



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## Study of Consumer Perception of Digital Payment Mode

Dr. D.S. Borkar

Associate Professor and Research Guide, Department of commerce, Shri Shahu Mandir Mahavidyalaya, Parvati, Pune, India

Vishal Kashinath Daware

Research Student, Department of Commerce and research centre, Shri Shahu Mandir Mahavidyalaya, Parvati, Pune, India

**Abstract:** India's digital programme is a government initiative with the main goal of transforming India into a knowledge economy and a digital society. There are several digital payment options available as part of the effort to promote cashless transactions and make India a country with less cash. Demonetization had changed the nation's economic structure. The last decade has seen tremendous growth in use of internet and mobile phone in India. Increasing use of internet, mobile penetration and government initiative such as Digital India are acting as catalyst which leads to exponential growth in use of digital payment. Electronics Consumer transaction made at point of sale (POS) for services and products either through internet banking or mobile banking using smart phone or card payment are called as digital payment. The consumer perception of digital payment has a significant and positive impact on adoption of digital payment. The structured questionnaire was used as research tool for understanding consumer perception of digital payment. Data was analysed with the help of descriptive statics, t-test and ANOVA. The findings of the study revealed that, there is a significant difference between age and perception of consumers on digital payment Systems, and it also proved that, there is no significant difference between gender, educational qualification and perception of consumers on digital payment systems

### Keywords

Cashless Transactions, Consumer Perception, Digital Payment, Digital Wallets, Transactions Speed, Security System, Social Influence

### I. INTRODUCTION

The digitalization of the payment mechanism is a milestone in the era of Faceless, Paperless, and Cashless economy of Digital India. Digital India, favourable regulatory environment, new payment service, and improved customer experience are considered as the major drivers for the growth of Indian digital payment systems. Digital India program has created a platform for a knowledge-based electronic transformation in governance for its citizen by engaging both central and state government. The three major areas focused by this program are a) Infrastructure as utility to every citizen b) Governance and services on Demand c) Digital Empowerment of citizen. This initiative has considered as a significant intervention in digital financial inclusion which has brought the unbanked population of the country under the mainstream economy. Adoption of cashless transaction has been significantly pushed by Prime Minister Mr. Narendra Modi as part of government reforms after demonetization of high value currency of Rs. 500 and 1000 (86% of cash circulation). The demonetization resulted in unprecedented growth in digital payment. By February this year, digital wallet companies had shown a growth of 271 percent for a total value of US\$2.8 billion (Rs. 191 crores) [1], Indian government and private sector companies such as Paytm, Freecharge and Mobikwik had

been aggressively pushing several digital payment applications, including the Aadhaar Payment app, the UPI app, and the National Payments Corporation of India (NPCI) developed the Bharat Interface for Money (BHIM) app. Digital transfers using apps has brought behavioral change and helped in the adoption of digital payment. This has resulted in ease of transfer of money in rural areas which was not touched earlier by the digital payment method. Now many foreign investors want to invest in digital payment industry which is new attractive destinations because of scope of tremendous expansion in India.

### Digital Payment Modes in India

**There are several mode of digital payment available in India. These are:**

**Online or mobile wallets:** They are used via the internet and through smartphone applications. Money can be stored on the app via recharge by debit or credit cards or net-banking. Consumer wallet limit is Rs. 20,000 per month and the merchant wallet limit is Rs. 50,000 per month after self-declaration and Rs. 100,000 after KYC verification.

**Prepaid credit cards:** Pre-loaded to individual's bank account. It is similar to a gift card; customers can make purchases using funds available on the card -and not on borrowed credit from the bank. Can be recharged like a mobile phone recharge, up to a prescribed limit.

**Banking Cards:** involves both Credit and debit cards which provide security, convenience, and flexibility for their customers. It ensures security of the transaction through a two-factor authentication -secure PIN and OTP.

**UPI:** Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing merchant payments into one hood. It also caters to the "Peer to Peer" collect request which can be scheduled and paid as per requirement and convenience. Each Bank provides its own UPI App for Android, Windows and iOS mobile platform(s).

**AEPS:** Aadhaar Enabled Payment System (AEPS) is a bank led model which allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank using the Aadhaar authentication.

**Point of Sale:** A point of sale (PoS) is the place where sales are made. On a macro level, a PoS may be a mall, a market or a city. On a micro level, retailers consider a PoS to be the area where a customer completes a transaction, such as a checkout counter. It is also known as a point of purchase.

**Internet Banking:** Internet banking, also known as online banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. It includes National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS), Electronic Clearing System (ECS) and Immediate Payment Service (IMPS).

