



Special Issue

“(Global Partnership: India's Collaboration Initiatives for Economic and Social Growth)”

The impact of e-finance and digital transformation on global partnership

Dr. Madan Mohan Varshney^{1*} and Bhumika Sati²

¹ Assistant Professor & HOD, Department of Commerce, D. R. A. Government PG College, MJP Rohilkhand University, Bareilly, Uttar Pradesh, India

² Research Scholar, D. R. A. Government PG College, MJP Rohilkhand University, Bareilly, Uttar Pradesh, India
Correspondence Author: Dr. Madan Mohan Varshney

Abstract

This paper examines how E-finance and digital transformation can impact on global partnership in India. The aim of research is to investigate the prospects & constraints of e-finance services & what will be the required steps to be taken to enhance global partnership. A comprehensive analysis of financial technology, digital platforms & changing economic environment, aim to reveal the dynamic ways in which these elements influence & reshape international cooperation. The G20 summit 2023, in Delhi also focused on technology transformation green development, digital public infrastructure & progress on SDGs. The objective of this research is to offer significant insights into the ways in which finance & digital transformation facilitate the development of successful international collaborations by analyzing existing sources of information.

Keywords: e-finance, digital transformation, UPI, digital literacy, prospects and constraints

Introduction

Electronic finance refers to the provision of financial services & market via apps using e-communication, e-tools & internet. On the other hand, it refers to financial innovation using internet & IT that benefits consumers & the financial institutions. [Mohammad Rafee, 2020].

The purpose of the research is to investigate the relationship between the adoption, exchange & present scenario of e-finance in India. Over the past years, the India has witnessed an immense social and economic growth. Today, India has witnessed an unprecedented surge in digital payment transactions. User- Friendly digital payment methods such as BHIM- UPI, IMPS, NETC (National electronic toll collection) have experience substantial growth simultaneously, old payment modes such as debit cards, credit cards, NEFT & RTGS has experienced rapid expansion.

The various schemes were launched by the government to initiate digital transformation such as Digital India (July 1, 2015), Pradhan Mantri Jan-dhan yojana (August, 2014), JAM Trinity- adhaar and mobile (2014), Pradhan Mantri gram in digital saksharta abhiyan (Feb, 2017), DigiDhan Mission (2017). The Digital India programme was launched with the vision of transforming India into a digitally empowered society. It has considerably reduced the distance between government & citizen. The Government of India is committed to making the nation a global leader in digital payment systems

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& is working tirelessly towards this goal. The objective is to establish India as one of the worlds’s most advanced & efficient payment market. India is attempting to cultivate new digital ecosystems that can tackle diverse economic & social issues in a range of fields. India might become a global centre for digital innovation & production & create a vibrant digital economy with potential economic worth of upto \$1 trillion by 2025.

Objectives of the study

- To examine how e-finance has changed in relation to international collaborations.
- To analyze the impact of digital transformation on financial processes in global partnership.

Literature review

1. World bank global fintech survey (2021)

The followings are reporting main highlights:

- 76% of the world’s population now has an account, including 71% of those living in developing nations.
- The gender disparity in account ownership in developing nations has decreased from 9% points, where it was for many years, to 6% points.
- Receiving digital payments, such as salary, transfer from the government or domestic remittances, encourage the usage of additional financial services including money-storage, money- saving & money-lending.

- Digital merchant payments of adults
 - China- 80%
 - Developing countries- 40%
 - Others – 20%

2. Energizing finance understanding the landscape report (2020) (5th edition) by sustainable energy for all

In the study SDG Goal 7 (affordable and clean energy) is highlighted. The report’s four primary points are as follows:-

- The anticipated investment needed to ensure universal access to energy by 2030 is USD 41million.
- Investment of 4.5 billion dollars annually on electrification & clean cooking.
- 80% of people globally lack access to energy.

