



# A PERCEPTION ON USAGE OF DIGITAL PAYMENTS (WITH SPECIAL REFERENCE TO COIMBATORE CITY)

**1.Mr.K.MYILSWAMY**

Ph.D RESEARCH SCHOLAR,LRG GOVT ARTS COLLEGE FOR WOMEN, TIRUPUR.

**2. Dr.R.HAMSALAKSHMI**

ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE,  
LRG GOVT ARTS COLLEGE FOR WOMEN, TIRUPUR.

## ABSTRACT

*A digital Payment System or Digital payment Processing System is a boon to today's world, thanks to the advancement of Information technology. Digital payments henceforth will be called OPPS made a huge impact by cutting across all the barriers like space, time, language, currencies, etc. OPPS is the heart of any E-commerce system. With the present setting the present study is intended to find the solution for the following objective To analyze the perception of rural population on the digital payments. The research is investigative and qualitative in nature and the primary data has been used in this study. Primary data will be collected using questionnaire technique from the selected companies. The population targeted for this study consisted of respondents who are the rural population using digital payments from the Coimbatore city of Tamilnadu. The city is being divided into five zones as per the administration of the government; east, west, central, north and south zones. The extensive use of plastic cards, online shopping and electronic payments are gathering momentum surpassing the tradition payment system. The initiative of government in providing the high-tech services in coordination with other institutions are motivating consumer to move from cash-based to a cashless system and thus increasing efficiency and decreasing the process costs.*

### **1.1 Introduction**

The prehistoric man had produced things like food, clothes and habitat themselves. With the growth of Civilization, commodities were initially bartered / purchased (exchanged) with other commodities and later gold was used for purchasing in olden days. With the introduction of currency trading was enabled to happen across the globe, though each transaction involved many people, process and was time consuming. With the advent of computers and information technology, trading process reached its zenith of development. Within few seconds, products or commodities are purchased from any part of the globe and also shipped anywhere.

A digital Payment System or Digital payment Processing System is a boon to today's world, thanks to the advancement of Information technology. Digital payments henceforth will be called OPPS made a huge impact by cutting across all the barriers like space, time, language, currencies, etc. OPPS is the heart of any E-commerce system. E-commerce Systems made it possible to purchase products or services from any part of the world in a few minutes with various currencies. Any enhancement to digital payments will encourage users by giving more confidence and comfort on one hand and increase the volume of business for merchants on the other. Above all, the payment systems play a major role in a country's monetary policy; financial sector and economic development as they improve macroeconomic management, release funds from the clearing and settlement functions for more productive use; reduce float levels and improve the control of monetary aggregates. Firms in different economic sectors use payment system to transfer funds and to provide competitive financial services.

The cashless transaction and cashless economy has witnessed a phenomenal growth over the last decade. This sharp rise of digital payments has not grown only in the developed countries but also in many of the developing countries. Today most of the market is passing through a transition phase. The presence of cashless transaction can be experienced from each segment of the market like grocery stores, hypermarkets to electronic markets and other advanced market serving products and services. The extensive use of plastic cards, online shopping and electronic payments are gathering momentum surpassing the tradition payment system. The initiative of government in providing the high-tech services in coordination with other institutions are motivating consumer to move from cash-based to a cashless system and thus increasing efficiency and decreasing the process costs. This has led to the idea of a futuristic, cashless society. The consumer motivation is the key driver to develop the cashless society. Presently this is progressing because of the worldwide internet availability with user friendly software and hardware.

Indian Banking Sector has witnessed a number of changes. It has undergone a huge transformation in the years since Independence. The rate of transformation was particularly high in the 1990s and 2000s, when a number of innovations changed the way banking was perceived and it was the result of autonomous and induced necessities of the environment. Banks began to use technology to provide better quality of services at greater speed. Information technology has made it convenient for customers to do their banking from geographically diverse places which earlier remain uncovered. The technology effects and diverted from cash to cashless in India.

In the last few years, Government has taken multiple steps to promote adoption of digital payments but the progress has been slow especially in rural areas. The traditional culture, the lack of technological knowledge, and poor skill and slow adaption as well as rigid attitude can be some of the reasons of not moving towards cashless economy. Generally consumer attitude are defined as evaluative effect of individuals' positive or negative feelings in a particular behavior performing (Fishbein and Ajzen, 1975)<sup>1</sup>.

According to Grewal et.al (2000)<sup>2</sup> attitude performs four functions such as Knowledge Function which acts as a source of organizing beliefs or views about objects and activities like brands and shopping, and helps in determining subsequent behaviors. Another function is the Value-expressive Function which serves as the formation of attitudes to express and help in individual's central values and self-concept. Third function is the utilitarian Function which based on classical condition theory, and reflects the concept that people tend to form positive attitudes with something which is rewarding and tend to form negative attitude towards other things. Fourth function is the Ego-Defensive Function which is based on the formation of attitude by people to defend their egos and self-images against threats and their shortcomings. Apart from these, there is other motivation that drives consumer to go far cashless.

