



Online Payment - Risk & Growth in Financial Technology

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ABSTRACT

Economic frictions such as facts asymmetries and monetary forces such as economies of scale and scope provide upward thrust to economic intermediaries. These frictions and forces additionally form market structure. While technological advances are no longer new to finance, digital innovation has delivered foremost enhancements in connectivity of systems, in computing energy and cost, and in newly created and usable data. These improvements have alleviated transaction charges and given upward thrust to new enterprise models and new entrants. As science has expanded facts alternate and reduced transaction costs, the manufacturing of monetary offerings may want to be disaggregated. Specialized gamers have unbundled monetary services, permitting consumers to locate and collect their favoured suites of products. However, traditional economic forces continue to be applicable even in an age of digital production. Economies of scale and scope and community outcomes are existing in many factors of economic offerings production, together with client acquisition, funding, compliance activities, statistics and capital (including believe capital).

Introduction

Digital innovation is reworking economic services. Innovations in economic technology such as cellular money, peer-to-peer (P2P) or market lending, robo-advice, insurance plan technological know-how (insurtech) and crypto-assets have emerged round the world. In the previous decade, fintech has already pushed increased get admission to to and convenience of economic offerings for retail users. Meanwhile, synthetic brain (AI), cloud services, and disbursed ledger science (DLT) are remodelling wholesale markets in areas as numerous as economic market buying and selling and regulatory and supervisory technology (regtech and suptech). A host of new corporations have sprung up to observe new technologies to meet purchaser demand and most incumbents point out that digital transformation is a strategic precedence (Feyen et al 2021). Indeed, main banks are rapidly closing gaps in digitization of interior procedures and client offerings, to compete with fintechs and the massive technological know-how (big tech) companies that have additionally entered the fray.

These traits have the doable to make markets extra diverse, competitive, efficient, and inclusive, however ought to additionally amplify concentration. Innovation has brought opposition and improved inclusion, mainly in rising markets and growing economies (Pazarbasioglu et al 2020; Frost et al 2021). Fintech looks to have thrived specifically in markets the place the economic device had been much less developed (FSB 2020; Didier et al 2021). However, the underlying economics of intermediation mixed with new technological know-how may additionally lead to awareness amongst both common and new economic offerings providers. Monopolistic or anticompetitive behaviours through massive technological know-how structures are already being scrutinized. As financial offerings pass toward comparable technology-driven configurations, regulators are grappling with questions of how satisfactory to adjust and supervise a panorama that is increasingly more characterised by way of new gamers and enterprise models; and to tackle potential challenges to economic stability, monetary integrity, honest competition, and consumer safety (including records privacy).

LITERATURE REVIEW

There are numerous essential financial rationales of why the COVID-19 pandemic would speed up the adoption of FinTech for payment and banking purposes. First, COVID-19 is an infectious sickness that is effortlessly transmitted. Consumers are self interested—that is, they care about their health—and are consequently probable to reply to the pandemic by using decreasing and minimizing contact. Second, the government replied to the onset of the pandemic by using introducing strict lockdown measures. As a result, we would count on consumers to shift away from charge strategies that require bodily contact (such as digital cards) to contactless fee techniques such as mobile banking. The instant onset of the COVID-19 pandemic led to the closure of agencies and a ordinary slowdown in economic activity. This factor, coupled with the uncertainty concerning the pandemic's duration, would suggest that buyers had been probable to minimize their use of interest-bearing varieties of charge such as deposit cards. In addressing the previous hypotheses, our paper makes a number of contributions to the literature. First, we make contributions to the literature on the use of charge facts for forecasting. Carlsen and Storgaard (2010) determined that digital fee card facts are a useful indicator for predicting retail income in Denmark. Esteves (2007) confirmed that ATM and POS information are beneficial symptoms for private consumption in Portugal. Galbraith and Tkacz (2007) confirmed that digital transactions are a actual time indicator of financial things to do in Canada. Aprigliano et al. (2019) confirmed that in the case of Italy, charge facts is a beneficial device in forecasting GDP. Hopkins and Sherman (2020) and Byrne et al. (2020) proven that in Ireland, charge facts flows are a beneficial device in

understanding consumer spending throughout the pandemic. We make contributions to this movement of within-country lookup on fee statistics through displaying that electronic fee facts can be beneficial warning signs of monetary pastime in Kenya. Our outcomes shed mild on the significance of payment data in rising economies, specifically in India.

