



Legal Issues Involved in Electronic Payments System in India

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ABSTRACT: The Indian economy has developed rapidly after the induction of digital interfaces in commerce, trade, and industry particularly after the popularisation of electronic payment systems or digital banking. Since 2016 when the Government of India announced demonetization, electronic payments have been rising and are expected to continue in the future because the government has promoted these types of payments. Internet penetration in India was 47 percent in 2022 and it was more than 100 percent in urban areas as compared to rural areas, now with the expansion of the information technology-enabled generation which is using digital modes of payments more in their daily transactions has resulted in more than 140 crore rupees each day through various methods of digital prevailing in India. State Governments are also prioritizing and making more efforts to ensure that the unprivileged people should have to be provided access to web services so that they may also make payments conciliatory through this method. Resultantly, there are 103 billion digital transactions worth Indian rupee 166 trillion in the financial year 2023. It is also expected that digital transactions will also rise to 411 trillion by the year 2027. Consequently, on advent of high tech system of fund transfer and its enormous use several cases of fraud have also been taking place on daily basis. The legislation has enacted various laws in connivance with the global laws, to resolve the problem, but they are still prevailing. The present study has been conducted to identify the legal issues and the results arising from these issues and to recommend some pathways to recover from these obstacles. This study further explains the further way to improvement in fund transfer and making payments using digital mode. Consequently, it is found that the present legal system does not have sufficient provisions to stop such fraud, and blockage of money with the UPI, payment gateways, banks, and merchants. There is no single online solution to these problems. The banking ombudsman is working on resolving some of the issues, but due to the red tapism, such transactions of payment failure and fraud websites could not be resolved. Sufficient amendments dealing with such transactions have not been incorporated in the present Consumer Protection Act. Hence, it is recommended that there should be a virtual hearing in the office of the ombudsman as well as in the court of President Consumers Protection.

KEYWORDS: Digital payment, Payment gateways, Payment interface, Regulation.

1. INTRODUCTION

Since the payment system of any country is a crucial one and it should pass the test of the state of not being exposed to danger, safeness, defensiveness, invulnerability, protection, efficacy, and attainability. To resolve all these concerns, payment systems must evolve and passed through above tests. With the advent of information technology, several changes are affecting the payment system which resulted in the decrease of the monopoly of paper-based currency. This advent of information and World Wide Web technology introduced one another effective mode of making payments throughout the world. Under this payment system, both the payer and the payee use web based techniques to transfer and receive funds; therefore, it is called electronic payment interface. All the transactions about the transfer of funds in digital mode are completed online using the internet through the payment gateways on a real-time basis so it is an instant and convenient way to transfer funds. Digital payment systems save you from standing in long queues at banking cash outlets like ATMs and banks. The traditional system of funds transfer has now been almost replaced with the digital system. There are several reasons for the traditional system to turn into digital systems using a computer and the internet. The most prevailing reason behind obsoleting of old system of fund transfer is the deficiencies existing in it like cascade, efflux, outflow, and inordinate delay. These weaknesses have been overcome by the digital payment system. The Govt. of India under the 'Digital India' campaign, and to promote the same has taken several measures to adopt a digital payment system; it has aimed to create a digitally empowered economy that will be faceless, paperless, and cashless. It has also been expected that by the end of the year 2023, almost 6660 crore transactions worth 27070 crore USD will shift from cash to digital payments. Since digital system is in its infancy stage so there is need to propagate the system to reach to the stage of generalization. At present the commonly used digital payment techniques are being adopted in India to make payments namely Debit, credit Cards, through POS machines



or electronic wallet, UPI, internet banking through login on the website of the bank or financial institution, and *99# USSD. Therefore, it is essential to evaluate the deficiencies of the digital payment system and the legal issues involved in it and which can act as obstacles in its progress in India. The study further aim to assess the ombudsman performance with respect to banking and digital transaction since its' inception.