Sanket Dhanorkar (2017)<sup>3</sup> indicated that 84% consumer moves from cash to cashless due to Convenience, 49% consumer moves from cash to cashless due to availing Discounts/cash back rewards, another 54% respondents indicated that they moves from cash to cashless due to Easy tracking of spends, and 34% indicated that they move towards cashless transaction die to shortage of currency notes.

Apart from these many researchers have found consumer motives such as government compulsion, transparency in the transaction, enhanced security measure to ensure transaction safety, growing consumer confidence in the digital transaction system, growing digital literacy, peer pressure, technological innovation and extension of services to the masses in rural as well as urban area, growing consumer trust in the cashless transaction, saving time and fatigue, secure payment system, convenient and all information are stored under one roof as well as attractive discount like Cash back and discounts are being offered by most of the players along with providing offline wallet balance top up known as 'Cash Pickup' service are some of the key driver moving consumer from cash to cashless transaction system. With the present setting the present study is intended to find the solution for the following objective;

1. To analyze the perception of rural population on the digital payments

#### Reviews of literature

**Hugh Thomas (2018)**<sup>4</sup>, expressed that many countries are taking to get closer to cashless, we have come to realize that local circumstances dictate both the path of the journey and the destination. There is a traditional path to going cashless, but the experience is showing that government focus and technological innovation can create shortcuts and may also change what the final destination looks like. Kenya is unlikely to take the same path to cashlessness as Sweden, and its final destination will likely look different as well.

**Atanda et.,al.(2012)**<sup>5</sup>discussed in detail the structure, importance, challenges and consequences of the newly adopted cashless policy program in the Nigerian banking sector. The cashless policy is mainly instituted to enhance the effectiveness of flow of financial resources among economic agents in the economy at least cost possible as well as ensuring prompt cash transfers within the system. The Central Bank of Nigeria (CBN) cashless initiative is geared towards eliminating the continuous use of physical cash in most daily transactions at the business unit of the economy, as well as regulating, controlling, and securing the financial system. A critical analysis of the policy as contained in this report as identified major constraints that can hinder the effectiveness of the cashless banking without prompt attention by the concerned authority.”

<sup>1</sup>Fishbein, M., &Ajzen, I. (1975). *Belief, Attitude, Intention and Behavior: An Introduction to Theory and Research*. Addison-Wesley.

<sup>2</sup> Grewal all (2000) The role of the social-identity function of attitudes in consumer innovativeness and opinion leadership, *Journal of Economic Psychology* 21 (2000) 233

<sup>3</sup>Sanket Dhanorkar (2017) available at: [economic.times.indiatimes.com/articleshow/56269830.cms?utm\\_source=content\\_of\\_interest&utm\\_medium=text&utm\\_campaign=cppst](http://economic.times.indiatimes.com/articleshow/56269830.cms?utm_source=content_of_interest&utm_medium=text&utm_campaign=cppst) ET Bureau| Updated: Jan 02, 2017, 04.45 PM IST

<sup>4</sup> Hugh Thomas, Exclusive insights from Master Card Advisors [http://www.mastercardadvisors.com/assets/pdf/MasterCardAdvisors\\_Cashless\\_Society.pdf](http://www.mastercardadvisors.com/assets/pdf/MasterCardAdvisors_Cashless_Society.pdf) [Accessed 5 May 2018].

<sup>5</sup> Atanda, Akinwande A., and Alimi, Olorunfemi Y. (2012), *Anatomy of Cashless Banking in Nigeria: What Matters?* MPRA Paper No. 41409 posted 21. September 2012 13:31 UTC

**Bansi and Urvi (2012)**<sup>6</sup> stated that; as per technology changes suitable changes should be adopted by the economy. In addition, among all the changes in economy lead to some drastic changes in the transaction. Nowadays in any transaction, Plastic money becomes an inevitable part of the transaction. In addition, with it, life becomes easier and development would take better place. Relating to Indian scenario how the plastic money took place in the banking world would be the focus by the researcher over here. In addition, along with the plastic money it becomes possible that control the money laundry and effective utilization of financial system would become possible which would also helpful for tax legislation.

#### Research Methodology

The research is investigative and qualitative in nature and the primary data has been used in this study. Primary data will be collected using questionnaire technique from the selected companies. Secondary data for the study has been collected from books, websites and few journals and news paper, for this study secondary data was collected through various sources such as magazines, internet and company reports and business journals. The population targeted for this study consisted of respondents who are the rural population using digital payments from the Coimbatore city of Tamilnadu. The city is being divided into five zones as per the administration of the government; east, west, central, north and south zones. All the five zones are being covered in the study where the samples are found distributed. A total 100 (20 samples from each zone) from the city are being selected and to whom the questionnaires are distributed. The sampling technique adopted for the study is simple random sampling.

