



A Study On Consumer Perception Towards Digital Payment Systems In Selected Parts Of Karnataka

Authors

Author 1

Mr. Sunil R Hegde

Assistant Professor

CMS, Jain Deemed to be University

Bangalore

Author 2

Ms. Shalya Accamma

Assistant Professor

CMS, Jain Deemed to be University

Bangalore

Author 3

Ms. Suchitra

Assistant Professor

Sahyadri College of Engineering and Management

Adyar, Mangalore

ABSTRACT

Over time, digital payments have altered our lives. In India, digital payments became more prevalent after demonetization, and the trend of digital payments has exploded since then. The Digital India programme is the government of India's flagship initiative, with the goal of transforming India into a digitally empowered society and knowledge economy. One of Digital India's stated goals is to be "faceless, paperless, and cashless." There has been a surge in digital payments since the introduction of the "Digital India" programme. Digital payments have improved in terms of technology and security over time, with the goal of reducing cybercrime. Digital payments have surged tenfold, according to the Money Control Record. This study aims to collect people's thoughts on digital payments and determine whether they believe digital payments are the way of the future in India. The inquiry will also look into the platforms' cyber security to guarantee that consumers' privacy is protected.

Keywords: Digital Payment, Covid-19, Cyber security

INTRODUCTION

What could an Economy with a good Digital Banking behaviour be?

Coronavirus has spread to more than 190 nations, with India being one of the worst-affected countries. On January 30, 2020, the first case of COVID-19 in India was recorded. In March 2020, the government launched a 21-day countrywide lockdown. The lockdown was extended for another day since the number of cases was increasing at an alarming rate.

Organizations, including banks, have been caught off surprise by the COVID-19 outbreak. Most financial services organizations throughout the world are attempting to maintain company continuity in order to withstand this unprecedented crisis. COVID-19 clearly had an impact on customer behavior, as many people were obliged to work from home, and financial institutions closed their public lobbies.

Consumers and financial institutions were already making the switch to digital banking before COVID-19. Before the pandemic, digital payments were on the upswing, with more people using mobile wallets each month. As the pandemic's direct impact reaches its third wave, certain tendencies emerge that provide a strong indicator of future banking and payment behavior. Indians prefer cash to digital payments, but demonetization and the pandemic have demonstrated the need for digital change. After the demonetization of the 500 and 1000 in 2016, there was a rise in digit payments. Since then, the number of digital payments has steadily increased over time. The formal institutional sector, as well as digital platforms, have made significant advances in technology, communication, and security to serve the people and provide the best possible service to clients. In 2020, Pandemic has increased digital payments by 44%. During this time, a growth in digital payments has also resulted in an increase in cybercrime. As many people, particularly older folks, were new to the digital world in March and April, cybercrime soared by 86 percent. The rate of digital payments acceptance was modest, and cyber-crime was on the rise.

Objectives of the study

For my research, I chose the following objectives:

1. Examine why the digital transformation occurred during the pandemic rather than before it.
2. To examine the rate of cybercrime in India.
3. Investigate the banks' and government's cyber security measures.
4. Suggestions for reducing cybercrime and assisting customers

REVIEW OF LITERATURE:

1. **Rajendra Kumar Tolety and Goodwin D R:** The research report "Digitalize or Die - The Road Ahead for Indian Banking" discusses how digital banking has evolved through time. The article also discusses how the digital revolution was slowed by customers' resistance to change. The subject of digital banking is discussed in depth in this study paper (hacking, fraud, cyber- crime, etc). In addition, the essay discusses potential opportunities or developments in the financial sector that will boost digital payments. Digital banking is developing day by day, security is improving, and customer services are improving, all of which contribute to the country's strong financial system.

2. **Rajbir Saha:** The research paper "Digital Payments Usage During the Covid-19 Pandemic with Special Reference to E-wallet Users in Guwahati City" discusses how the volume of digital payments increased, new users increased, and active users increased in the state of Assam (Guwahati). The study demonstrates how e wallets and digital payments were promoted during the lockdown to prevent malware transmission. The data for this research piece came from an online survey in Guwahati City, which looked into people's adoption of digital payments and the surge of new users to the digital world.

3. **P Venkat Kamesh:** In his study piece “Covid-19 – Digital Transformation and Digital Competency,” he talks about how Fintech companies helped during the Covid-19 Pandemic by developing digital applications for finance, payment, banking, and other things. The research article also discusses how, during the pandemic, there was an increase in cyber-crime as a result of the increased use of digital payments. During the pandemic, the efficiency of the Indian financial system increased due to the development of apps by Fintech companies, as servers were constantly upgraded and cyber security was increased.