India is heading on the path of a major digital revolution. The future economy will be driven by cashless transaction which will be possible only through digitalization of payment mechanism at different location such as smart phone, internet banking, card transaction etc. The focus of present study is to find how respondents are adopting digital payment. The study collected response from 150 respondents and analyzed their perception, preferences and satisfaction level of digital payment. It further identifies the barriers and challenges to the adoption of digital payment. The Table 1 gives the top five mobile payment wallet of India.

Table 1: Top five digital wallets in India.

Sr.No.	Wallet Name	Key Features
1	Paytm	Transferring money instantly to the bank from Paytm account Safe to store customer's CVV number. Paytm has launched an app password feature for Paytm Wallet in order to ensure the money is safe even if the customer lose or misplace his/her phone. A customer can use Paytm even without a Smartphone.
2	Mobikwik	Introduction of M-Wallet for easy storing and transaction of money. Instant recharge without sign-up. Encrypted and highly secured transactions. User friendly mobile application.
3	PayUmoney	Auto read of OTP. Picking up the transaction where it dropped. Risk monitoring
4	Citrus	Fastest among all the digital wallets. Citrus Pay wallet offers and discounts,
5	Oxigen	Send money to other mobile phones Shows transaction history

## II OBJECTIVE OF THE STUDY:

- 1.To study the background of Digital Payment System in India
- 2.To analyse the impact of demographic factors on usage of digital payment systems

## III HYPOTHESIS

- 1) There is no significant difference between demographic factors and perception of consumers on digital payment system
- 2) There is no significant difference is perceived by the respondents for various features of digital payment on the basis of education of the respondents.
- 3) There is no significant difference is perceived by the respondents for various features of digital payments on the basis of annual income of the respondents

## IV RESEARCH METHODOLOGY:

The research is based on primary data and secondary data. The secondary data has been extracted from various sources like research article, Authenticated Websites, bulletins of RBI, and Daily's and data collection for primary research has done through the structured questionnaire. The reliability test value of the questionnaire is  $0.914 > 0.8$ , It can be comprehended that the statements are reliable to test the hypothesis. The samples selected based on Simple Random Sampling method. The questionnaires were distributed through Google Form. The responses considered were 100 in numbers. Statistical tests which used for the study were standard deviation, frequency, Independent sample t- test and one way ANOVA.

## V LITERATURE REVIEW:

**Easwar and Kumar (2004)** asserts in the studies titled, "Credit cards: on a growth trajectory" that the perception of owning credit card has changed and they are viewed as being convenient substitute to carrying cash and also availing credit for short period. But in the context of home country, India ranks at the bottom in terms of usage of credit cards, when compared to China, Taiwan and Malaysia.

**Dr. Swati Kulkarni, Dr. Aparna J Varma, 2021**, attempted to identify the thinking of consumers with respect to online payments and the safety of these payments. This study aims to understand the frequency of digital payments and factors affecting or challenges faced by consumers while using digital payment modes that may affect consumer perception.

There is a growing tendency to use the phrases digital transaction, electronic transaction, paperless transaction, and cashless transaction all in the same sentence nowadays. Digital transactions are defined by the RBI's Ombudsman Scheme for Digital Transactions

**Prakash (2022)** The study investigated customer's perception towards Digital payments. The study revealed that the majority of the respondents were aware about digital payment systems and they opined that digital payment systems was their part of life and it saved their time in standing long queue in the banks. The study also pointed that Demonetizations had drastically impacted on usage of digital payments as it is safe and distances issues.

**Vandana & Pradeepta (2021)** this study tried to investigate the reasons resulting to sustainability of digital payments over the period of 2011-12: Q1- 2020-21: Q1. Empirical evidence reveals that national income and economic shocks (demonetisation and pandemic) have significant positive on sustainability of digital payment transactions both in value and volume terms, whereas mobile payments are substitutes and hence negatively affects digital payments. Insights from the results signify impact on development in the direction of growing need for financial exposure by way of financial literacy and rising economic growth using positive shocks to advance digital payments in India.