Research objective

The research objective on online payment risk and growth in financial technology can be broadly defined as follows:

1. To analyze the current state of online payment systems, including the technologies and platforms being used, the types of transactions being conducted, and the major players in the market.
2. To identify and evaluate the various risks associated with online payments, including fraud, cybercrime, technical failures, and regulatory compliance.
3. To assess the impact of these risks on consumers, businesses, and the wider financial ecosystem, and to explore strategies for mitigating and managing these risks.
4. To examine the growth potential of the online payment industry, including the opportunities for innovation and expansion in areas such as mobile payments, peer-to-peer transactions, and cross-border payments.
5. To investigate the role of financial technology (fintech) in driving this growth, including the emergence of new technologies and business models that are disrupting traditional payment systems.
6. To explore the regulatory landscape for online payments, including the challenges and opportunities presented by evolving regulations and standards.
7. To provide insights and recommendations for businesses, policymakers, and other stakeholders on how to navigate the risks and opportunities of online payments in the context of a rapidly evolving fintech landscape.

Research Methodology

A Cross-sectional examine changed into conducted. An overall of one – hundred. Participated and had been protected with inside to examine randomly. Students had been knowledgeable approximately the case of to examine and the confidentiality of data. No incentive changed into given to the participants. Additionally, they had been knowledgeable that they may withdraw from to examine on every occasion they wanted, without consequences. Data have been accumulated from February to March 2022. The survey comprised 15 questions and become designed to online payment – risk and growth in financial technology.

Our find out about commonly targets to recognize the have an impact on of person perception, have faith in price systems, and trip of on-line fraud on the desire of mode of payment. For regression analysis, mode of fee is taken as the structured variable and the impartial variable is introduced to a baseline mannequin in accordance to the speculation being tested. Firstly, a baseline mannequin is acquired for all 5 kinds of purchases—grocery, utilities, on line shopping, durables, and gold. These transactions vary from low to excessive price transactions. The responses recorded for one-of-a-kind sorts of purchases have the following three alternatives:

1. Always pay in cash,
2. Always pay digitally, and
3. Sometimes pay in money and from time to time digitally.

Data analysis

1 Demographic Data of participants Presents the Characteristics of the study sample. More than 50% (n=51) were student; only 39% (n=39) were working; and 10% (n=10) were homemaker. 49% (n=49) of the study sample was male; more than 50% (n=51) were females. The mean age of the sample was 26.7 years with a range of 18-40 years. Almost 50% (n=49) were 25 years of age and 36% (n=36) were 26-32 years of age and only 16% (n=16) were 33-40 years of age. One of the goals of our have a look at became to decide the subjects' knowledge of positive troubles applicable to complete grains, which include the endorsed quantity of servings and fitness benefits.

Table 5.1: Demographic Data of participants

	N	%
Total = 100*		
<u>Employment Status</u>		
Working	39	39
Student	51	51
Home-maker	10	10
<u>Gender</u>		
Male	49	49
Female	51	51
Transgender	0	0
<u>Age Group</u>		
18-25	48	48
26-32	36	36
33-40	16	16
Mean(y)*=26.7±5.84		

5.2. What is your go-to-payments option?

Indicates the extent that 60% participants chooses online payment rest of the participants i.e 40% chooses cash payment

What is your go-to-payments option?

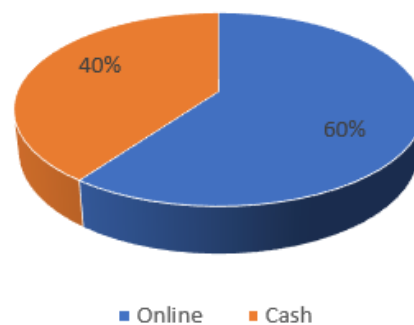


Fig 5.2: Go-to payment option

5.3 Are you aware of the various ways of Online or E-payments?

Indicates the extent that 72% participants says "Google pay" and 16% participants says "Paytm" and 4% participants says "phone pe" and rest 8% says "Net Banking"

Are you aware of the various ways of Online or E-payments?