4. **K.M Siby :** In his study paper, "A Study on Consumer Perception of Digital Payment Methods in Times of Covid Pandemic," he examines digital payments from the year (2016), when demonetization was first observed, to the present day. The main data was used to examine the rise of digital payments in Kerala's Ernakulam district. The research paper discussed how consumers feel about digital payments, whether they will continue to use them in the future, how comfortable they are with digital payment gateways, and whether they will urge others to use them.

5. **Dr. Anil Jain, Dr. Apurva Sarupria and Ankita Kothari:** The impact of Covid-19 on E-wallet Payments in the Indian Economy is explained in their study paper "The Impact of Covid-19 on E-wallet Payments in the Indian Economy." The Covid-19 outbreak has impacted the Indian economy by disrupting numerous enterprises. E-wallets were safer than cash because no physical touch was required. The pandemic boosted the digital payment and ecommerce industries. Fintech companies have helped to increase financial flow to some extent. The study examines the rate of growth of digital payments throughout the epidemic and discusses their future prospects.

RESEARCH METHODOLOGY

Primary Method: A questionnaire was used to collect data.

I gathered data from 50 respondents, including 25 from male and 25 from female. To gain a better understanding of how digital payments have affected the financial system throughout the pandemic from both sides.

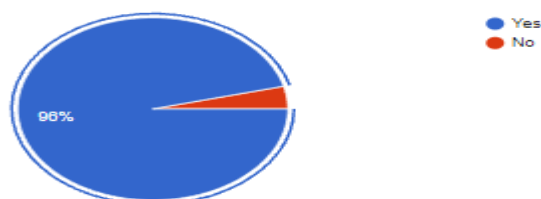
Secondary Method: The data collected was through various Newspaper articles, official website, Research papers and research articles.

DATA ANALYSES AND INTERPRETATION

Digital payments in India totaled more than 53 billion Indian rupees in the fiscal year 2021. This represents a huge increase over the previous financial year's figure of 20.7 billion Indian rupees. Since 2018, the mobile payment app BHIM (Bharat Interface for Money) has surpassed debit card payments as the most popular cashless payment option. Between 2018 and 2021, the value of BHIM transactions climbed dramatically, although debit card payments have remained steady since 2019.

1. Do you have a bank account?

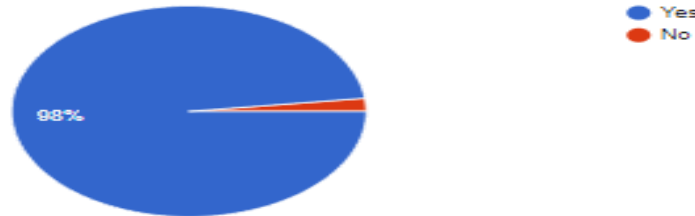
Do you have a bank account
50 responses



The pie chart above depicts the number of persons who have a bank account (48 respondents). It reveals that 96 percent (48) of people have a bank account, whereas 4 percent (2) do not have one due to ignorance.

2. Do you make online transactions?

Do you make online transactions
50 responses



People's online transactions are depicted in the pie chart above. Online transactions are used by 98% (49) of people, whereas 2% (1) of people do not use them.

3. Preferable way of banking

What is your preferable way of banking
50 responses



The accompanying pie chart depicts people's preferred digital method of banking during a pandemic. It shows that 88% (44) of respondents favor digital banking, whereas 12 percent (6) prefer traditional banking.

4. Mostly net banking is used for?

According to you mostly net banking is used for...
50 responses

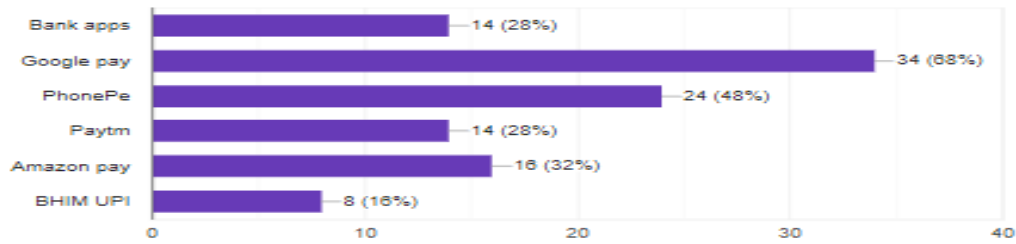


The majority of people (48%) utilize digital payments to send money to others (24). The second reason individuals use digital payments is to pay for services (30%). (14%) People use digital payments for shopping, and 8 percent (4) people use digital payments to buy stocks.