3. National payment corporation of India (2020)

- NPCI & payment ecosystem launched the “UPI Chalega” campaign to highlight UPI as simple, secure & immediate method of payment (2020).
- In Hyderabad, NPCI constructed a smart data centre that could have important services for the digital India efforts.
- NETC FASTag (2014) to collect toll tax electronically with RFID (Radio Frequency Identification) technology enabled card.
- To promote Financial inclusive Paytm teams up with SBI card & NOIC to provide the next generation of co-brand of RuPay credit cards.

4. Lakshika Sammani Chandradevi (2020)

The extent to which consumers have adapted to using digital financial services was the major subject of the study. The researcher used a questionnaire to gather the data, and he used the responses from 125 respondents to draw conclusions. He also separated the respondents into groups based on their gender and age after selecting the sample at random. After analysing his findings, he discovered that 70% of consumers use digital platforms on a daily or weekly basis, and he came to the conclusion that utilising digital platforms has become a need for customer’s way of life. The drawback of his study was the general lack of public knowledge.

Research methodology

This article utilizes secondary data from reliable sources, including financial databases, academic journals; economic survey reports, government websites & global collaboration trends, digital transformation projects & the adoption of e-finance are the subjects of the information gathering.

Present scenario of e-finance in India

The latest technological revolution is currently experiencing an impact on financial service both consumer & B2B needs globally. The current state of e-finance & transformation in India is highlighted by the points below:

1. The “UPI chalega” campaign was started in 2020 by NPCI & the payment ecosystem to promote UPI as simple & secure immediate payments.

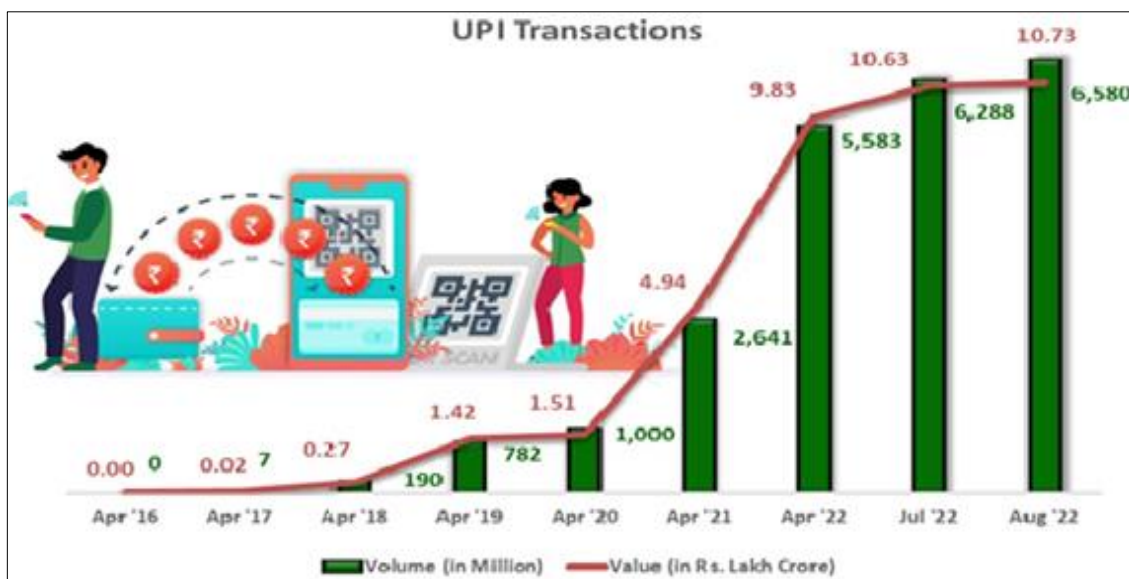
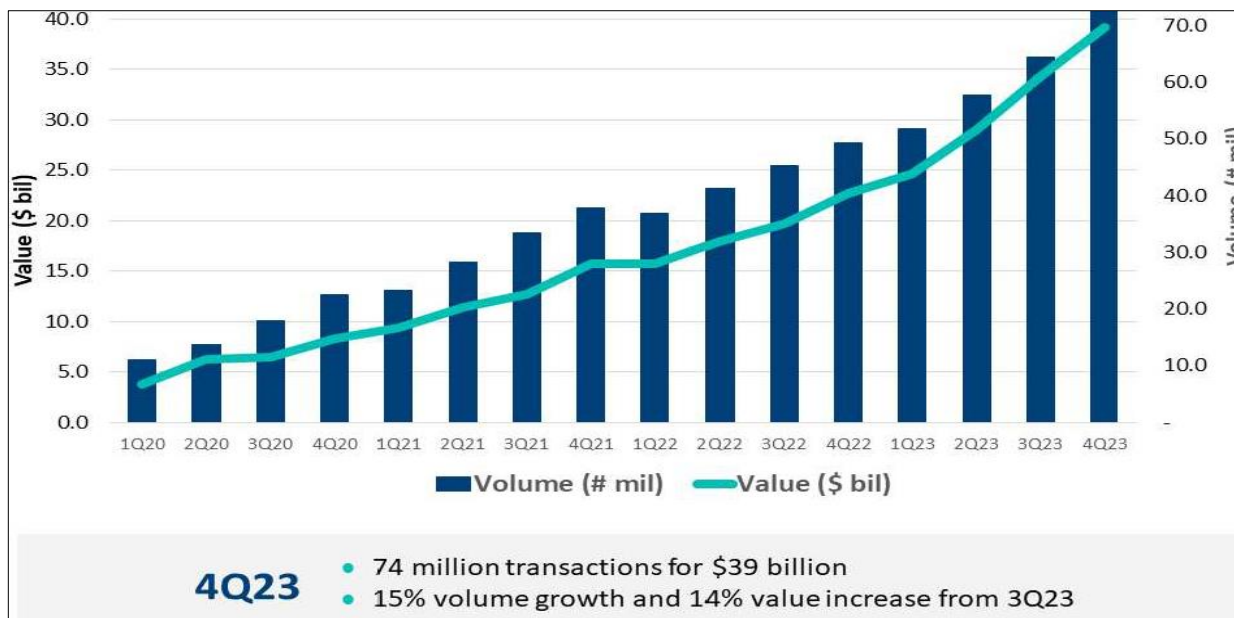