2. REVIEW OF LITERATURE

Indian economy is going to be a digital economy and the number of digital transactions is rapidly increasing. In this way, it is obligatory to maintain a healthy ecosystem for the expansion and transformation of the economy, and consequently banks are taking over the companies to process these digital transactions to bring unique business models. Since 2016 electronic fund transfer has been accelerated and it has a promising future ahead and businesses are going to obtain maximum benefit from it. (Abrazhevich, 2004, p.1). This system enables freedom to users to pay their taxes, bills, licenses, school fees, fines, and purchases the ease of their own and the location opted by them i.e. anywhere and anytime. (Kaur & Pathak, 2015). The young generation particularly between the age group of 15 to 30 years in India is changing their mode of payment habit on their spending from cash to digital and they are using digital wallets for this purpose, particularly for purchasing groceries, restaurants, college canteen, and hotel charges. They are using different wallet apps through their smartphones after a valid form of identification. These wallets can be used by connecting them to a credit card debit card or bank account, but when these wallets are being used security of money is the main concern for the users. Therefore, service providers need to perform these transactions in encrypted form to protect the data from outsiders (Sambrani&Jayadatta, 2020). Young and well-educated people are more inclined towards the use of technology, they also promote the use of technology among others, particularly among senior citizens, but fishing is the main concern for them to use information technology for making digital payments (Singhania&Tanty 2023). Well-educated and working women are also using digital wallets for making digital payments, but they are always worried about the stealing of their personal information of mobile documents, credit card, and debit card details (Puri, 2019). This digital payment system led the economy to grow so it is obligatory for the stakeholders to make efforts to improve transparency and corporate governance to maintain sustainable growth and development, which is feasible only when the population adopts the digital mode of transaction. Therefore, it is a challenge for the stakeholders to introduce more secure features, ease of transactions, and minimum transaction cost of digital transaction for more potential development and growth (Chaudhary and Anand 2022). Although at present the number of transactions is increasing and people are adopting the procedure of making payments digitally on the other hand number of grievances pending with the banking ombudsman is also increasing and there are legal issues besides other problems of digital problems are arising. (Bezhovski. Z). Therefore, there is a need to take certain steps to establish this industry and to give it a promising future ahead. The data on e-payment in Delhi and NCR found transaction difficulty, security, inadequate internet connectivity, transaction failure, and identity theft. (Pahwa& Raj, 2021). With the development of technology 45 percent of the people residing in India are using mobile, computers for making e-commerce, balance inquiry, and for the transfer of money from one account to another through using the internet, so with the increase in the use of technology incidents of cybercrime has also been increased, although Government has also enacted cyber laws to protect the citizen, these laws also require harmonization with the international laws and national regulations. Legislators need to keep an eye on the increase of technology and the relevant cyber law needs to be amended accordingly (Sahu, Sahu& Jain, 2020). After studying the available literature, number of problem has been identified in making transactions digitally. Therefore, there is a gap in the studies and further scope of studying legal issues in digital payments and the remedy available and to find future scope in India. Therefore, the present study has been designed.

3. OBJECTIVES OF THE STUDY

- i. To assess the present status of digital payment system in India
- ii. To analyse the status of complaints filed with ombudsman since its inception as per new instructions.
- iii. To assess the legal challenges to be faced for making payment in digital mode in India.
- iv. To examine the obstacles and likelihood of digital payment system in India.
- v. To make suggestions for overtaking the barrier of digital payment system in India.



4. RESEARCH METHODOLOGY

To arrive at the desired research objectives, the explorative research technique and extensive literature survey methods have been adopted.

5. SIGNIFICANT OF THE STUDY

The outcome of the study will be beneficial for the layman to understand the meaning of the mode of transfer payment digitally and the repercussions thereof. The study will also be helpful for all the stakeholders, academicians, researchers, and students to understand the meaning of digital mode of transfer of funds and the stumping blocks and ways to set aside these drawbacks.

6. LIMITATION OF THE STUDY

The study is based on analysis of books, magazine, journals, reports, acts, rules, regulations and periodicals; therefore, the present study may suffer from the limitation of literature survey and secondary data.