5. Which apps do you use for online transactions?

Which apps do you use for online transactions

50 responses

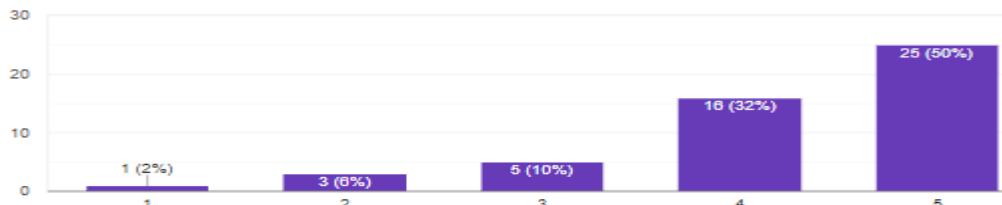


The most popular app for digital transactions is shown in the table above. G-Pay/Google Pay is preferred by 68 percent (34). For transactions, 48 percent (24) choose Phone pay, 32 percent (16) prefer Amazon Pay, and many others prefer bank applications, Paytm, BHIM, and other apps.

6. How comfortable you are with online banking

How comfortable you are with online banking

50 responses

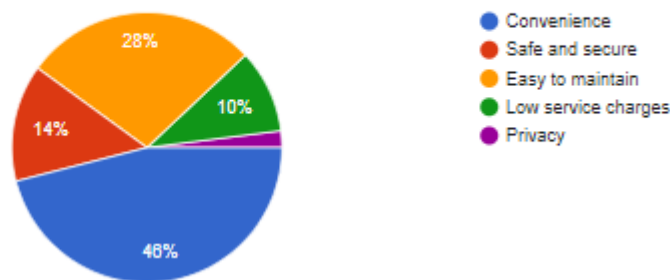


The above chart shows how comfortable are digital payments for the people. 41 people have given high scores as 50% (25) gave 5 rating and 32% (16) gave 4 rating which means a favorable one for people. 10 % (5) people still have a mixed rating for the digital payments.

7. Reasons for choosing online banking services

What are your reasons for choosing online banking services

50 responses

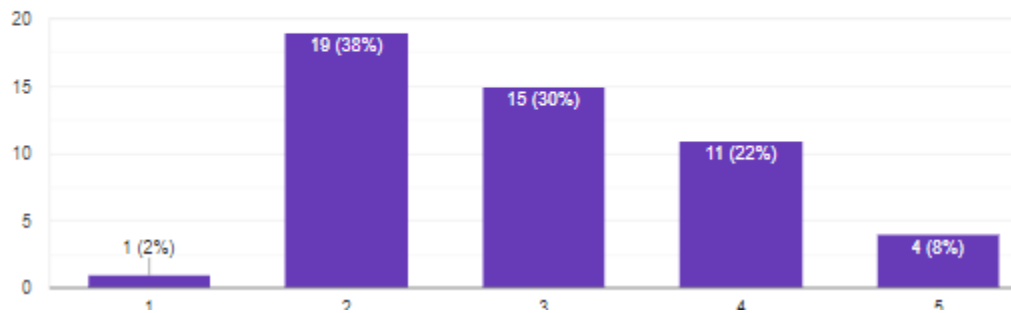


The above pie chart shows that majority of the people 46 % (23) use online banking because of the convenience. 28 % (14) respondents use it for easy to maintain. 14 % (7) respondents uses it because it's safe and secure. The rest of the people uses it for low service charge and privacy

8. Precaution taken by the banks for cybercrimes

Rate the precaution taken by the banks for cybercrimes

50 responses



The graph demonstrates that individuals are concerned about the safety of digital payments, with many accusing banks of failing to take adequate precautions against cyber-crime. 38 percent (19) of individuals believe their bank does not provide adequate security against cyber-crime. Not so good and not so awful are given by 30 percent (15). 22 percent (11) believe that good security is provided, while 8 percent (4) believe that the bank provides the best security against cybercrime.

FINDINGS:

During digital transactions, females are more aware than males. Many ladies are concerned about cyber security when it comes to money, according to the poll and charts. Females not only save a lot, but they also want their money to be protected.