Fig 1

2. In Dec 2022, UPI’s transaction volume reached 7400 cr. digital payments of ₹ 126 lakh crore in 2022.

3. In 2022, India ranked first globally for real time payments, with 89.5 billion transactions.

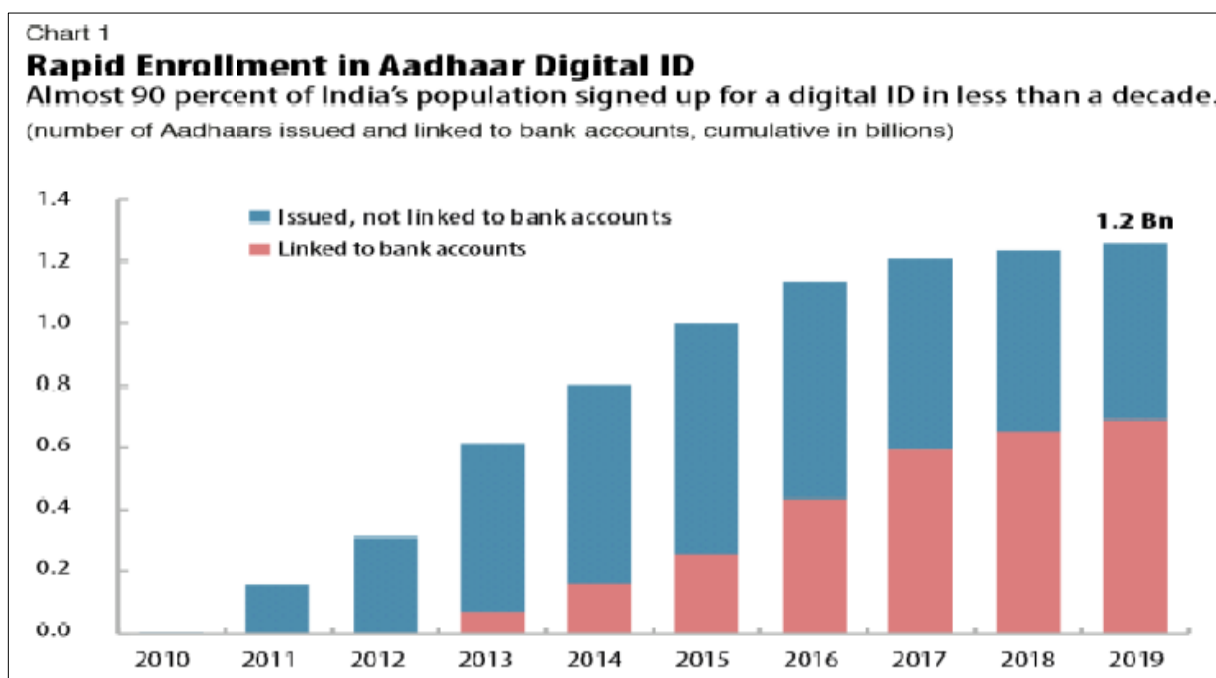


Source- <https://www.theclearinghouse.org>

Fig 2

- In newly established private banks, digital channels account for about 80% of all consumer transactions.
- The NITI Aayog led India chain intends to put in place a comprehensive blockchain infrastructure that makes use of

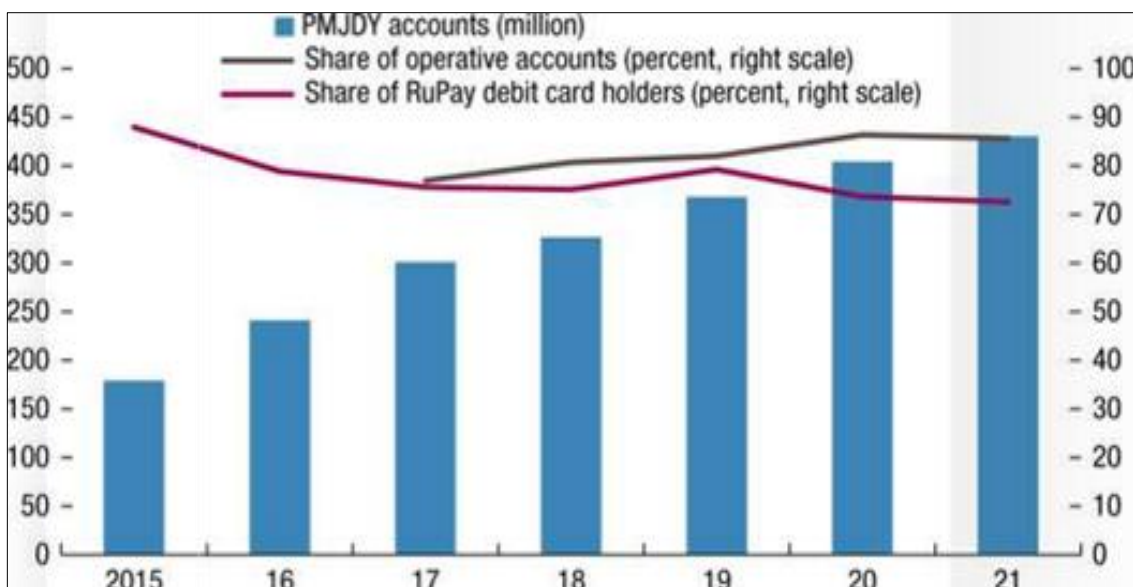
aadhar & “electronic know your customer” in order to decrease fraud, expedite contact enforcement and improve transaction transparency.



