Digital Financial Tools and Application



Digital Financial Services

- Digital services Helps to save time by providing services in a single touch.

- There are three key components of any such digital financial services:

  - Digital Transactional platform
  - Retail Agents
  - Devices

Digital Financial Tools

- OTP (One Time Password)
- QR (Quick response Code)
- UPI (Unified Payment Interface)
- AESP (Aadhar Enabled payment System)
- USSD (Unstructured Supplementary Services Data)
- Card (Credit/Debit)
- eWallet
- PoS (Point of Sale)

OTP (One Time Password)

- OTP (One time pin or Password) is for security purposes(6 to 8 Digits).
- A one-time password, also known as a one-time PIN, one-time authorization code or dynamic password, is a password that is valid for only one login session or transaction, on a computer system or other digital device.



QR Code

- A QR code is a type of matrix barcode invented in **1994** by Japanese company **Denso Wave.**
- A barcode is a **machine-readable optical label** that can contain information about the item to which it is attached.



- Features of QR Code:
  - High Capacity Encoding of Data
  - Small Printout Size
  - Dirt- and Damage-resistant Durability
  - Readable from Any Direction in 360 Degrees:

UPI(Unified Payment Interface)

- UPI is a system that powers multiple bank accounts into a single mobile APP.
- Unified Payments Interface is an instant real-time payment system developed by National Payments Corporation of India launched in 11-Apr-2016.
- The interface facilitates inter-bank peer-to-peer and person-to-merchant transactions.
- It is used on mobile devices to instantly transfer funds between two bank accounts.

UNIFIED PAYMENTS INTERFACE

AEPS-(Aadhaar Enabled payment system)

- AEPS-(Aadhaar Enabled payment system)- developed by NPCI (National Payments Corporation of India) .
- It allows transaction to a POS Micro ATM through the business correspondent/bank mitra of any bank using the adhaar authentication.

Facilities

- Cash Deposit and Withdrawal
- Balance Enquiry & Mini statement
- Aadhaar to Aadhaar Fund Transfer.

USSD (Unstructured supplementary service Data)

- This payment service used *99# works on USSD (Unstructured Supplementary Service Data)channel.
- It allows mobile banking transactions using basic feature mobile phone without internet and supported 12 languages.
- Initiated by the Government of India and developed by the National Payments Corporation of India (NPCI).

- Funds Transfer Limits
  - Rs.5000/day
  - Rs. 50,000/ annum

Card (Credit/Debit)

- Credit Cards : it is issued by a financial institution and it enables the card holder to borrow fund from that institutions .
- Card holders agree to pay money back with interests with some interest according to institutions terms.
- Four categories of issuing a card
  - **Standard card** : it extends a line of credit to users.
  - **Rewards card** : offers cash back, travel points etc.
  - **Secure Credit card-require :** initial cash deposit
  - **Charge Cards** -have no preset spending limit , but often do not allow unpaid balances to carry over from month to month.

Card (Credit/Debit)

- Debit Card-It is a payment card that makes payment by deducting money directly from a consumers bank account.

eWallet

- A eWallet sometimes called a digital wallet.
- It is secure place that contains one or more currency purses.
- Example of eWallet:
  - Paytm
  - MobiKwik
  - Oxigen Wallet
  - Citrus Wallet
  - ItzCash
  - ICICI Pockets
  - SBI Buddy
  - HDFC PayZapp
  - Google pay
  - Phone Pay

PoS (Point of Sale)

Internet Banking

- Internet Banking – it means user with personal computer and a browser can get connected to user banks website to perform any of the virtual banking functions.
- ATM(Automated Teller Machine)-it is operated by a plastic card with it's special features. Customer withdraw money from the ATM 24X7.

NEFT & RTGS

- National Electronic Fund Transfer is very famous system of electronic funds. Started in Nov 2005. it operated on batches for transferring money. No limit for transferring funds minimum and maximum also.

- RTGS stands for Real Time Gross Settlement. It is a money transfer system that allows the transfer of funds from one bank account to another in real-time and on a gross settlement basis.

- The term, ‘real-time’ implies that transactions through RTGS are processed right when they are initiated by the sender, and ‘gross settlement’ means that the instructions regarding the transfer of funds occur on a one-to-one basis. Minimum-2lakh , max-No limit

IMPS

- Just like other modes of money transfer, IMPS is **another method that allows users to transfer funds from one bank to another**.
- IMPS stands for Immediate Payment Service, implying that using this method, you can transfer funds immediately.