



The Digital Payment Landscape in Emerging Economies: Adoption Drivers and Challenges

Dr. Sonal Sisodia
Dr. Kush Singodiya
Prof. Neha Bhatia



DCBM
Excellence Through
Management Education

Daly College of Business Management

The Digital Payment Landscape in Emerging Economies: Adoption Drivers and Challenges

First Edition

Authors

Dr. Sonal Sisodia
Dr. Kush Singodiya
Prof. Neha Bhatia

Monograph Book



**Daly College of Business Management
Indore, India**



Title of the Book: The Digital Payment Landscape in Emerging Economies: Adoption Drivers and Challenges

First Edition: 2024

Copyright 2024 © Authors

Dr. Sonal Sisodia, Principal, Daly College of Business Management (DCBM), Indore.

Dr. Kush Singodiya, Assistant Professor, Daly College of Business Management (DCBM), Indore.

Prof. Neha Bhatia, Assistant Professor, Daly College of Business Management (DCBM), Indore.

No part of this book may be reproduced or transmitted in any form by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the copyright owners.

Disclaimer

The authors are solely responsible for the contents published in this book. The publishers don't take any responsibility for the same in any manner. Errors, if any, are purely unintentional and readers are requested to communicate such errors to the authors or publishers to avoid discrepancies in future.

E-ISBN: 978-93-6252-874-2

MRP: 150/-

Publisher, Printed at & Distribution by:

Selfypage Developers Pvt Ltd.,
Pushpagiri Complex,
Beside SBI Housing Board,
K.M. Road Chikkamagaluru, Karnataka.
Tel.: +91-8861518868
E-mail: info@iipbooks.com

IMPRINT: I I P Iterative International Publishers

For Sales Enquiries:

Contact: +91- 8861511583
E-mail: sales@iipbooks.com

Preface

In recent years, the landscape of financial transactions has undergone a profound transformation, especially in emerging economies where digital payments are reshaping the way people interact with money. The convergence of technological advancements, increasing smartphone penetration, and innovative financial solutions has catalysed the rapid adoption of digital payments. This monograph book, "The Digital Payment Landscape in Emerging Economies: Adoption Drivers and Challenges," aims to provide a comprehensive exploration of this dynamic evolution.

The journey of digital payment adoption in emerging markets is driven by a myriad of factors including economic and social dynamics, technological advancements, individual motivations, and proactive government initiatives. This book delves into these diverse influences, offering a detailed analysis of how each element contributes to the growing preference for digital transactions. From the rise of e-commerce and the need for secure transactions to the impact of financial inclusion programs and the role of social media, we examine the multifaceted nature of this transformation.

Case studies from various regions highlight the real-world implications and successes of digital payment systems, providing practical insights into the challenges and opportunities faced by different markets. These stories illustrate how innovative solutions and strategic investments can drive financial inclusion, enhance economic participation, and foster sustainable development.

We also explore the future potential of digital payments, considering disruptive technologies like blockchain and Central Bank Digital Currencies (CBDCs), which promise to further revolutionize the financial ecosystem. Our discussion includes policy recommendations to ensure that the growth of digital payments is inclusive, secure, and beneficial for all stakeholders.

We embarked on this journey to explore and elucidate the dynamic landscape of digital payment adoption in emerging economies. As educators and researchers at Daly College of Business Management (DCBM), Indore, we have witnessed firsthand transformative impact of digital technologies on financial systems and societal behaviors. Our collective experience and passion for understanding consumer behavior,

technological advancements, and policy frameworks inspired us to delve deeper into this pivotal topic.

This monograph is the result of collaborative efforts from experts in financial technology, economics, and policy analysis. We hope this book will contribute to a deeper understanding of the digital payment landscape in emerging economies and inspire further research and innovation in this field. By shedding light on the drivers, challenges, and future prospects of digital payments, we aim to provide a valuable resource for academics, practitioners, policymakers, and anyone interested in understanding the intricate dynamics of digital payments in emerging economies. Ultimately, we aspire for this work to be a catalyst for positive change, driving economic growth and financial inclusion across emerging markets.

Dr. Sonal Sisodia
Dr. Kush Singodiya
Prof. Neha Bhatia

Acknowledgement

First and foremost, we would like to express our deepest gratitude to the Almighty for granting us the strength, wisdom, and perseverance to complete this book.

We are incredibly fortunate to have been surrounded by supportive colleagues throughout this journey. Their insightful feedback, encouragement, and willingness to share their knowledge have been invaluable. To our wonderful families, your unwavering love and belief in us have been the fuel that kept us going.

We would also like to extend our sincere appreciation to the administration and management of Daly College of Business Management. Their dedication to fostering a stimulating learning environment played a significant role in shaping our academic foundation and providing us with the skills necessary to undertake this project.