7. METHODS OF DIGITAL FUND TRANSFER

Credit, Debit Cards, USSD, AEPS, UPI, Mobile Wallets, POS, and Internet banking are the major modes of fund transfer. They are effective and are being used. The banking sector provides different types of plastic cards to customers to enable them to make digital payments. These cards help customers to save time and avoid moving into the bank, these cards are preferred due to multiple reasons including convenience, portability, safety, and security such as Rupay, Mastercard, and visa, etc. These debit and credit cards give clients the facility to purchase items from e-shops, e-establishments, and e-commerce platforms using the Internet through the laptop, desktop, or mobile phone. There are 937.7 million debit cards in circulation as of December 2021. Out of the total 21 percent of cards are issued by private sector banks and 68 percent are issued by public sector banks, while the rest are by other banks. SBI, Bank of Baroda, and Paytm Banks are the major players in issuing debit cards in India. USSD was launched in India for the population that does not have proper internet facilities to access e-banking. This Unstructured Supplementary Service Data (USSD) service works on *99# channel. This number can be used through smartphone to know bank balance, transfer money both account to account in other banks and within the bank, get mini statements, and enable all Telecom Service Providers (TSPs) throughout the country to facilitate clients. Beside Hindi and English, this facility is offered by almost fifty one banks in 12 different languages, Aadhar Enabled Payment System is a Aadhar verification based bank-led model for digital payments method which enable an account holder to withdraw money from the bank based on his biometric verification. Transaction under this mode showed a growth of 23 percent in 2021 constituting 2.12 million transaction. This is a model which is operated by the bank. This model allows digital payments at PoS via a Business Correspondent using Aadhaar authentication. This business correspondent is also known as Bank Mitra. The transaction processing fee at BC points for AEPS is Rs. 15.74 per transaction. UPI is a Unified Payments Interface system is a dynamic payment method involving multiple accounts and features with single application software in a single mobile. This system is used to transfer or receive money either on account of mutual transfer or on account of bill payments. Now it is preferred by the Indian people so it is gaining popularity now-a-days. It is convenient and easy to use because by using this system the user does not have to remember transactions already completed, these transactions are stored in his application software and easy to access. Mobile Wallets are a number of electronic wallets available that are operative through a bank account with the help of its application software which is operative through a mobile phone. Point of sales is a machine provided by the bank and linked with the bank account and is installed in the premises of the merchant where the actual sale takes place. It allows merchant holders of these machines to received sale consideration from their customers by using their plastic cards through this machine; it also enables a customer not to go back for making transactions of purchasing and selling. These POS are considered on a micro level, where retailers keep this PoS in the area where a customer completes a transaction, such as a checkout counter or in the retail outlet and petrol pumps, ration shops, etc. Internet banking is a facility provided by the bank to the customers through their website through user identify and password or through an application software through the mobile phone using user identity and password or PIN. This facility enables a customer to transfer funds using NEFT, RTGS, or IMPS. 1. Need for Digital Payments A Digital Payment System is a time-saving technique because through this system customers can pay to merchants quickly and save customers from the traditional mode of transfer money like cheque or draft. It can be used by customers from anywhere and anytime. This is convenient for customers who are lining away from their bank branches because there is no need to go to banks for every transaction.



It provides a facility for users to purchase by using digital modes of payment. This system enables make transactions easily and there is no need to keep hard cash in the pocket even when traveling outstation. Now-a-days a popular system has come into existence for making Digital Payments namely digital wallets which make payment transactions easily and conveniently, customers can get discounts as well as cashback by making transactions with the technique. It is the limitation of the human being to forget to note down cash spending or if you note down all the transactions it is a time-consuming activity. But you do not need to note your spending every time while making payments digitally. This helps not only to maintain track record of spending habit but help in budget planning. These digital Payments provide protection, safety and securities to the users by providing OTP based transfer or withdrawal.

