

A Comparison Study of Success in Digital India Program with Kenya's Leading Mobile Money Provider Safaricom

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ABSTRACT

Indian government launched campaign entitled digital India with a vision to transform India into a digitally empowered society and knowledgeable economy. It involves the creation of digital infrastructure, delivery of services digitally and digital literacy. It was meant to enhance development in India especially villages with rural set up. In the 21st century we are dependent on technology, we cannot imagine the world without mobile phones, internet, computer, machines among others. A number of schemes have been launched by the government to motivate the general public, to use technology in their day to day transaction e.g. online purchase, various ticket booking, video conferences in education field, recruitment sectors etc. Digital cashless economy is well advanced in India, i.e. there are enough apps and platforms that help pay digitally UPI, BHIM, AadhaarPay, Paytm, MobiKwik, HDFC PayZapp, SBI Buddy, PayU, Tez, besides credit cards and debit cards. These payment modes are simpler today than the earlier generation ones. The target set by committee in charge, for 2018 is twenty five billion, with half the year gone, less than a third of the total targeted transactions are via digital,. In this paper we will analyze the trend in selected months and recommend a way forward enhancing digitally cashless economy.

Keywords:- Digital, Apps, BHIM, AadhaarPay, Paytm, MobiKwik, HDFC PayZapp, PayU, Tez

I. INTRODUCTION

Technology is the economic drive in the twenty first century. We depend on technology in our daily life. [1] Governments globally are also utilizing technology to achieve development for instance the government of India (GOI) implemented a major change in economic environment through demonetizing the high value currency with aim of pushing India towards cashless future. [2]

A cashless economy is one that encourages transaction through electronic channel i.e. Debit/credit cards other payment gateways, mobile money among others. Circulation of currency is minimized. [3, 2]

Transacting in cashless mode is safe and it's projected to increase the efficiency and improve operations. [4] Recently many of researchers state that cashless payment is growing rapidly. Adopting electronic payment will definitely lead to a cashless society. [5]

Under digital India program launched by the prime minister of India on 2 July 2015. The goal is to connect rural areas with high speed internet with digital literacy and infrastructure being the key driving factors. [6]

This scheme will ensure electronic governance across India. Technology will be in fused more across all government platforms. It involves connecting both rural and urban areas with internet to benefit equally from government services. [6, 2]

GOI unveiled two schemes that promote mobile banking and e payments. The government further encourages digital payment like NFS Inter Bank ATM Cash Withdrawal, NACH, CTS, IMPS, AEPS, BBPS, UPI, BHIM (UPI) and NETC have been used in last three years. [2, 7, 3]

Adopting digital payment will definitely affect economic growth in all ways. [8] It is accompanied with a number of benefits to the economy of a country. They include: curbing of continuous illegal

generation of black money. [2, 3] reduced tax evasions that some business people practice, easy way to conduct business transactions, reduces the risk of carrying money around, efficiency, easy tracking of transactions, among others. [4]

The Indian government has seen so enthusiastic about this plan, it set out this plan targeting banks and payment firms. With a holistic view of incentivize merchants and customers to use digital platforms, also plans where underway to educate people of using technological application in transactions. [9] With these measures in place the digital payments kept growing steadily at 57percent and card payment at 44 percent, this was motivated by strong push of government after demonetization. [10]

More digital payment applications are being rolled out into the Indian economy to facilitate cashless transaction. Tez was launched by one of the world’s largest internet company Google. This is all meant to turn India into cashless economy but to the contrary half the year gone and less than a third of the total targeted transactions are via digital modes has been achieved. [11]

This study tends analyze the trend in a few months and compare with digital trends in Kenya. In Kenyan economy more digitally transaction has been recorded in a number of selected months and we will try to investigate the reasons and give recommendation in our discussion.

The rest of the paper includes II The study on digital India Section: III The study on digital Kenya. Section: IV comparison and discussions. Section: V conclusion Section: VI References.

