# A STUDY ON THE ADOPTION OF DIGITAL PAYMENT BY SMALL RETAIL STORES

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*ABSTRACT:*

This study is about Adoption of digital payment methods (such as internet banking, mobile wallet money, and credit/debit cards)in small retail stores which have increased in the developing world, and is a cornerstone for financial inclusion initiatives in developing countries .Digital payment usage has pervaded to levels of transactions for online shopping to level of street vendor. Retailers are able to implement infrastructure to transact digitally (such as bank accounts and smart phones), fees on digital platforms are affordable, and small scale retailers are sufficiently literate to be able to use digital payment systems. Using a quantitative methodology this study, investigated the challenges faced by these small retail stores. This study intends to determine the factor influencing the overall adoption of digital payment, the factors considered are perceived usefulness, perceived ease of use, risk, subjective norms, self-efficacy, facilitating condition, behavioural intentions, behavioural control are identified in the study. The data has been collected from 150 respondents of retail store owners in Chennai. Convenient sampling technique was employed in collecting samples. Percentage Analysis, ANOVA Analysis, Correlation Analysis, chi square Test Analysis, have been utilised to interpret data. From the analysis we came to know that the tenure of usage and years of business does play a vital role in making decision and is the reason to adopt the digital payment method. There is high correlation between behavioural intension and perceived behavioural control. Hence convenience and customer demand are the primary reason to adopt digital payment in retail stores, yet there is a very low concern about fear of being cheated and security of transaction in digital platform by retailers in Chennai.

*Keywords:* **Digital payments, Small retail stores, Adoption.**

## 1. INTRODUCTION

The Indian government has been advancing and engendering on the web installments forcefully, beginning with demonetization back in 2016. 'Digital India' had been the controlling power of numerous monetary and monetary choices that pushed Indians to change to online installments. Now, the world has been moving towards everything computerized for quite a while. Nonetheless, the year 2020 put into viewpoint the desperate need to adjust to advanced innovation quickly. This variation happened immediately with the lockdown becoming effective, particularly for advanced installments in India. In this study, Adoption of digital payment technologies (such as internet banking, mobile wallet money, and credit/debit cards) in small retail help us to know better whether the retailers are able to implement infrastructure to transact digitally (such as bank accounts and smart phones), fees on digital platforms are affordable, and small scale retailers are sufficiently literate to be able to use digital payment systems. There have been independent variables as demographic variables: annual income, years of business, tenure of usage and the dependent variables: Perceived usefulness, perceived ease of use, risk, subjective norms self-efficacy, facilitating condition, behavioral intentions, behavioral control were used for the analysis. The commonly used technique is experimental questionnaire which consists of questions on hypothetical scenarios and/or adoption decision of retailers. During this method, retailers were asked to complete a questionnaire for gathering information about the ease of use, risk, subjective norms self-efficacy of retailers through a series of questions.

## 1.1 STATEMENT OF THE PROBLEM:

The Studies study on adaptability of digital payments and various factors influencing the adoption of these payment methods. This study tries to highlight, why retail shops have adopted to this digital payment services. This study helps in understanding how the retail stores are using digital payments on their daily transactions. Does new age digital payment system show any impact on the businesses of small retail stores?

## 1.2 AIM AND SCOPE

The aim of the study is to identify the factors influencing the digital payments adoption among retailers, to assess the perceived level of ease and convenience of retailers while using cashless modes of transactions, to identify the apprehensions of the retailers in switching over to cashless transactions and to analyze the influence of demographic variables on adoption of digital payments. The survey was conducted in Chennai, Tamil Nadu. The sample size is limited to 150 respondents who comprise small retailers in Chennai. The time limit is restricted to three months. This study has taken limited dependent variables like Perceived usefulness, perceived ease of use, risk, subjective norms self-efficacy, facilitating condition, behavioral intentions, behavioral control.

## 2. REVIEW OF LITERATURE

Rajesh Krishna Balan, Narayan Ramasubhu, Giri Kumar Tayi (2006), In their article, they have explained the challenges and requirements of implementing a worldwide digital wallet resolution in Singapore, then they addressed one of the essential problems, endorsing end-to-end money transactions between people using a digital wallet, in detail.

Abhay Upadhyaya [2012], has studied on "Electronic Commerce and E-Wallet," in electronic commerce, the issues of payment transactions have primarily miscalculated. In order to apprehend the concept of e-commerce, E-wallet became handier, easy-to-use, cosy global price machine. It's far flexible to "personal banking system" with some pay-in alternatives.