8. BARRIERS IN DIGITAL PAYMENTS

Indian rural population constitutes 62 percent and these people are traditional and habitual to use currency notes for making transactions. Having currency notes in a pocket creates confidence among the individual too. In India, people are using the currency at a higher level, particularly in rural areas, where about 80 percent of transactions are made in cash. Cash is the only medium of transaction in social rituals among Indian families. Only 6 percent population in India is Computer literate and about 70 percent of don't understand computers and the internet; and 2.5 percent of the population has knowledge of computer language in India. This is also one of the barriers in expanding the scope of digital payment that out of twenty percent of the poorest households only 2.7 percent have access to computer operations, and 8.9 percent to internet penetration. It is further observed that only 38 percent of households in the country are digitally literate in the country; the internet user in rural and urban is in the ratio of 31 : 69 per households. This is the reason that the majority of the population has no access to digital payment systems. It is further observed that only 40 percent of the population of the age group 15-29 years are computer literate and they can transfer files to the computer. There was stunted growth of the ATM industry till 2017, but the spread of the COVID-19 pandemic has given a blow to digitalization in cities that have raised the demand for ATMs in the cities as well as semi-urban areas. Consequently, ATMs have been used widely to withdraw and deposit cash from the bank account. There were 234244 ATMs installed at the end of September 2020, 249000 in 2022, and 257940 in September 2023 (Source RBI). India lags behind most of the emerging markets and large economies like Russia, Brazil, China, South Africa, the U.S., the U.K., etc. with only 22 ATMs being available per 100000 adults in the year 2017. The overall ATM access in India is low; it's rank in ATM installation in the world is 117; therefore, there is a huge requirement for ATM deployment in India to make it accessible to the masses and so it has been decided to provide ATMs in highly underserved areas of semi-urban and rural centers. There is a slow growth of ATMs from 202.2 thousand in 2019 to 249.23 thousand in 2019 to 2022 respectively. The cases of ATM fraud reported 17.80 lakhs of the value of Rs. 2113 crore in 2022 as compared to 10.80 lakhs of the value of Rs. 1119 Crore in 2021. This means that there is 64.81 percent increase in the cases of ATM Fraud; which is a great barrier to providing ATM services in India. RBI report reveals that there is limited availability of POS installed with the merchants. There were 1440000 POS machines provided by banks by July 2016 and it increased by 24 percent in 2018. There is a need to involve every trader in making payments. The mobile internet penetration rate is poor. The use of mobile remains lower in rural India. Internet connectivity is a mandatory requirement for setting up transactions digitally but the connectivity is not available in rural areas so the availability of Internet connection is the other barrier to digital transactions. The literate or less educated Indian still hesitate to make online transaction because they feel that this method is not faithful as the traditional system is. The 80 percent of the market share of the finance sector is occupied by the public sector banks and the digital mode of fund transfer offered by these banks is not as good as offered by private sector banks. Private sector banks offer digital fund transfer with more security and safety and they are ahead in the digitalization from the public sector banks. The government has assessed the requirement of 63000 ATMs to be deployed in the next two years enabled with the Aadhaar biometric system. The POS that have already been installed required to be updated. The biggest challenge that is being faced in India is the availability of power and another challenge is environmental conditions. Further, if ATM penetration increases, there will be chances of fraud and crimes. The ATM fraud cases amounted to Rs. 45598 crores in 2021-22 as compared to Rs. 4497 crores in 2011-12 (Report RBI).

9. REGULATORY BODIES TO GOVERN DIGITAL PAYMENTS IN INDIA.

1. Department of Finance, Govt. of India is the prime regulatory body pertaining to all financial transaction.
2. The Reserve Bank of India (RBI) under the Ministry of Finance, Government of India being the secondary regulatory body empowered by the Govt. for regulating the banks and their transactions, so it introduced banking Ombudsman



Scheme on January 31, 2019, to take care of matters pertaining to unauthorized money transfers, frauds, delay in refund etc. which were accorded during any digital transaction. It was an easier approach for customers to approach in case of any grievance. The performance of the banking Ombudsman is given here under:-