About the Authors

Dr. Sonal Sisodia is the Principal of the prestigious Daly College of Business Management (DCBM), Indore. A Sophia College alumnus, Dr. Sisodia is an MBA (Gold Medalist) and PhD in Management from Ajmer University. Her specialization is Marketing. She has over 23 years of experience in mentoring graduate and post graduate students, engaging in quality research, conducting and handling MDPs and consultancy assignments. She is a Research guide at DAVV, Indore which is a state university. She is a PCM (Professional Certified Marketer) trainer of American Management Association as well as a trainer for the Smart girl programme. She has a prolific research experience and has won more than a dozen awards in research including Manu Bhai Shah Memorial Research Gold Medal at Indian Commerce Association at Puducherry, Best Research award at ISTD Bhubaneshwar, Best PhD Thesis award, Best Research Paper in 3rd annual Global leadership Summit at Amity Business School, Noida and Best-Case study Award by Emerald Publication. She has to her credit hundred paper presentations and publications in National and International Journals including Scopus. Her case studies have been awarded at International Platforms. She has been the keynote speaker, Resource person and External Examiner at several FDPs, Training Programmes and Institutions across the country. She also has Best Teacher awards accorded to her on several occasions.

Dr. Kush Singodiya is an Assistant professor of the prestigious Daly College of Business Management (DCBM). He holds a Ph.D. in Commerce and an M.B.A. in Finance and Marketing from DAVV, along with an M.Com. in Accountancy from Hinduja College, Mumbai University. Dr. Kush Singodiya has successfully cleared the UGC NET examinations in both Management and Commerce disciplines. With over 9 years of academic experience at both graduate and postgraduate levels, he has presented and published more than 15 research papers in national and international conferences. One of his notable contributions includes the publication of a research paper titled "Significance of E-commerce in the emerging Indian Market" in the ABDC Journal. Furthermore, Dr. Kush Singodiya holds one patent registered on the topic "Impact on Human Resource Planning in Company/Industry."

Prof. Neha Bhatia is an Assistant Professor at Daly College of Business Management, boasting 11 years of extensive teaching experience and 2 years of corporate experience. She is a dedicated professional specializing in Marketing Management and International Business. Prof. Bhatia holds an MBA with a specialization in Marketing from DAVV and a PGDBA (HR) from NIM, Mumbai, completed through distance learning. She is currently pursuing a Ph.D. in Management from DAVV. Her teaching repertoire includes a wide range of subjects such as Business Management, Communication Skills, Event Management, Women Empowerment, Strategic Management, Marketing Research, Marketing Management, Advertising, and Branding. Prof. Bhatia has published over 18 research papers in national and international conferences. She has received two Best Paper Presentation awards in the year 2023-24. Additionally, she has participated in UGC-HRD Centre-sponsored short-term courses, various FDPs, and workshops.

List of Figure

Figure 1	<i>Taxonomy of Payment services</i>	10
Figure 2	<i>Drivers of Digital Payment Adoption in Emerging Economies</i>	67
Figure 3	<i>Policy recommendations to Foster Digital Payment Adoption</i>	114

Contents

	<i>Preface</i>	<i>iii</i>
	<i>Acknowledgement</i>	<i>v</i>
	<i>About the Authors</i>	<i>vi</i>
	<i>List of Figures</i>	<i>viii</i>
Chapter 1	<i>Introduction</i>	1-18
	1.1 Digital Payment	4
	1.2 Historical Background	4
	1.3 Digital Payment Landscape	6
	1.4 Digital Payment Framework	9
	1.5 Digital Payment in Emerging Economies	11
	1.6 Market Highlights – Payment	14
	1.7 Discussion	18
Chapter 2	<i>Theoretical Framework & Previous Studies</i>	19-29
	2.1 Comprehensive Overview of Existing Research	20
	2.2 Gaps in Existing Knowledge	28
	Regional Contextualization	
	User Experience and Accessibility	
	Policy Implications	
	Integration with Financial Inclusion	
Chapter 3	<i>Learning Objectives and Digital Payment Dynamics</i>	30-36
	3.1 Objective 1: Drivers of Digital Payment Adoption	31
	3.2 Objective 2: Challenges and Risks in Digital Payment Adoption	31
	3.3 Objective 3: Policy Recommendations and Future Outlook	31
	3.4 Different Types of Digital Payments	32
	Mobile Wallets	
	Mobile Money	
	Online Payment Platforms	
	Instant Bank Transfers	
	Digital Currencies	

3.5 Role of Key Players in the Digital Payment Ecosystem	34
FinTech Companies	
Traditional Financial Institutions	
Telecommunication Companies	
Governments	
3.6 Discussion	35
Chapter 4 <i>Factors Driving Digital Payment Adoption in Emerging Economies</i>	37-67
4.1 Economic and Social Factors	38
Rise of E-commerce & Need for Secure Transactions	
Financial Inclusion	
Increasing Urbanization & Smartphone Penetration	
Effect of Age Cohorts	
4.2 Social Influence	43
Positive Word-of-Mouth & Trusted Recommendations	
Importance of Community & Peer Pressure	
Social Media & Influencer Marketing	
4.3 Technological Advancements	44
Smartphone Penetration	
Improved Internet Connectivity	
FinTech Innovation	
Affordable Technology and Infrastructure	
4.4 Customer Influence	48
Convenience, Speed and Security Concerns	
Value-Conscious Consumers and Financial Inclusion	
Driving Innovation and Demand for Secure Features	
4.5 Individual Factors	49
Self-Efficacy	
Motivation to Embrace Technology	
4.6 User Adoption Factors (TAM)	51
Perceived Usefulness	
Perceived Trust	
Perceived Personal Innovativeness	

