliver the seamless Omni channel experience to their customers.

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