II. THE STUDY ON DIGITAL INDIA

2.1 Overview

Digital India is a dream scheme for the government. Digital literacy and infrastructure both rural and urban is a priority. Has the world id embracing technology day by day the government is pushing this initiative to transform India into digitally empowered country and knowledgeable economy. [6]

This campaign is a facing a number of challenges as time goes by. Researchers are realizing that using credit and debit card to pay bills is not the real position to reduce cash dependence, large population is still left out of the scope. [2, 3]

Most of the workforce is in rural set up there is a general feeling that India is convenient with cash payment. [2] Merchants also don’t prefer to keep records so digitally mode are more transparent and cannot evade taxes thus not commonly preferable. [10, 11]

2.2 Trend of digital payment

Using digitally payment in the 21st century is increasing becoming popular. If the population accepting keeps gradually increasing merchants and consumers will turn away from cash. [1] India is shaping up for this challenge and more consumers and merchants are also aligning to digitally transaction also influenced by the strong government push. [11]

From the results received from the reserve bank of India between the month of December 2016 and august 2017 show growth trends in terms of digital growth. [10, 11] This is a confirmation of Indian market is gradually acceptance of digital payment systems. [10]

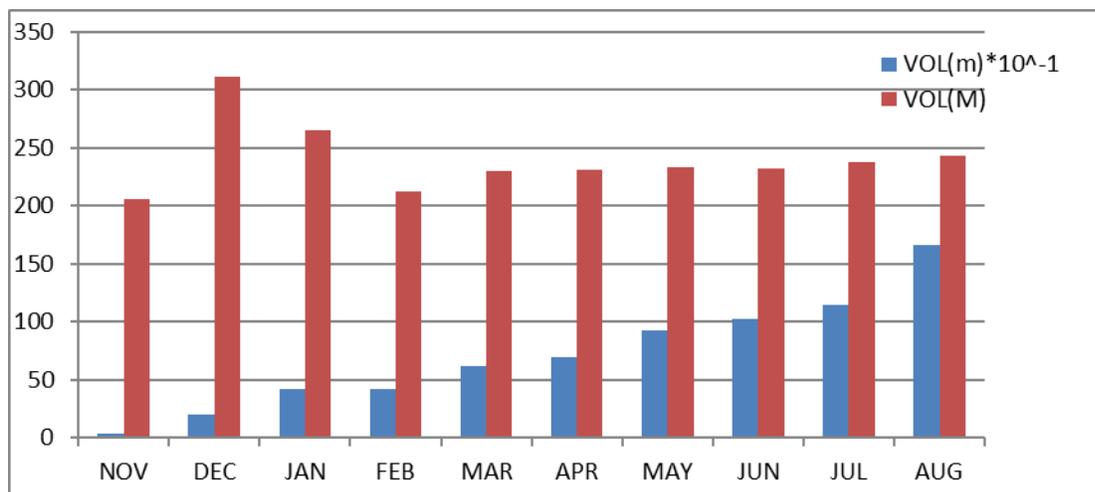
TABLE SHOWING DIGITAL PAYMENT IN A FEW SELECTED MONTHS.

Month	UPI		Cr & Db. cards	
	Volume(m)	Value(₹cr)	Volume(m)	Value(₹cr)
Nov (2016)	0.3	90	205.5	35240
Dec	2	700	311	5220

Jan (2017)	4.2	1660	265.5	48120
Feb	4.2	1900	212.3	39150
Mar	6.2	2390	229.7	41620
Apr	6.9	2200	231.1	43140
May	9.2	2770	233.4	45080
Jun	10.2	3070	232.4	46820
Jul	11.44	3381	237.6	43933
Aug	16.6	4130	243	45710

Source Reserve Bank of India

COMPARISON OF VOLUME (M) BETWEEN UIP AND CREDIT AND DEBIT CARDS



2.3 Discussions

There is varying between UPI and credit cards & Debit cards transaction. One platform has dominancy over the other, this is attributed to various reasons including, dominance, preferences, services, trust, etc. Different digital platform vary in value of transaction and number of people using those platforms.