Nitsure (2014): In his paper saw that the issue being looked by creating nations like India in the reception of E-banking activities because of low dispersal of Information Technology. The paper featured the issues, for example, security concerns, rules, guideline and the executives. In India there is a significant danger of the rise of a computerized split as the poor are barred from the web thus from the money related framework.

Sornaganesh .V and Chelladurai .M (2016), this article revealed the scenario at the time of demonetization in 2016. The researcher has studied about the demonetization impact and financial technology company in India. The researcher also analyses about payment service sector during the demonetization period. Digital payment system is the largest move in the mobile internet space from the technology point of view.

Subho Chattopadhyay, Payal Gulati and Indranil Bose (2018), this study has evaluated the awareness of the small retailers for the cashless transaction and its modes. And also aims to understand their difficulties and perceived convenience with it. There was no significant difference found in convenience for cash and cashless modes of transactions. Also, the retailers strongly believe that it is easier for the retailers to deal with cash as compared to digital payment methods. Efforts ought to be engaged towards changing behaviour and attitude towards cashless than to scarcely make awareness.

M.Thangajesu Sathish, R. Sermakani, and G. Sudha (2020) this study proves that the traditional cash transaction cannot completely be replaced by card or digital payment system. People may use their mobile wallets for the payment transaction, transfer fund digitally, make grocery purchase and in paying bills etc. using mobile wallets. The study has explained that the trust is the major factor affecting users' satisfaction and it has a major impact on many users' intention to adopt mobile wallets.

## 3. RESEARCH FRAMEWORK

The research model explains the dependent factors of adoption of digital payments and the dependent factors are Perceived usefulness, perceived ease of use, risk, subjective norms self-efficacy, facilitating condition, behavioural intentions, and behavioural control of individual retailers. The variables to study perceived usefulness were identified as degree of ease to conduct the business, as digital Payments enable retailers to conduct business transactions more quickly, as digital Payments are useful for me in managing my financial resources efficiently. The variables to study perceived ease of use were identified as whether it was easy to use digital payments for doing what they want to do, whether it was easy to learn how to accept digital payment, whether it was easy for me to remember the process of accepting digital payments.  The variables to study Risk Perception were identified as apprehensive over the security, whether information regarding transaction will be exposed, and that exposes them to taxes. The variable subjective norm was identified as degree of importance of retailers' peers, suppliers and customers. The variable self-efficacy was identified as degree of confidence level while using digital payment for the first time and the have just seen someone using it before trying it themself.  The variable Perceived Behavioural Control was identified as having the resources to accept digital payment, having the knowledge to accept digital payments, having the ability to use digital payments. the variable facilitating condition was identified as retailers  can easily afford to get a device and internet connectivity for accepting digital payments, Charges imposed for accepting digital payments are insignificant for me, Advances in Internet security technology provide for safer digital payments, New technological developments like mobile applications, makes digital payments more feasible. The variable behavioural intension was identified as  Accepting digital payments from customers was a great idea, as they  expect increase usage of online digital payments in the future, as whether  would recommend a friend or family member to use digital payments. The independent variables are the demographic variable which includes age, gender, annual income, region, tenure of usage, years of business etc.

# 4. DATA & METHODOLOGY

## 4.1. SAMPLING SIZE & TECHNIQUE

For this research is a descriptive research with the sample of population taken from the small retailers from Chennai city, Tamil Nadu with respect to Age, Gender, Annual Income, and few dependent variables. The sampling size for this study is 150 respondents of retailers are being taken for this study. The sampling method used in this research is Convenient Sampling Technique.

## 4.2. DATA SOURCE

The source of data is that the primary data was collected through survey questionnaire from 150 respondents. Secondary data was collected from reviewing various literature related to the adoption of digital payments, websites, etc.

## 4.3. RESEARCH HYPOTHESIS

- **$H_0$ 1:** There is no significant relationship between preferred mobile wallet and tenure of usage.
- **$H_0$ 2:** There is no statistically significant relationship between years of business and reason to adopt the adoption digital payment.
- **$H_0$ 3:** There is no correlation between respondent's opinion from the retailers on the 8 variables taken to calculate the adoption of Digital payment.