**Table Number 2 showing the show socio demographic details of respondent**

Demographic variables		frequency	percentage
Age in Years	Below 20 Years	30	25.5
	20 to 35 Years	65	58.5
	Above 35 Years	25	15.5
Gender	Male	65	61.5
	Female	35	38.2
Marital status	Unmarried	60	72.5
	Married	40	27.4
Educational qualification	PUC	5	3.9
	Under Graduation	45	39.5
	Post Graduation	50	55.9
Annual Income	Below 1 Lakh	35	35.55
	1 Lakh to 3 Lakh	30	25.65
	3 to 5 Lakh	25	24.57
	Above 5 Lakh	10	13.25
Employment Status	Student	45	35.9
	Government	25	29.5
	Non Government	20	19.3
	Professional	10	14.9

Source : Field Survey

This table is showing that, majority of the respondents were belong to the age group of 20 years to 35 years(58.5%), it means adults are using more digital payment apps. Majority of the respondent are unmarried (72.5%), who uses digital payment for purchases, payment of college fees and online purchase & booking etc., It was observed that most of the respondents were educated, it implies that, they have awareness about the various online payment systems, and they know the importance to go with cashless transactions.

**Table Number 3**

Digital Payment Modes	Frequency	Modes
Credit cards, Debit card,	54	49.1%
Online Banking	35	31.8 %
Mobile Wallet	47	42.7 %
Mobile Banking	49	44.5 %
AEPS	08	07.3 %
UPI	64	58.2 %
USSD	05	04.5 %
Point of sale	09	0 8.2 %
Micro ATMs	17	15.5 %
Bhim	19	17.3 %
QR Code scanning payment	60	54.5 %
BBPS	06	05.5 %

The above diagram shows that, the UPI (58.2%), QR code scanning payment (54.5%), and credit cards, debit cards (49.1%) these three digital payment system were most commonly used by respondents for their routine payments, as these digital payment systems are common in shopping malls, online payments and fund transfer. It is also prove that the mobile wallet like paytm (42.7 %), Mobile Banking (44.5%) and online banking such as NEFT, RTGS were stood in the next place of customer preference to do cashless transaction and to operate their bank account. Digital payment applications now a day helps the different customers to avail the banking service with 24/7 and these save the time too. AEPS, USSD, Point of sale, Micro ATMs, BHIM apps and BBPS were few other applications which rarely used for making payments.

## VI FINDINGS :

QR code scanning payment, UPI, cards and mobile banking are few types of DPS which have been used massively by large population.

Some respondents were felt that, the digital payment systems were slow in performance and many a time they face inconvenience. Some respondents opined that the lost money too and there is no proper mechanism to file complaint.

Majority of the respondents were opine that, the digital payment systems saves travel time and energy as they need not to stand in queue in banks or to pay utility bills

People were tensed regarding losing their personal data, when they had to give password and OTP while carrying online payment.

## VII CONCLUSION

Present study has made an attempt to understand customer perception regarding digital payment. It was found that demographic factor except education does not have much impact on the adoption of the digital payment. Anova computation supported this finding as there was no signification difference is perceived by the respondents on the basis of gender age, profession and annual income. It was only education level of the respondents where signification difference is perceived by the respondents. It indicates that adoption of digital payment is influenced by the education level of the customer. If a person has studied beyond matriculation and internet savvy, he or she will be inclined to use the digital payment mode.

## VIII REFERENCES

- Soman D (2003) The effect of payment transparency on consumption: quasi-experiments from the field. *Marketing Letters* 14: 173-183.
- Srivastava J, Raghurib P (2008) Monopoly Money: the effect of payment coupling and form on spending behavior. *Journal of Experiential Psychology Applied* 14: 213-225.
- Dewan SG, Chen LD (2005) Mobile payment adoption in the USA: a cross- industry, cross-platform solution. *Journal of Information Privacy and Security* 1: 4-28.
- Liu S, Zhuo Y, Soman D, Zhao M (2012) The consumer implications of the use of electronic and mobile payment systems. *Rotman School of Management, University of Toronto*.
- Galiani S, Gertler P, Ahumada CN (2020) Trust and Saving in Financial Institutions (No. w26809). *Natl Bur Econ Res*
- Garcia-Swartz DD, Hahn RW, Layne-Farrar A (2006) The move toward a cashless society: a closer look at payment instrument economics. *Rev Netw Econ* 5(2)
- ashish, b. (2018, december). a study on the future of digital payments in india. *ijrar- international journal of research and analytical reviews*, 05(04), pp. 85-89.
- ashwini s, & siddaraju s. (2020, october). work-life balance: a comparative analysis of perceptions of. *global journal for research analysis*, 09(10), pp. 22-27.
- dhruvi, b. (2020, december). digital payments system in india and its scope in the. *international journal of innovative research in technology*, 07(06), pp. 228-240.
- kota, s. m. (2019, april). a study on digital environment – mode of payments in digital. *gjra - global journal for research analysis*, 08(04), pp. 11-15.