

Instant payment: Digital payments up, debit card use declines: Report

MUMBAI: [Investment banking](#) firm Jefferies on Monday said there is growth in digital payment mode by bank customers post-demonetisation whereas there has been a decline in usage of debit cards.

In a report, Jefferies also said the RuPay adoption for e-commerce has increased while the growth of credit cards has been secular.

The National Electronic Funds Transfer ([NEFT](#)) volumes have grown upwards of 30 per cent with a further around 10 per cent improvement in per-transaction size, resulting in around 40 per cent growth by value, it said.

Similarly, the Immediate Payment Service (IMPS) is showing stellar growth on a smaller base.

"While growth has come off low base, it still continues to grow at 100 per cent-plus. [Instant payment](#), with ease of choosing the receiver and its 24x7 availability makes it a very useful and attractive payment system," Jefferies said.

According to the report, the usage of debit card has been weak and the total debit card transactions have seen a modest decline -- both in terms of value and volume.

"Card swipes are growing at sub-10 per cent with no change in ticket size resulting in sub-10 per cent growth in transaction value after a sudden spike during [demonetisation](#)."

"It would, therefore, seem logical that a remonetised banking system has started seeing more cash-based transactions and the debit card is losing out," Jefferies said.

On the other hand, the Unified Payment Interface (UPI) has seen a reasonable pick up with the government promoter BHIM mobile app (payment app) continuing to show a healthy growth in volumes.

RuPay adoption for e-commerce is fairly encouraging, according to Jefferies. RuPay is the domestic card payment system (similar to Visa and Mastercard).

"Total monthly spends have nearly tripled since demonetisation for transactions over POS (point of sale) while e-commerce spends have more than doubled. Considering RuPay cards were mostly provided during the financial inclusion drive, such trends are very encouraging."

Meanwhile, credit cards have seen a secular growth. Card spends have increased to 40 per cent-plus with a similar improvement in total transactions.

"Card outstanding contributes a fair degree of uplift to the overall unsecured loans within the retail portfolio. However, the revolver rates across banks continues to be flat and hence don't signify any immediate risk to default situation in this segment," Jefferies said.

The central government had on November 8, 2016, announced the demonetisation of the Rs 500 and Rs 1,000 currency notes.

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