Source: Unique identification authority of India

Fig 3

- By 2025, e-finance usage could increase by 3.7 trillion annually.
- Around 490 million new bank accounts are opened in India with the assistance of the PMJDY.



Source: India's financial system: building the foundation for strong and sustainable growth; IMF book; June

Fig 4

- Digital finance is expected to generate \$950 billion in GDP & 21 million new employments in India by 2025.

Prospects of e-finance & digital transformation

- Digital transformation in finance sector enhanced customer experience going digital can track, attract & engage customers personalized products & services.
- Operational productivity & process agility automation improved productivity & process agility by removing errors caused by humans. It increases operating efficiency & increase precision in repetitive tasks.
- The digital revolution has accelerated due to the COVID-19 pandemic. Digital connectivity will be especially more important in the processes that generate financial service & to replace in-person contact between customers suppliers.
- India's financial system may undergo changes more quickly than in other nations because of the country's history of frugal innovation & the country's quick adoption of digital gadgets.
- Even after the first shocks of demonetization & the COVID-19 lockdown subsided, UPI usage remained high. Users benefit from no transaction fees, easy payments through scanning QR codes.
- Newer companies in online finance, such as Amazon, BHIM & Google pay are more secure, regulated & handle transactions directly with customers.

Constraints of e-finance & digital transformation

- The primary concerns in digital finance are fraud & security. With the expansion of online transactions, there is a greater chance of fraud, identify theft & cyber risks.
- Among the main concerns with e-finance is accessibility & inclusivity. Access to financial services is lacking for billion of people globally. A lack of financial understanding & restricted access to technology may be the cause of this startling finding.
- Global partnership used to describe the laws, regulation &

policies that regulate bodied to control electronic financial transactions & activities. Different nations have different regulatory systems, which affects how widely e-finance is adopted.

- New technology may not be adopted as easily by a society that is antiquated or resistive. Diverse regional differences in workplace cultures might affect how quickly & successfully digital transformation projects are implemented.
- Uneven adoption rates of e-finance platforms & technologies might result from disparities in digital literacy. This could lead to a digital divide in financial capabilities as countries with greater digital literacy might take advantage of technology before others.

Steps to be taken

The following crucial actions should be taken in order to advance India's e- finance & digital transformation globally:

- Digital literacy programs:** To create a more equitable & accessible global e- finance ecosystem, it is essential to mitigate the differences in digital literacy through education & training programs.
- Regulatory framework:** Provide a transparent & supportive regulatory environment that promotes innovation while guaranteeing safety & consumer protection.
- Cyber security measures:** Set cyber security measures as a top priority & make them stronger to safeguard sensitive data, transactions & digital assets.
- Global collaboration:** Establish global partnership to exchange expertise, work together on projects that will benefit both parties & learn from best practices.
- Infrastructure development:** Make significant investment in sustainable digital infrastructure, such as fast internet access to guarantee general connectivity.
- Interoperability standard:** To enable smooth cross border transactions and cooperation, established & abide by international interoperability standards.

Conclusion

The effects of digital transformation & e-finance on international relationship were examined in this study. The results demonstrated the crucial role these technology developments play in promoting cooperation, optimizing financial procedures and improving connection worldwide. Global collaboration is changing quickly as a result of companies & financial institutions' continued adoption of digital tools & innovation. It is imperative to recognize the constraints of the research, though it's possible that not every aspect of the changing e-finance landscape was covered by the research. Furthermore, it can be difficult to fully comprehend the impact of technology due to its fast evolution.

The lack of primary data in the study is one of the limitations, as the study solely relies on existing secondary sources. This constraint may impact the ability to draw firsthand conclusions from empirical evidence. Despite these limitations & gaps the overall trajectory points towards a positive future. The global partnership is constantly changing because of e-finance & digital innovation, which promote more cooperation, efficiency & flexibility. There is tremendous opportunity for greater study & useful application as there is a great deal of room for additional study & useful applications.

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