	Perceived Ease of Use	
	Perceived Actual e Payment Use	
4.7	Government Initiatives and Support	60
	Financial Inclusion Programmes	
	Digital Infrastructure Development	
	Regulatory Frameworks	
4.8	Merchant Incentives and Ecosystem	62
	Building	
	Reduced Transaction Fees	
	Marketing and Awareness	
	Campaigns	
	Integration with Existing Systems	
4.9	Innovation and Expanding Use Cases	64
	Offline Payment Solutions	
	Bill Payments and Beyond	
	Financial Literacy Programs	
Chapter 5	<i>Challenges in the Adoption of Digital Payments in Emerging Economies</i>	68-89
5.1	Infrastructure and Affordability	69
	Limited Internet Connectivity	
	The High Cost of Smartphones	
	Limited Electricity Access	
5.2	Digital Literacy and User Experience	72
	Limited Technical Knowledge	
	Language Barriers	
	Complex User Interfaces	
5.3	Security Concerns and Trust Issues	76
	Fear of Fraud and Data Breaches	
	Limited Awareness	
	Lack of Trust in Financial Institutions	
5.4	Social and Cultural Factors	79
	Cash Preference	
	Informal Economies	
5.5	Regulatory Environment	81
	Unclear Regulations	
	Limited Interoperability	
5.6	Merchant Adoption	83
	Limited Exposure to technology	
	Transaction Fee Dilemma	
	Limited Technological Infrastructure	
5.7	Regulatory Burden and Compliance	85
	Limited Documentation	

	Digital Divide	
	Time-Consuming Process	
5.8	Fraud and Security Threats in Digital Payments	87
	Digital Skimming	87
	Social Engineering Attacks	
	Account Takeover (ATO)	
5.9	Cash-in/Cash-out Infrastructure	88
	Financial Inclusion Gap	
	Hidden Costs and Inconvenience	
Chapter 6	<i>Policy Recommendations & Future Outlook</i>	90-114
6.1	Recommendations for Accelerating Digital Payment Adoption in Emerging Economies	91
	Enhance Technological Infrastructure	
	Improve Digital Literacy and Financial Education	
	Strengthen Regulatory Frameworks and Security Measures	
	Promote Inclusive Financial Services	
	Foster Innovation and Competition	
	Raise Public Awareness and Build Trust	
6.2	Future Potential and Trends in the Digital Payment Landscape	110
	Expansion of Mobile Payments	
	Rise of Fintech Innovations	
	Emergence of Central Bank Digital Currencies (CBDCs)	
	Government Initiatives and Policy Support	
	Enhanced Security and Consumer Protection	
	Integration of IoT and AI Technologies	
	Cross-Border Payments and Financial Inclusion	

Chapter 7	<i>Impact Cases</i>	115-124
	7.1 India - The Rise of Digital Payments through Government Initiatives	116
	7.2 Kenya - M-Pesa and the Mobile Money Revolution	117
	7.3 China - The Alipay and WeChat Pay Phenomenon	118
	7.4 Nigeria - The Evolution of Digital Payments through Mobile Money	119
	7.5 Brazil - The PIX System and Digital Payment Innovation	120
	7.6 Mexico - Expanding Financial Inclusion through Digital Payments	122
	7.7 South Africa - Enhancing Digital Payments through Diverse Solutions	123
	7.8 Discussion	124
Chapter 8	<i>Conclusion</i>	125-130
	8.1 Summary of Key Findings	126
	8.2 Final Thought on the Future of Digital Payments in Emerging Economies	127
	<i>References</i>	131-132

OVERVIEW

The digital payment landscape in emerging economies is experiencing significant transformation, driven by technological advancements, increased internet penetration, and proactive government policies. This monograph explores the key drivers and challenges of digital payment adoption in these regions, providing an in-depth analysis of current trends and future potential. It begins with an overview of digital payments, tracing their historical background and significance, and sets the stage by focusing on the unique factors influencing emerging economies. The study examines various types of digital payments, including mobile wallets, mobile money, online platforms, instant bank transfers, and digital currencies, while highlighting the roles of FinTech companies, traditional financial institutions, telecommunication firms, and governments. Key adoption drivers such as increasing smartphone usage, growing internet access, government-led financial inclusion initiatives, and the rise of e-commerce are analyzed. Concurrently, it addresses significant challenges like infrastructure deficits, cybersecurity concerns, financial literacy gaps, regulatory barriers, and the dominance of cash-based informal economies. By proposing targeted policy recommendations, the study aims to facilitate broader digital payment adoption and explores the potential impact of emerging technologies like blockchain and Central Bank Digital Currencies (CBDCs). Through case studies and comprehensive analysis, this paper contributes valuable insights into the digital payment landscape, promoting financial inclusion and economic development in emerging economies.



Selfypage Developers Pvt. Ltd

E-ISBN:978-93-6252-874-2



MRP Rs. 150/-