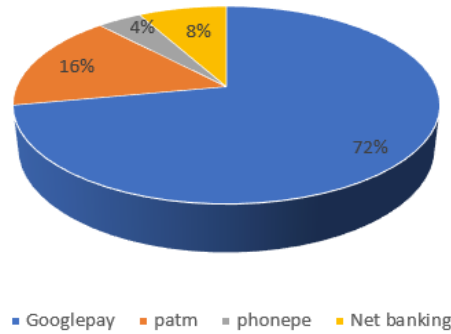


Fig5.3: Awareness of the various ways of online or E – payments

5.4 Do you think online payments can be done by uneducated people?

Indicates the extent that 52% participants chooses “yes” and 12% participants chooses “No” and remaining 36% participants chooses “May be”

Do you think online payments can be done by uneducated people?

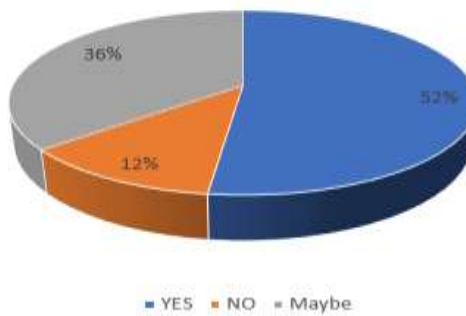


Fig5.4: Think that online payments can be done by uneducated people

5.5. Does every small shop accepts online payments in your locality?

Indicates the extent that 55% participants chooses “yes” shop accepts online payment & rest of the participants i.e 13 % chooses “NO” & remaining 32% chooses “maybe”

Do you think online payments can be done by uneducated people?

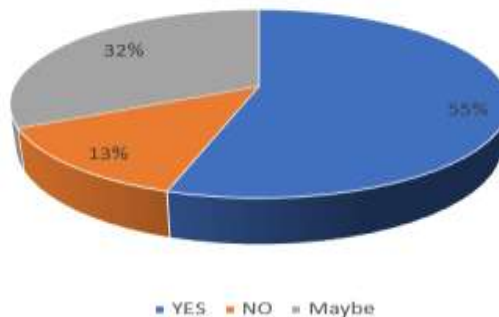


Fig5.5: Every small shop accepts online payment

5.6. Does fintech company help in revenue generation for E-Business sector?

Indicates the extent that 68% participants chooses “yes” companies generate revenue & rest of the participants i.e 32% chooses “NO”

Does fintech company help in revenue generation for E-Business sector?

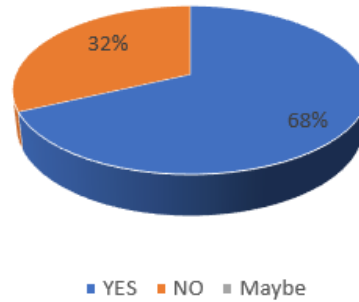


Fig5.6: Fintech company helps in revenue generation.

5.7. Do you think fintech startups in India will help in economic growth?

Indicates the extent that 62.5% participants says “yes” and 37.5% participants says “NO”

Do you think fintech startups in India will help in economic growth?

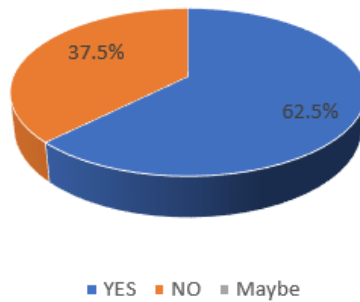


Fig5.7: Think Fintech startups in helps in economic growth

5.8. While doing online transaction do you take help of others?

Indicates the extent that 58% participants chooses “none” and 17% choose “customer service executive “ and 8% choose ”family member” and 17% choose “friends”

While doing online transaction do you take help of others?