III. THE STUDY ON DIGITAL KENYA

3.1 Overview

Kenyan government set up a development, plan duped as vision 2030. Which main intention was to develop a strong economic system that includes having an efficient digital transaction financial service. [12] Kenya has developed in electronic payment with almost half of its total gross domestic income (GDP) being transacted by one mobile service provide, but still experience low credit card acceptance, and many other digital platforms. [12, 13]

In our study will focus on Safaricom which is the largest provider of mobile money service amounting to almost half of the whole (GDP). We will analyze their success and how it has boosted digital transactions in Kenya. This is a success story whose result can be applied in India scenario to enable success.

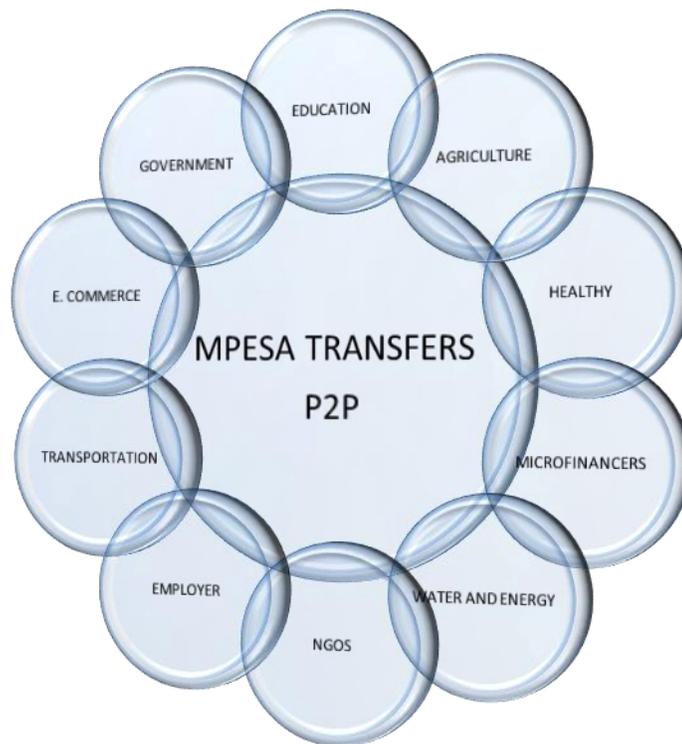
2.2 Revolutionizing the digital trend

We argue that Safaricom has played a major role in changing entirely the digitally payment platform in Kenya. This can directly linked with the favorable factors of operation and outcome is evident. [13]

For instance between July 2016n and July 2017 which is the government financial budget period there where 1.7 billion transactions recorded.

Almost half of the Kenya's (GDP) 48.76% precisely about 29 billion euros where transacted in that period. The only need for the customer is to have a mobile phone to be able to do mpesa transactions anywhere in Kenya, and currently 93% of the population has access to mobile services.

There are over a hundred and twenty thousand agents to enable those operations country wide, and it the contrary over the period above there has been a decline in the number of automated machines across the country down by a thousand. [12]



From the figure above its clear that mpesa has diverse since 2007 when Safaricom was issued a letter of no objection to launch the mpesa services.

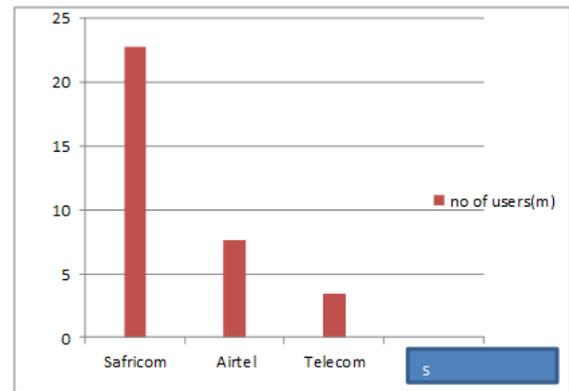
IV. COMPARISON AND DISCUSSIONS

To achieve cashless transactions there some factors that can be applied to encourage this developments. They include:

➤ Government regulation

A regulation is rule of order having the force of law; it is prescribed by a superior or competent authority, relating to the actions of those under the authority's control. Regulations are issued by various government departments and agencies to carry out the intent of legislation.

