

It's clear that digital payments have evolved from a nice-to-have capability to an essential service

# 'Sustainable growth while managing the risks associated with digital is key'

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**P**ayPal has made its presence felt in the digital payments space with over 20 years and 200 markets under its belt. In an interview with *Mint*, Anupam Pahuja, managing director, PayPal India, talked about how the company found its niche in India and what the future holds for digital payments. Edited excerpts:

**How has covid-19 changed the acceptance and use of digital payments? Do you see this trend continuing?**

It's clear that digital payments have evolved from a nice-to-have capability to an essential service. We have witnessed a big shift in how consumers are handling payments during covid-19. The sector is attracting a new demographic, which we call the "silver-tech" generation. This older generation views cash as a germ risk and hence prefers digital. It is critical that the risk behind payments is managed for them. We anticipate this trend to continue. Digital payments are expected to become a part of our lives, a way of living if you can call it that.

**Is the sudden on-boarding of new digital payment users and rise in transactions volume behind the increase in fraud rates? How is this being tackled?**

It is typical of any market to witness rise in frauds as digital adoption rises. In the backdrop of covid-19, both fraudsters and risk and security experts are evolving. A collaborative effort is needed to advance digitization to ensure sustainable growth. Our security strategy helps facilitate secure transactions. We have a story-driven risk management approach, coupled with expertise in data analytics, to create risk solutions. Our two-sided network helps serve consumers and merchants, with value propositions like buyer and seller protection for eligible transactions. We combine technical innovation and data analytics with human oversight to make systems smarter at differentiating genuine transactions from fraudulent ones.

**How has PayPal gone about establishing its footprint in India given that the digital wallet market is already dense?**

While demonetization gave the sector the much-needed impetus, cash went back to becoming the de facto mode of payment. Winning here is like running a marathon with all players in the first 100 metres. The pandemic has made consumers and merchants realize the convenience of digital. India's large population offers enough opportunity to all entities. However, enabling sustainable growth is key, and that is possible only when you are able to manage the risks associated with digital. As digital adoption increases, so will the complexity around vulnerabilities and the ones that can solve this are the ones that will make an impact in the lives of customers and merchants.

**As the market evolves, we expect digital adoption to be fuelled by the robustness of a platform to manage risk over cashbacks and deep discounts.**

**Is the regulatory environment conducive to innovations for digital payments? Also, are there enough checks and balances to protect customers?**

The government and regulator have acted as catalysts to foster a vibrant and world-class ecosystem. With initiatives such as Unified Payments Interface, India Stack and Aadhaar, India's digital journey is poised to take off unlike other countries, which go through an evolutionary approach of paper to card. If India must move into the next phase of growth, the focus needs to shift from discounting and evolve to making the ecosystem secure, which will lead to repeat usage and sustainable growth. It will help unlock real value in the sector.

Innovations need to be done keeping in mind the needs of the consumer. The Reserve Bank of India's regulatory sandbox to drive innovation while balancing customer risks is a welcome step.

On customer protection, fraud mitigation and redressal in digital payments, building confidence and trust for the consumer on digital payments platforms they use is of paramount importance.



Anupam Pahuja, managing director, PayPal India

**What shift do you anticipate in the near future in terms of digital adoption?**

The face of retail is experiencing a change from location to digital; and there has been a shift from physical to digital for unusual sectors like pharmacy, online grocery stores, money transfer, gaming, subscription-based platforms. Also, even older age groups are getting acclimatized to technology and moving to digital transactions. We see this trend continuing with more people from across age groups and even villages and tier-II cities using digital payments.

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<https://www.livemint.com/money/personal-finance/-sustainable-growth-while-managing-the-risks-associated-with-digital-is-key-11594139760106.html>

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