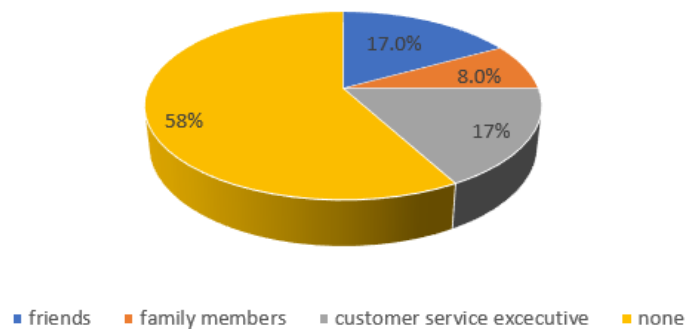


Fig5.8: Online transactions do you take help of others

5.9 Why do you prefer cash payments?

Indicates the extent that 48%% participants chooses “secured” & 24% participants choose “time saving” & 26% participants choose “secured”

Why do you prefer cash payments?

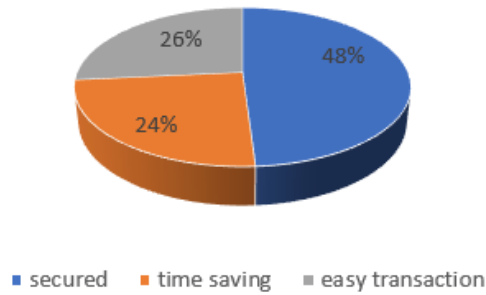


Fig5.9: Prefer cash payment

5.10. Which mode of payment you prefer easy?

Indicates the extent that 84% participants chooses “online payment” & 12% participants chooses “card” & 6% participants choose “cash”

Which mode of payment you prefer easy?

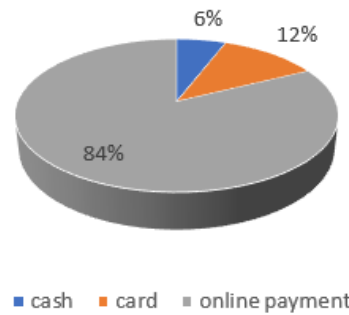


Fig5.10: Mode of payment you prefer easy

5.11. Do you think in future everyone will use Cash?

Indicates the extent that 52% participants chooses “maybe” & rest of the participants i.e 48% chooses “NO”

Do you think in future everyone will use Cash?

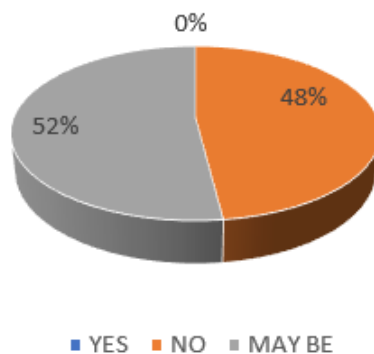


Fig5.11: Future everyone will use cash

5.12. On an everyday basis how many online transactions do you make?

Indicates the extent that 68% participants chooses “01-03” & 16% participants choose “03-05” and remaining 8% participant choose “05-10”

On an everyday basis how many online transactions do you make?
25 responses



Fig5.12: Online transaction make daily everyday

5.13. Do you promote digitization of India?

Indicates the extent that 52% participants chooses “YES” & rest of the participants i.e 48% chooses “NO”

Do you promote digitization of India?

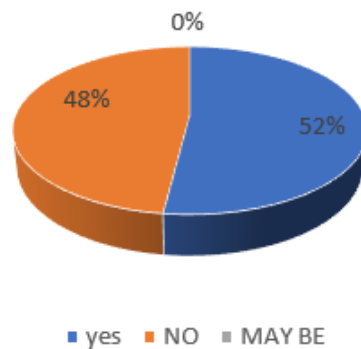


Fig5.13: Promote digitization of India

5.14. Do you think current online payment system needs improvement?

Indicates the extent that 68% participants chooses “YES” & rest of the participants i.e 26% chooses “NO” & remaining 6% said “Maybe”

Do you think current online payment system needs improvement?