Table 1: Showing Transaction mode wise Complaints Received by Banking Ombudsman

Sr. No.	Nature of Complaints/Year	2019-20	2020-21	2021-22
1.	ATM/ Debit Cards	67800	60203	41375
2.	Mobile/ Electronic Banking	41310	44385	39338
3.	Credit Cards	28713	40721	32162
4.	Mobile/Electronic Fund Transfers / Mobile/Electronic Banking	598	824	1209
5.	Fund Transfers/ UPI/ BBPS/ Bharat QR Code	1089	1775	951
6.	Prepaid Payment Instruments	198	253	218
7.	Non-reversal of Funds due to Wrong Beneficiary Transfer by System Participant	218	291	186
8.	Violation of RBI Directives in relation to Fees/Charges	58	100	61
9.	Others	320	351	472

(Source: RBI Report)

The above table reveals that there are number of complaints against the banking companies, more than 51 percent of these complaints mentioned at serial No. 1 to 3 are against the public sector banks and the rest are against the private sector banks, small finance banks, foreign banks and regional rural banks, whereas complaints against NBPSPs are fewer mentioned against serial no. 4 to 9. The rate of complaint resolution by ombudsman is 93 percent, 95 percent and 98 percent in the year 2019-20, 2020-21, and 2021-22 respectively.

10. REGULATIONS REGARDING DIGITAL PAYMENT SYSTEM.

Govt. of India passed the Payment and Settlement System Act 2007 to govern digital payments in India, which empowers the RBI to supervise and to issue regulations in all the matters pertaining to digital transactions, the settling, and the legalities which are related to online transactions either made through bank to bank or bank to merchant or bank to app, or app to app, or app to bank, etc. Through this act RBI authorises a payment system unless specifically exempted by the terms of the PSS Act itself. The Act further provides for making a network of clients and service providers and settlement of all transactions and attaining finality. It also gives formal oversight powers across overall payment and settlement systems with the RBI. This act safeguards the interests of customers. According to this act all the entity that are part of payment system have to take approval from the RBI subject to the exceptions to those who settle their account through Nodal Account and where customers and other businesses are not involved directly. This act authorises the RBI to issue intermediary guidelines and to conduct an audit on and off site and inspections of the payment system.

11. RECENT DEVELOPMENTS

After the spread of COVID-19, the electronic payment system has gained popularity and the chances of fraudulent transactions have been increased manifold. The regulator has observed that it is desirable to implement the revised guidelines for digital payments to prevent fraud and to close the loopholes windows prevailing in the system. The regulator (RBI) has introduced these new guidelines to fill the gap in their vision statement on payment and settlement systems in India 2019-21 and to make the guidelines strict and updated. In a discussion paper, RBI has also asked the public to make suggestions on how the new developments in the digital payment system can be formulated that stand at par with these new developments that are taking place each day. The Reserve Bank of India framed payment aggregators and gateways guidelines and came into effect from April 2021. Under these guidelines payment aggregators other than banks have to take prior approval and non-banks already working as aggregators have to seek permission afresh. The initial net worth is 15 crores and thereafter to increase to twenty five crores and RBI will keep and maintained this net worth of the aggregators. The RBI will keep an eye on these aggregators and any change in ownership or policy of the aggregator will have to be reported to it. All the aggregators shall be governed under the Prevention of Money Laundering Act, 2002. It shall



be the responsibility of the payment aggregators that they have proper mechanisms so that in case of any dispute such mechanisms shall be able to resolve it. There shall be a board under the supervision of the Reserve Bank of India, which shall ensure that there is minimal risk and that the guidelines of the RBI are followed in letter and spirit. It has become more possible to prevent fraud as these regulations are more customer-friendly and strict in nature. These guidelines are customer friendly and focusing more on preventing chances of fraud or malpractices in digital transaction. The RBI has issued two sets of guidelines issued governing the intermediaries, but only one of them will be applicable to the area of digital payment money otherwise, both these instructions will countermand each other and it would be hard to decide. It is further found that more than 51 percent complaints filed with the ombudsman during the period from 2019-20 to 2021-22 were against the public sector banks and rest were against the private, foreign, small, and regional rural banks; whereas the complaint resolution rate has been 94 percent during the same period.

