Digital Payments and Their Impact on the Indian Economy

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Abstract

The rapid growth of digital payment systems has significantly transformed the Indian economy by changing the way individuals, businesses, and financial institutions conduct transactions. This paper examines the impact of digital payments on economic activity, financial inclusion, transaction efficiency, and consumer behavior in India. The study focuses on the increasing adoption of payment methods such as Unified Payments Interface (UPI), mobile banking, debit cards, and other electronic payment systems. Digital payments can reduce transaction costs, improve transparency, support formalization of economic activities, and provide greater access to financial services. At the same time, challenges such as digital literacy, cybersecurity, internet accessibility, and privacy concerns remain important. The paper analyzes the opportunities and challenges associated with the expansion of digital payments and highlights their role in promoting a more efficient and inclusive Indian economy.

Keywords: Digital Payments, Indian Economy, UPI, Financial Inclusion, Digitalization, Economic Growth, Financial Technology.