

How Payment Methods Impact Growth for Developing & Developed Countries

2020, is going to be a game-changer in the way, payments will be made and accepted by businesses across the world, thanks to social distancing.

From barter to digital transactions, payment methods have always evolved to meet the needs of a growing economy with benefits derived by those who have been quick to embrace the change.

What does it mean for businesses?

Faster and efficiently manageable cash flows are what digital payments offer for businesses. Last year Gen Z, which practically grew up on the internet accounted for USD 350 billion in spends only in the US. The figures are expected to grow drastically since Gen Z will account for nearly 40% of the Global consumers in 2020. To keep up with this growth businesses will need to transition to a digital payment scenario.

The scenario in developed countries

“With digital payments, you can analyze spending patterns and control expenditure”

- Lavai Navlakhi, MD & CEO, International Money Matters

Developed countries are implementing a seamless payment experience, right from the production of goods to their final delivery. This transition is not limited to just businesses but also accessing essential public services. For e.g in the US, toll payments are being made automatically by smart cars.

Businesses focusing on e-commerce are also benefiting from cashless payments as the data collected can be analyzed to predict consumer demands. E-commerce companies are the major drivers of digital payments and are expected to exceed brick-and-mortar retail by 2036.

What's stopping developing countries like India, from switching to digital payments?

Developing countries for e.g., India still rely on paper currencies & cheques as the primary means of financial transactions. The need to physically give and receive money, along with an intrinsic fear that everything digital is prone to fraud, is hindering the growth of digital payments. Smaller cities and rural areas could also slow the transition due to poor internet infrastructure and a lack of education on the benefits of digital payments.

The way ahead

Developing countries need to start with overhauling their digital payments mechanism to make it more flexible and robust to meet the growing number and different scenarios of digital payments.

The mobile needs to be accepted as a payment integration point since it is the most commonly and easily accessible gateway to facilitate payments. Digital payments need to be linked to a reward system since consumers expect to be compensated for making a change.

An interactive UX system, offering a unique customer experience is also the key for moving towards a cashless economy as consumers expect speedy and timely responses from brands.

Conclusion

A high trajectory growth can only be achieved by having equally robust and sustainable payment systems, with all-around awareness of its benefits. It is time for the nation to follow PM Narendra Modi's motto "*Yes to Digital Payment, No to Cash*".