#### Analysis and discussion

**Table 1: Demographic Profile of the Respondents**

Classification	No of Respondents	Percentage
<b>Gender</b>		
Male	56	56
Female	44	44
<b>Age (Years)</b>		
16 - 25	12	12
26 – 35	28	28
36 - 45	38	38
Above 45	22	22
<b>Marital Status</b>		
Married	76	76
Unmarried	24	24
Others	0	0
<b>Educational qualification</b>		
No formal education	15	15
HSC	37	37
UG	28	28
PG	08	08
Diploma and others	12	12
<b>Occupation</b>		
Farmer	26	26
Professional	06	06
Self employed	24	24
Public employee	04	04
Private employee	34	34
Others	06	06
<b>Total</b>	<b>100</b>	<b>100.0</b>

*Source: Compiled and calculated using primary data*

The above table represents the demographic profile of the respondents who are the rural people. Out of 100 samples selected 56 respondents were male, 38 Respondents were between 26-45 years of age, 76 respondents were married, and 37 respondents have Higher Secondary level of educational qualification and finally 34 respondents are private employees.

<sup>6</sup> Bansi Patel, Urvi Amin(2012) Plastic Money: Roadmap Towards Cash Less Society *PARIPEX - Indian Journal Of Research* Volume: 1 | Issue: 11 | November 2012 ISSN - 2250-1991

## Perception towards diversity

Table 2: Perception towards Diversity

Statements	NT	RT	N	ST	AT
Digital payment ensure privacy and transparency	0	2	5	28	65
Digital payment is unavoidable in the competitive economy of India	8	11	11	18	52
Digital payment have clear future in global age and improves the quality of service	0	2	9	29	60
Digital payment create more social relations and fulfill all the requirements in time	2	7	18	18	55
Digital payment make on line purchase of goods and services easier	1	3	19	30	47
Effecting business transactions flexibly	6	12	13	22	47
Quick processing of transactions and minimum human intervention	0	2	6	15	77
More formalities are required to get e- channels issued from the banks	1	4	12	18	65
Digital payment charge more hidden cost and sometime creates technical hurdles	28	12	36	12	12
Digital payment helps to manage information efficiently	6	12	13	47	22
Digital payment creates confusion for customers due to lack of required information	16	53	22	2	7

**Source:** Compiled and calculated using the primary data

The above table denotes the respondents' perception towards digital payments. In the first statement that depicts digital payment ensure privacy and transparency, majority of respondents at 65 per cent expressed that the statement was always true.

A total of 52 per cent of respondents stated always true to the fact that Digital payment is unavoidable in the competitive economy of India. A total of 60 respondents expressed always true to Digital payment have clear future in global age and improves the quality of service. 55 respondents expressed always true to the fact that Digital payment create more social relations and fulfill all the requirements in time.

47 respondents stated always true to Digital payment make on line purchase of goods and services easier. 47 per cent of the respondents expressed always true to the fact that the digital payments effecting business transactions flexibly. 77 the respondents stated always true to the fact Quick processing of transactions and minimum human intervention.

65 per cent of respondents expressed always true to the statement that more formalities are required to get e-channels issued from the banks. 36 respondents stood neutral with Digital payment charge more hidden cost and sometime create technical hurdles. 47 respondents stated somewhat true to Digital payment helps to manage information efficiently. Finally, 53 respondents true to the fact that Digital payment creates confusion for customers due to lack of required information.

**H<sub>01</sub>:** The association between the perception of digital payments and the demographic profile of the respondents is not significant.

Table – 2: Chi-square analysis

Variables	$\chi^2$	P-value	S/ NS
Gender	29.255	0	S**
Age	2.111	0.001	S**
Marital Status	16.982	0.003	S**
Educational Qualification	0.551	0.004	S**
Occupation	26.595	0.006	S**

\*Significant at 5 per cent level \*\*Significant at 1 per cent level

**Source:** Compiled and calculated using the primary data

The table above represents the analysis of association using chi-square analysis between the perception and the demographic profile of the respondents. It is clear from the table that the all the personal profiles; are found significant at 1 per cent. Hence the null hypothesis is rejected and concluded that the association between perception of digital payments and the demographic profile of the respondents is significant viz, gender, age, marital status, educational qualification and occupation.

## Recommendation and Conclusion

The cashless transaction and cashless economy has witnessed a phenomenal growth over the last decade. This sharp rise of digital payments has not grown only in the developed countries but also in many of the developing countries. Today most of the market is passing through a transition phase. The presence of cashless transaction can be experienced from each segment of the market like grocery stores, hypermarkets to electronic markets and other advanced market serving products and services.

The extensive use of plastic cards, online shopping and electronic payments are gathering momentum surpassing the tradition payment system. The initiative of government in providing the high-tech services in coordination with other institutions are motivating consumer to move from cash-based to a cashless system and thus increasing efficiency and decreasing the process costs. This has led to the idea of a futuristic, cashless society. The consumer motivation is the key driver to develop the cashless society.

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