## 4.4. HYPOTHESIS TESTING AND DATA ANALYSIS

*$H_0$ 1:* **There is no significant relationship between preferred mobile wallet and tenure of usage.**

**Table no 1: chi-square between preferred mobile wallet and tenure of usage**

| Chi-Square Tests | Value | df | Asymp.Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 22.976[a] | 12 | .028 |
| Likelihood Ratio | 25.102 | 12 | .014 |
| Linear-by-Linear Association | 3.938 | 1 | .047 |
| N of Valid Cases | 150 | | |
| a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .40. | | | |

**Result:**

The chi square was performed to examine the difference between preferred mobile wallet and tenure of usage. From the table the significance level is 0.028 ($p = 0.02$), which is less than 0.05. Hence, we reject null hypothesis and accept the alternate hypothesis *($H_1$)*. Therefore, there is a statistically significant relationship between preferred mobile wallet and tenure of usage

*$H_0$ 2:* **There is no statistically significant relationship between years of business and reason to adopt the adoption digital payment.**

**Table no 2: ANOVA BETWEEN YEARS OF BUSINESS AND REASONS FOR ADOPTION**

**ANOVA**
REASONS FOR ADOPTION

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 11.272 | 3 | 3.757 | 2.655 | .051 |
| Within Groups | 206.621 | 146 | 1.415 | | |
| Total | 217.893 | 149 | | | |

**RESULT:**

ANOVA was performed to examine the difference between Years of Business and Reasons for Adoption. Results of ANOVA showed P value 0.051 is more than 0.05 hence the null hypothesis *(H₀)* is accepted. There is no significant relation between Years of Business and Reasons for Adoption.

*H₀ 3:* **There is no correlation between respondent's opinion from the retailers on the 8 variables taken to calculate the adoption of Digital payment methods.**

### Table no 3: CORRELATION BETWEEN 8 VARIABLES
### Correlations

| | | PU | PEU | RK | SN | SE | PBC | FC | BI |
|---|---|---|---|---|---|---|---|---|---|
| PU | Pearson Correlation | 1 | | | | | | | |
| | Sig. (2-tailed) | | | | | | | | |
| | N | 150 | | | | | | | |
| PEU | Pearson Correlation | .409** | 1 | | | | | | |
| | Sig. (2-tailed) | .000 | | | | | | | |
| | N | 150 | 150 | | | | | | |
| RK | Pearson Correlation | .048 | .194* | 1 | | | | | |
| | Sig. (2-tailed) | .557 | .017 | | | | | | |
| | N | 150 | 150 | 150 | | | | | |
| SN | Pearson Correlation | .199* | .367** | .060 | 1 | | | | |
| | Sig. (2-tailed) | .015 | .000 | .467 | | | | | |
| | N | 150 | 150 | 150 | 150 | | | | |
| SE | Pearson Correlation | .109 | .144 | .025 | .260** | 1 | | | |
| | Sig. (2-tailed) | .184 | .079 | .760 | .001 | | | | |
| | N | 150 | 150 | 150 | 150 | 150 | | | |
| PBC | Pearson Correlation | .026 | .268** | .100 | .326** | .314** | 1 | | |
| | Sig. (2-tailed) | .752 | .001 | .223 | .000 | .000 | | | |
| | N | 150 | 150 | 150 | 150 | 150 | 150 | | |
| FC | Pearson Correlation | .001 | .160 | .009 | .321** | .282** | .510** | 1 | |
| | Sig. (2-tailed) | .989 | .050 | .914 | .000 | .000 | .000 | | |
| | N | 150 | 150 | 150 | 150 | 150 | 150 | 150 | |
| BI | Pearson Correlation | .066 | .148 | .043 | .207* | .111 | .212** | .646** | 1 |
| | Sig. (2-tailed) | .423 | .070 | .602 | .011 | .175 | .009 | .000 | |
| | N | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 |

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

**Result:**

The results from the table show that the 8 variables taken are positively correlated with each other. The value of correlation coefficient (r) between the behavioural intension and facilitating condition is 0.646. Hence there is high correlation between behavioural intension and facilitating condition among all the given data.

## 5. CONCLUSION

The study of adoption of digital payments in small retail stores has attempted to understand impact of new age digital payment in businesses of retail stores. It was found that digital payment method does have a greater impact on increasing the business and more convenient for customers for the transaction. From the analysis we came to know that the tenure of usage and years of business does play a vital role in making decision and is the reason to adopt the digital payment method. There is high correlation between behavioural intension and facilitating condition. Hence convenience and customer demand are the primary reason to adopt digital payment in retail stores, yet there is a very low concern about fear of being cheated and security of transaction in digital platform by retailers in Chennai. It seems that it will take enough time to become completely cashless economy. It requires a complete co-operation from people and more awareness and knowledge among retailers and common men. The problem of lack of education and digital literacy needs to be solved first to have a greater number of digital transactions. The efforts are going well by the government as well as the private sector company having their e-wallets apps such as Paytm, PhonePe etc. It is the government that needs to address these challenges and solve them in order to have a complete cashless economy and to provide sustainable economic development to the country in the mere future.

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