



# PERCEPTION TOWARDS DIGITAL PAYMENT SYSTEM – A STUDY WITH REFERENCE TO MEMBERS OF SELF HELP GROUPS OF UDUPI DISTRICT

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*Abstract:* The availability of digital payment technologies (such as internet banking, mobile money, and credit/debit cards) has rapidly increased in the developing world, and is a cornerstone for financial inclusion initiatives in developing countries. Despite significant efforts to promote digital payments, rates of adoption remain modest in some low-income groups. In particular, the rate of adoption in members of self help groups remains low despite significant efforts to promote adoption. In this paper, we consider possible reasons for the low rates of adoption among members of Self help groups is considered. The study is conducted in Udupi District of Karnataka state. Using survey data for 100 respondents of members of various SHGs such as Navodaya Sangha, Sthri Shakthi group and Dharmasthala Gramabhivridhi Swasahaya Sangha. It is found that majority of them are not yet open to digital transforming. Most of the members of SHGs are poor and from rural background. Therefore this paper is an attempt to study about the approach of the members of SHGs towards self help groups towards digital wallets. In the present cashless economy whether these women are equally aware of digital wallets is the question to be answered. In the era of digitalisation the participation and contribution of members of Self help groups is to be focused.

**Index Terms - Digital payment, Self help groups, digital wallets.**

## I. INTRODUCTION

Financial inclusion, demonetisation and digitalisation are the recent revolutionary steps taken by the Government of India contributing economic development of the country. Financial inclusion through various projects like Pradhan Manthri Jan Dhan Yojana, Pradhan Mantri Mudra Yojana, small and medium finance enterprises, formation of self help groups etc promoted & ensured bank finance to unfunded segment of the Indian economy. Among this self help groups represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development for the women who are SHG members.

A self-help group is a village-based financial intermediary committee usually composed of 10–20 local women or men. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India women constitute more than 50% of the total country's population and their work participation is also increasing, in turn impacting her family, neighbourhood and economy. Government initiatives such as demonetisation, Digital India etc and increased use of mobile and internet have given means to exponential growth in use of digital payment. The digital India programme is a foremost programme of the government of India with a visualization to change India into a digitally

empowered culture and knowledge economy. This transformation towards digital payments benefits in more transparency in transactions which empowers the country's economy. In recent days many changes took place in the payment system like digital wallets, UPI and BHIM apps for smooth shift to digital payments.

### Meaning of digital payment system :

Digital payments are technically defined as any payments made using digital instruments. In digital payment, the payer and the payee, both use electronic modes to send and receive money. No hard cash is used. Digital Payment System is a payment mechanism which facilitates the acceptance of electronic payment for online transactions. The transactions through digital payment system are done with the electronic devices and internet. It is new method of payment of wages without the requirement of cash in hand. To promote the digital payment system, government started a campaign called the Digital India. "Faceless, paperless and cashless" is one of declared role of Digital India. As part of promoting cashless business and converting India into less-cash culture, various modes of digital payments are available like internet banking, mobile wallets, banking card, USSD, AEPS, UPI, banks pre-paid cards, point of sale, mobile banking, micro ATMs, etc. These all are the new modes of transactions without actual existence of the cash in hand. The promoters of the digital payment system focuses on the various advantages of it like its easy and convenient to users, the users can pay or send money from anywhere, government allows discounts on transactions made through digital payment system, it bears a low risk for users etc. but there is another class of intellectuals who do not promote to digital payment system. The reasons behind not overspending, Lack of safety etc.

### Objectives of the study:

1. To study the awareness about the digital payment system among self help groups
2. To study the perception of members of self help groups towards accepting digital payment system.
3. To analyze the factors affecting on the attitude of members of self help groups towards digital payment system.

### Methodology:

Descriptive type of research method is adopted to study the perception of members of self help groups towards digital payment system. Totally hundred respondents have been taken as a sample size for conducting the research. Interaction is done with members of Navodaya sangha, Strishakthi group and Dharmasthala Gramabhivridhi Swasahaya Sangha to collect their opinion about digital payment system.

The primary sources include the interaction done with the members of SHGs in which the responses of respondents have been distinguished for the analysis of the study. The secondary sources like research paper published in reputed journals as well as research thesis published on the subject self help groups and on digital payment system are used for collecting data. Udupi District of Karnataka state is selected for area of study. Researcher visited to the respondents and recorded their responses and analyzed them with mathematical calculations like percentage.