People prefer third-party applications over bank apps because third-party apps are more secure and offer better features than bank apps. Third-party applications entice clients with a variety of promotions, vouchers, and gift cards, and they also provide greater deals than bank apps. One of the problems of bank apps is that they can be directly hacked into a bank account, whereas third-party apps run through multiple portals, making them more difficult to hack than bank apps but not impossible.

The majority of consumers are dissatisfied with the cyber protection given, as numerous accounts continue to be hacked. Because no suitable security bridge exists to protect personal information and funds held by banks, people may revert to the old manner (cash flow).

SUGGESTIONS:

The government has played a significant role in promoting the digital world through the "Digital India program," which educates people about the advantages of digital payments.

The present government initiatives are as follows:

1. Cyber Surakshit Bharat Initiative.
2. Cyber Swachhta Kendra.
3. Online cybercrime reporting portal.
4. Indian Cyber Crime Coordination Centre (I4C).
5. National Critical Information Infrastructure Protection Centre (NCIIPC).
6. Information Technology Act, 2000.
7. National Cyber Policy, 2013.

Unfortunately, this approach has a key flaw in that these schemes simply make customers aware of cybercrime. Though the government teaches people how to protect their personal accounts, there are no tangible measures in place to protect clients from cyber-crime.

The following are the suggestions:

1. To provide further security against cyber-crime, banks can partner with antivirus companies such as Quick Heal, Norton, MC. Afee, and others. As the old adage goes, "prevention is better than cure," and customers may take advantage of this service by paying a small price rather than risk having their accounts stolen.
2. Because Android phones are easier to hack than IOS devices, a better privacy mechanism for Android users is needed.
3. Though banks make calls to check transactions and provide OTPs, photo verification would be a preferable option. Only the user should be able to capture a current photo and should not have access to the gallery before the OTP is delivered for any payment. This allows the bank to determine who the account's genuine user is.

CONCLUSION:

In the digital world, India is advancing. According to the daily newspaper "The Hindu," it is predicted that by 2025, 71.7 percent of all digital payment transactions will have increased. This obviously demonstrates that individuals will switch from traditional payment methods to digital payment methods.

Because of the rapid rise of digital payments, banks must continually enhance their technology and security in order to attract new consumers. The Digital India program is also fostering rural transformation. Internet connections should be extended to India's core, allowing even the most remote villages to conduct digital transactions. The rural sector is taking longer to adapt to the digital payment system. In order for the country to be transitioned to the digital world, the government must provide incentives by not levying transaction fees.

REFERENCES:

1. Jain, A., Sarupria, A., & Kothari, A. (2020). The Impact of COVID-19 on E-wallet's Payments in Indian Economy. *International Journal of Creative Research Thoughts*, 2447-2454.
2. Tolety, R. K., & Goodwin, D. R. (2018). Digitalize or Die—The Road Ahead for India Banking. *International Journal of Research in Finance and Marketing*, 8(5).
3. Saha, R. Digital Payments Usage During Covid19 Pandemic with Special Reference To E-Wallet Users In Guwahati City.
4. Kamesh, P. V. COVID-19-Digital Transformation and Digital Competency.
5. Siby, K. M. (2021). A Study on Consumer Perception of Digital Payment Methods in times of Covid Pandemic.
6. Mohite, V., Shikhare, R., Kharde, S., & Sarangdhar, P. (2021). Digital Payment Saga: Pandemic Impact on ATM Usage in India (No. 5771). *EasyChair*.
7. Annakamu, S. P. (2021). Impact Of Digital Payments On Retailers" Across Tamil Nadu. *Psychology and Education Journal*, 58(4), 3657-3666.
8. Latta, A., & Sarkar, D. (2021). Imperative Role of Digitalization in the Indian Economy During COVID-19. *people*, 2(3).
9. Gaur, A. D., & Padiya, J. (2017, July). From demonetisation to digitization of Indian economy: the road ahead. In *Proceedings of International Conference on Strategies in Volatile and Uncertain Environment for Emerging Markets*, Indian Institute of Technology Delhi, New Delhi (pp. 598-607).

10. Baghla, A. (2018). A study on the future of digital payments in India. International Journal of Research and Analytical Reviews, 5(4), 85-89.

11. Iyer, V. M. (2021). Digital payments the future of india. Lessons to be learnt from covid pandemic: significance of incorporating inevitable changes in diverse sectors, 21.