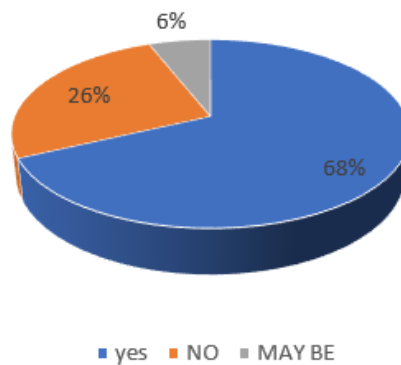


Fig5.14: Online payment needs improvement

5.15. Does fintech company help in revenue generation for E-Business sector?

Indicates the extent that 68% participants chooses "YES" & rest of the participants i.e 32% chooses "NO"

Does fintech company help in revenue generation for E-Business sector?

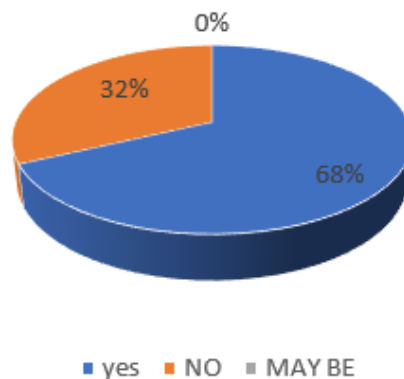


Fig5.15: Revenue generation for E-Business sector

LIMITATION

The risks posed with the aid of fintech to buyers can be commonly classified round loss of privacy; compromised statistics security; rising dangers of fraud and scams; unfair and discriminatory makes use of of information and data analytics; makes use of of facts that are non-transparent to each shoppers and regulators; harmful manipulation of client behavior; and dangers that tech corporations coming into the economic or economic regulatory space will lack sufficient knowledge, operational effectiveness, and stability. A frequent ingredient in most of these dangers is plausible misuse and abuse of data. As mentioned in earlier papers, digitized records is the lifeblood of innovation, enabling superb leaps toward expanded consumer monetary fitness and inclusion. At the equal time, it will inevitably convey problems .These troubles all transcend finance, affecting almost each sector. However, given the special role of finance, and the uniquely pervasive regulatory gadget round it, economic troubles will regularly be at the forefront as dangers and troubles are tackled via evolving public policy.

Privacy, cybersecurity, and fraud:

One most important chance for buyers will be loss of privateness and facts security. These two problems are intertwined and increase exceptional sorts and tiers of challenge relying on what purchaser records is being accessed; how touchy and identifiable it is; who is getting access to it; whether or not that get entry to is criminal or illegal, and if legal, whether or not there ought to be greater restrictions on use and whether or not buyers ought to be more empowered to see and reject positive types of uses. A 2013 find out about via the Pew Research Center observed that customers are specially involved about losing privateness to hackers and criminals.

Concerns about information protection are well-grounded. The 2015 statistics breach at the federal Office of Personnel Management compromised for my part identifiable statistics like social safety numbers on more than twenty million people. The 2017 breach at Equifax uncovered an estimated 143 million consumers to identification theft and fraud. As mentioned previously, banks are already at hazard for records breaches due to ageing and siloed IT structures in each enterprise and government. Identity theft is commonplace. The Insurance Information Institute reviews that \$16 billion was once stolen from 15.4 million shoppers through identity theft in 2016, and the style is rising. The darkish internet runs thriving markets in stolen statistics which, depending on kind and how lengthy in the past the breach occurred, can vary from a social safety wide variety selling for a greenback and some thing like a PayPal account going for \$80. Cyber-insecurity is in particular excessive in the developing world. The boom of these things to do has spawned the grim phrase "Crime as a Service" – CaaS – playing off technological know-how constructed round SaaS, or Software as a Service. Hackers now optimize their activities by acquiring records and, instead than the usage of it themselves, promoting it to others – over and over Technological know-how will assist resolve some of the identical troubles it is creating. Innovators are growing high-tech selections to relying on consumer passwords for security, since passwords are broadly diagnosed as the weakest hyperlink in most protection ecosystems. Since humans struggle to understand their passwords, they create guessable ones, or reuse them too much. Consumers can additionally be tricked into revealing them thru phishing and spoof scenarios. Newer protection alternatives consist of the usage of biometrics like thumbprints, retina scans, ear contours, and even area of expertise of gait or computer keystrokes. Similarly, a new era of promising options is springing up in the form of Privacy Enhancing Technologies (PETs) such as homomorphic encryption, zero understanding proof, and differential privateness techniques. These, mixed with substantial conversion to digital identification systems rather than insecure analog ones (since, again, the analog statistics is extensively compromised and for sale), ought to create records environments in which client data is a good deal extra invulnerable and is much more situation to the consumer's very own control. There is additionally a strong enterprise dialogue on the desirability of moving away from the analog-era strategy of accumulating facts and storing it all in a central place,