12. FINDINGS

- There are number of barriers in digital payment system such as traditional population, availability of cash in social rituals, low financial literacy rate, rural population, low computer literacy, use of electronic payment for limited purpose, low level of reliability on e-wallets, low ATM penetration, low security, fear of loss in case of mobile device lost, delay in grievance resolution, frauds, ATM theft, low level of legal literacy, reluctant attitude of bank officials in case of grievance.
- There is increase in digital transactions both through the banks and the UPI payment interfaces. The transaction value has been increased from 2071 crore of 2017-18 to 9192 crore in 2022-23 and the transaction volume has increased from 1962 lakh crore of 2017-18 to 2020 lakh crore in 2022-23. This concludes that transaction value has been increased many fold. The urban people are making high value transactions digitally. There is more opportunity of development in the area.
- There are some instructions which are interlocutory and need to be repealed. There is little knowledge of grievance handling mechanism available for digital transaction.

13. SUGGESTIONS

The intermediary directions that are in existence and the regulations that are presently operative to govern digital or electronic money are confusing provisions; and this will give to disputes in future if the intervening provisions are not replaced by new ones. Certain areas not defined in the new guidelines, such as the term 'instant payments' are not included in the guidelines, this will make these guidelines more ambiguous. More pressure on payment aggregators. The new guidelines made the patent aggregators more responsible as they have to do a thorough background check of the merchants, they shall be responsible both towards customers and the other stakeholders to make their transactions secured and protective; it shall be the responsibility of the aggregators to prevent merchants who are to enter into the business with the intension to make fraud. They will have to face huge penalties as per the new guidelines issued by the Reserve bank of India. It shall be the duty of the banks and NBFCs to maintain secrecy and confidentiality for the personal data of the customers which they share with the banks or NBFC while making digital payments; for this customers should be recognized for giving it a legal status and imposing penalty on the banking company for its violation. It is further suggested that the Controller and Auditor General of India should be authorized to conduct an audit of banking companies and to check whether the banking companies are fair enough with the personal data of customers. Biometric verification at ATMs should be carried out before finalizing the transaction or withdrawal of cash through POS inside the bank or the merchant operating the POS. The grievance handling system of the RBI should be operative virtually so that by submitting a complaint in writing, the complainant shall be able to plead his case through online mode, so that the complainant may plead his case before the authority and the complainant may feel satisfied. However, there is a further scope of study with respect to the satisfaction level of the complainant with respect to the concerned bank or UPI or the aggregator or merchant or the judgment of the ombudsman in relation to the final disposal of the complaint. Payment failure and blockage of money with the bank UPI or merchant may cause unnecessary harassment to the customer due to the negligence of the bank or UPI or merchant. Sometimes it takes years to resolve. Therefore, such transactions should also be under the ambit of the Consumers Protection Act 1986 amended in 2019 and there is a provision in the consumer courts to hear such complaints on priority in online mode in a time-bound manner.

14. CONCLUSION

The Digital Payment system is easy to use for all stakeholders including the client, central payment gateway, payment app, merchandisers, and bank officers. There are several options for completing the digital payment which are available in the fiscal



