

### By Ajay Adiseshann, Founder and Chief Executive Officer, PayMate India

India's business environment is evolving continuously. Globalisation and the opening up of markets have not only increased competition but also allowed companies to operate in markets previously considered forbidden. The inclusion of information technology (IT) as an integral part of the business environment has ensured that companies are able to process, store and retrieve a large amount of data at ever-dwindling costs.

The recent explosion of IT has seen few but significant trends such as, the emergence of the mobile platform for doing business and cloud computing to handle large volumes of data. These new technologies and platforms have created numerous opportunities for companies to derive strategic business advantages and stay ahead of the competition.

### Going digital

Through sweeping economic reforms, initiatives to open up Indian markets to global business and investments, in areas like digital technology and smart cities, India has made great progress over the past two decades. Digitisation is creating tremendous opportunities for economies across the globe and, with the government's Digital India initiative, goals like bridging the digital divide, increasing global competitiveness, fostering innovation and creating jobs definitely seem achievable. Digital is now a priority for most CEOs of industrial companies in India. Industrial leaders are digitising essential functions within their internal vertical operations and are focused on driving both revenue growth and operational efficiencies. According to PricewaterhouseCoopers' report, "Industry 4.0: Building the Digital Enterprise", more than a quarter (27 per cent) of the industrial companies in the survey have rated their level of digitisation as high, and this value is expected to rise to 65 per cent within the next five years in India. Globally, this number is expected to grow from 33 per cent to 72 per cent during this period.

### The future is cashless

The Digital India vision cannot be complete without digitising the use of cash. The

demonetisation drive in November 2016 opened a gateway of opportunities for digital payments, which became the preferred choice among businesses and individuals alike. Even post-demonetisation, there has been a shift towards electronic transactions. According to a joint report by Google and the Boston Consulting Group (BCG), the total payments conducted via digital payment instruments will reach \$500 billion by 2020, which is around ten times higher than it is now. The main contributors to this boom are consumer-to-merchant transactions at the point of sale, followed by B2B and peer-to-peer transactions.

Enhanced internet connectivity and higher smartphone penetration have reshaped India's payments landscape in favour of digital payments. The advantages associated with the digital payment system are as follows:

- **Lowers operational costs:** Digitisation helps make and receive payments faster, besides helping businesses reduce processing costs, and provide a more efficient way to track and control expenditures.
- **Increases efficiency:** Moving from cash-based to digital payments has the potential of making them more efficient by lowering the cost of disbursing and receiving payments and increasing corporates' or individuals' risk management capacity.
- **Enhances security and transparency:** Digital payments can be made more securely as they increase the transparency of payments, thus making it less likely for there to be a leakage between the sender and the receiver.
- **Saves time:** As compared to cash payments, digital payments are virtually instantaneous, regardless of whether the sender and the receiver are in the same town, district, or country.

### **Telecom as an enabler**

The growing adoption of technologies such as mobile, artificial intelligence, cloud and analytics is dramatically altering the way we live, work and interact. The telecom industry is playing a critical role in enabling this digital revolution. According to a Google-BCG report, the number of

mobile wallet users is already three times the number of credit cards issued in the country (24 million in 2015-16). The telecom ecosystem has provided the fundamental building blocks – access, interconnectivity and applications – that are enabling this digital revolution to take place. A large share of potential value stemming from digitisation across global industries over the next decade is dependent on the telecom industry delivering essential infrastructure, applications and productivity improvements in all areas.

### The way forward

While the digitisation of Indian businesses is definite, there are some bottlenecks that need to be addressed owing to the country's volatile industry environment. Some merchants still do not want to bear the infrastructure costs and fees associated with electronic payments, some customers find cash more convenient, access is an issue for individuals without bank accounts, and fraudsters continue to find opportunities in electronic transactions. Moreover, interoperability issues are causing friction between banks and mobile wallet service providers.

With millions of subscriber relationships and decades of experience in driving interoperability and collaboration, telecom operators are uniquely positioned to compete in the platform economy. However, to capture value, they will have to clearly identify a strategy to build, buy or partner for each customer use case.

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