Mobile subscriber	Number subscribers
Saficom	22.7
Airtel	7.6
Telecom	3.4
Source communications authority of Kenya: CA	



We analyze the case of demonetizing in India, to show that government regulation to promote citizen to use digital platform, will be effective. It will enhance fast adoption across the country, since it will have universal time lines.

Demonetization

Regulation can encourage sustainability of digital platform. Regulation may be accompanied with a few limitations, but with great determination of strict implementation, solutions to challenges can be found. Increased number i.e. during demonetization period many joined digitally platform due to regulation.

➤ **Clear digital transaction market leader.**

A market leader is company that covers a large share of the market. We have seen a large number becoming market leaders in predefined territories. In this paper we analyze the importance of having a clear market leader in the process of trying to turn a country into a cashless state.

In this paper we will focus on Safaricom which is a clear market leader in Kenya. Safaricom enjoys transactions in Kenyan economy; it controls half of the gross domestic product of Kenya market that runs into billions of shillings. Other service providers in Kenya include: Telecom, Airtel which are the major service providers. Users are divided across the major providers but still Safaricom emerges as the clear market leading provider.

The Gap between Safaricom and other telecommunication is so wide; that anyone will want to acquire services from mobile providers will certainly choose Safaricom which is the clear market leader. This has made it hard for other providers to get a significant share of users’ in the market. Instead more people are getting confidence in Mpesa services; hence most of the transactions in Kenya are being carried using mobile money.

➤ **Government support**

Governments should support entrepreneurship in different fields. This helps to start business and grow them. This policies help to strengthen growth of companies. Companies start up with good innovations but when starting they have a lot of challenges, I is the work of government to give grants and reduce their tax so that they can pick up. Research and private sectors are to be supported by the government in ensuring that success of production is achieved.

Safaricom started like any other startup company and their licenses were approved by the government to operate as a communication service provision company. Over time with clear vision and assistance from government side on approving licenses, the company has diversified to different sectors including money sending services and giving loans among others.

Currently it’s the sing le larges company with diversity that it makes it hard for other companies to overtake it in terms of market share holder. With this kind of diversity all the money transactions are done

using Mpesa services, half of the gross domestic income of the country being transacted through Safaricom.

➤ **Availability of internet**

Internet is vital in electronic transfers. No transaction can be successful when the network is low. The world has moved to 4G network services with anticipation of soon arrival of 5G services. The government should provide support to development of infrastructure of internet so that more people can access electronic transfer services. When the network is good it helps businesses to grow.

Under the Indian central government campaign called digital India, the government intends to set up internet facilities in rural areas. This move is essential since one of the challenges that India has face on the process of becoming cashless is the large population in the rural who mostly are farmers do not have internet services and they cannot access online transaction. Internet is the foundation of online transactions.

In Kenya Safaricom's Mpesa is dependent on internet for its servers to process transfers of cash as per the requests from the agents. When the internet service is slow it causes delay in online transactions. If the government will invest in setting up infrastructure in rural set up and strengthening the quality of service, more users will access transactions thus turning Kenya to a cashless state.

V. CONCLUSION

The digital payment committee had stated that the growth in digital payments is critical and the government set a target of twenty five billion transactions to be achieved by March 2018.

Many steps were rolled out to enable achieve this goal, but after demonetization, the program was boosted and people in India in their numbers turned to electronic payments for their transactions. Slowly India started moving from cash to cashless economy. The long prolonged cash issue has changed the taste of user's preferences and helped to increase digital growth.

But with half the year gone, less than a third of the total targeted transactions are via digital modes has been achieved. After analysis of pre and post demonization period, and comparison of digital payment platform in Kenya known as Safaricom which controls transaction of half of the GPD of the country, we make recommendations that will help to improve the process and enhance growth.

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