system in India, but due to poor fiscal knowledge as well as lower internet penetration there are a large number of people in India aren't using this system. Poor internet connection is the major cause of sale failure either on the part of the payment gateway the trafficker or the bank. In a check, it has been reported that only 35 percent of Indian homes are making digital payments to merchandisers. Indian homes use digital payment to make purchases of groceries, food, and trip. Although out of the population of 140 crores in India, 70 percent is using the internet and India is poised to come a global leader in digital payments, with homes adding non-cash deals by 50 percent, and 85 percent of businesses in the country being digitally enabled by the fiscal time 2026-27. Besides this it has also been estimated that the country's e-commerce request will expand from ₹ 4 lakh crore to ₹ 9 lakh crore by Financial Year 2026-27, guests from league-2 and lower metropolises will be the driving force for this growth. The Banking Ombudsman during the fiscal time 2021-22 entered 2281 complaints relating to fund transfer UPI/BBPS/Bharat or QR Code; out of these 59.65 percent of these complaints are justifiable (Source RBI Report 2021-22). The UPI-grounded digital payment system has been honoured as the stylish mode of digital payment interface as it captures the biggest share of the payment request which is roughly 84 percent of the request share of the total digital payment volume as of fiscal time 2022-23. It's also estimated that the share of digital payment is anticipated to increase by 30 percent of CAGR between the times 2023 to 2026. In the global ranking, India has been ranked 1st in terms of digital deals in the time 2022 by making 89.5 million deals on a real-time payment base, Brazil at 2nd rank with 29.2 million real-time digital deals, and China ranked 3rd for making 17.6 million real-time digital deals. The social and structure walls are also their influence on the use of digital payment systems. But now a day's mobile banking is getting notorious in India because it's easy to use anytime and anywhere. UPI payment system tops in terms of value and volume in India, but there are some legal issues. The digital payment ecosystem demands a robust legal frame to guard consumers, businesses, and the integrity of fiscal deals. These issues include security and data sequestration, the legal frame must address data sequestration enterprises and apply strict security; nonsupervisory compliance includes the dynamic nature of digital payments necessitates compliance with an unfolding set of canon, law, ordinances and instructions. Fraud and controversies are to be resolved fleetly and fairly. The establishment should clear and apply contractual agreements between service providers, consumers, and merchandisers which basically define the rights and liabilities of each party. There should be compliance operation, disagreement resolution, contractual moxie, and policy advocacy for each sale and the controller should cleave to the conditions. In India UPI digital payment system is engaging the attention of the nonsupervisory because its request share by 89 percent and as the UPI ecosystem continues to break records and shape the future of finance in India there's the need to complete legal guidance which becomes decreasingly apparent. The digital payment system should work with the spirit of Areness Law which stands as a loyal supporter, equipped to navigate the evolving legal geography of digital payments. In this period of digital revolution, where invention and legal compliance must attend, this Law ensures that the digital payment experience remains secure, flawless, and fairly sound for all stakeholders. Where UPI is spanning new heights, this law is the compass guiding businesses through the complications of this transformative trip. Digital payments have developed as a significant force in India's frugality, fuelled by the Government's drive toward a cashless frugality and technological advancements. The RBI is constantly keeping an eye on the terrain for digital payments in India and regularly keeps up with the changing geography of instructions at par with the PSS Act with the ideal of furnishing a solid base for assuring security and sequestration. To insure the proper operation of the digital payment assiduity, merchandisers must follow certain norms. India is in the face of a transition towards a further digital frugality, the unborn outlook for digital payments is promising, with the sector likely to grow at a rapid-fire pace. The digital payment parameter will continuously spread and new technologies like UPI and E-RUPI and the use of smartphone and internet connectivity shall be the driving force behind it. These driving forces will lead the Indian frugality to a cashless frugality; this will also grease fiscal addition for millions of Indians. The digital banking request size throughout the world was valued at USD 8.5 lakh crore in 2022 and is anticipated to reach around USD 13.52 lakh crore by 2032 with a CAGR of 4.8 percent during the period from 2023 to 2032, further it has been estimated that Asia Pacific region shall capture the most share from it; thus, all the banking and non-banking companies dealing in digital sale have to borrow recently developed technologies like artificial intelligence, internet of effects, blockchain technology, participated structure, and robotic process robotization along with numerous further changes in the banking assiduity to manage up the increased request size both in terms of volume and value. The high driving force behind this anticipated growth during the cast period will be the people getting habituated to online doors and other ways of e-banking

15. CONFLICT OF INTEREST

It is certified that there is no conflict of interest with any individual or group of individual or institution with the present manuscript.



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