considering that these huge databases can grow to be “honey pots” that appeal to hackers and cybercrime. A new idea is to depart data decentralized and analyze it the place it is. Giant Oak CEO Gary Shiffman has termed this concept, “the traveling algorithm.” Nevertheless, specialists predict a everlasting “arms race” between safety gurus and criminals, with no full science answer likely. The Internet of Things, or IoT, will increase vulnerability by way of connecting greater and greater touchy facts thru extra and extra devices, every of which can be attacked. The IoT connects up the many clever units that more and more accumulate records about consumer things to do and makes it handy for more than a few uses. IoT gadgets encompass smartphones, automobiles, different geolocation trackers, cameras, watches, wearable health devices, digital keys, smart thermostats, and clever home equipment like fridges that mechanically order extra milk or washing machines that reorder detergent. Headlines like, “Hacked by way of Your Fridge” have come to be common.

Suggestions

Here are some detailed suggestions for researching online payment risk and growth in financial technology:

1. Conduct a literature review: Start by conducting a thorough review of existing academic and industry literature on online payment systems and fintech. This will help you gain a comprehensive understanding of the key concepts, trends, and issues in this field.
2. Collect and analyze data: Gather data on the usage, adoption, and performance of various online payment systems, as well as data on the incidence and impact of different types of payment fraud and cybercrime. Analyze this data to identify patterns, trends, and insights that can inform your research.
3. Conduct surveys and focus groups: Conduct surveys and focus groups with consumers and businesses to understand their experiences and perceptions of online payment systems. This can help identify pain points, concerns, and preferences related to security, convenience, and other factors that impact adoption and usage.
4. Analyze regulatory frameworks: Analyze the regulatory frameworks governing online payment systems in different jurisdictions to understand the legal and compliance requirements that payment providers must adhere to. This can include analyzing relevant laws and regulations, as well as industry standards and best practices.
5. Use case studies: Use case studies to analyze real-world examples of online payment systems and their associated risks and opportunities. This can include analyzing successful and unsuccessful payment providers, as well as emerging technologies and business models that are disrupting the industry.
6. Develop recommendations: Use your research to develop recommendations for businesses, policymakers, and other stakeholders on how to navigate the risks and opportunities of online payment systems. These recommendations should be grounded in data and insights, and should be actionable and relevant to the specific needs of different stakeholders.

CONCLUSION

The fundamental aim of the find out about is to understand about the modern situation of Fintech groups in India and to comprehend a number of scopes for enhancing the digital fee device to make effective transactions and achieve most pride from the online fee users. From the above study it is clear that the digital price transaction or use of Fintech Apps is developing unexpectedly, and most people are conscious of the use of the E-payment. E-commerce groups get benefits of E-payment in getting speedy repayments from the customers. Overall, this learns about can conclude that use of Fintech Apps or dependency of online charge has accelerated and most of the respondents want a change from historic strategies of repayments and go digital.

In conclusion, our effects recommend that the COVID-19 pandemic accelerated digital onboarding and the adoption of FinTech for payments. The government’s implementation of favourable regulatory measures was once additionally an essential contributing aspect in the adoption of cellular banking and in mitigating the bad financial have an impact on of the COVID-19 pandemic. In India, cellular banking became the principal structure of charge at some stage in the COVID-19 pandemic. The exterior validity and well-known implications of our outcomes are that African nations and different creating and rising markets ought to make investments greater closely in FinTech, in view that such investments might furnish a cushioning impact throughout excessive occasions such as the COVID-19 pandemic.

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