### Benefits of Digital Payment system:

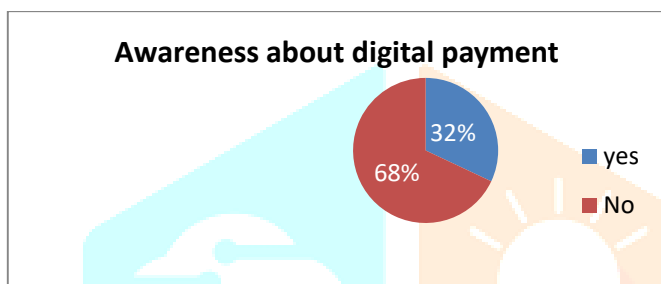
- Convenience payment mechanism : A person can pay from anywhere in the world if there is Internet access. No need to leave our home, or whatever you are doing to make a journey to hand cash over to someone. It also means no need to stand in a queue or wait for someone to get change for you either.
- Quick : Funds transferred digitally will be credited to transferees account immediately. Therefore there will not be delay in getting the benefit of payment made
- Track your spending: Digital payment is internet based. So all the payments done digitally will be recorded for budgeting to get control of our spending. Otherwise It is difficult to go back over a month to track from memory where your cash has gone.
- Security: In the event of fraud one can address with his bank and make a claim.
- Reduced theft risk: It's simple to block a digital wallet that has been compromised whereas it is almost impossible to retrieve physical cash that has been stolen from us.
- Discounts, rewards, and prizes: Many digital wallets offer variety of attractive discounts, rewards, prizes etc based on points.

## Findings of the study :

It is observed from the survey that the members of SHGs remain mostly cash-based despite the existence of various types of digital payments. They mobilise their savings through cash and receive the loan amount through cheque. Despite of having ATM cards many of them will not go to ATM centres to withdraw the money. Most of them are completely unaware of digital payment mechanism and some of them hesitate to use this technology due to various reasons. While some members have observed when their family members are using digital wallets and wonder how it is possible.

From the survey through interaction the following reasons were found for not adopting digital payment system by the members of self help groups.

**1.No awareness about digital payment system :** Most of the members of self help groups are rural people. Majority of them either daily wage workers or working in factories. In the survey conducted it is found that among 100 respondents 68 (68%) members are unaware of digital payment system for various purpose. These respondents have been never become a part of any campaign of awareness about the digital payment system. 32% of the respondents are aware about digital payment mechanism. Some of them receive their salary through digital payment mode and In some cases other family members are using digital payment mechanism.



### Chart showing awareness about digital payment

**2. High illiteracy rate:** Majority of SHGs are formed in rural area and most of its members are illiterate and for them it is difficult to adopt to digital transformation.

**3. Opinion that digital payment system is complicated and time consuming:** The members who are aware of digital payment system have not adopted for the reason of its complex nature. The approach of the members of SHGs is not positive towards accepting the new digital payment system in their day to day practices. They hesitate to adopt the digital payment system due to lack of its knowledge and education. Due to its complicated nature and multi methods of digital payment system, they resist it. The government have not yet reached to these workers to make them aware about the digital payment system and its various methods.

**4.Lack of smart phones and internet :** Since most of the members of SHGs are poor and rural people they hardly afford to spend for costly smart phones. In the survey conducted only 12 members (12%) own android supported cell phones and among them only 5 members(5%) have downloaded digital wallets like google pay or Phone pay. But these people are also using digital wallets for making payments occasionally.

**5.Lack of Trust:** For many, there is still a lack of trust for digital payments. There are those that don't yet feel safe using this as they don't trust the Internet and the perceived security risks. The perception that someone else has access to your bank account is a deal breaker for many. People in this category may have limited experience with the online world through lack of exposure and understanding of how it works.

**6.Habit:** Their lives are centred around being paid in cash and conducting their own purchasing with cash only. It is the traditional way that business is done in many areas and domains. There is simply no need to change as far as those that always transact in cash are concerned. Dutifully they carry their cash and believe they are safe and in control at all times. Blissfully unaware of the digital payments revolution going on around them.

**7.Lack of training :** majority of the members are rural people and do not have much education . But conducting transactions through mobiles and to make online payments need training which is lacking.

**8.Lack of proper ATM services :** Few of them own ATM card. But still they will not go ATM to draw money because of the past experience of not getting the money due to machine problem or insufficient funds. In some places to avail ATM service one has to travel for more than 15 to 20 kilometres.

**9. Friction:** It is the mindset of the rural innocent people that cash is an immediate transfer of value. Digital payments, despite recent developments, still involve more steps than exchange of cash. If they can count it in their hand then it is real.

**Conclusion :**

India is developing country and in the pace of transformation. But the rural part of the nation is still waiting for the fundamental and technological advancement. The awareness, proper training and building confidence about application of the various modes of digital payment system among the members of SHGs is not yet possible in current social scenario due to the high illiteracy rate among them as well as the their personal oppose to accept it into their day thig o day practices. The government has a very tough challenge to make them aware first them and convert their traditional mind set to accept it. Till that time the continuation of the traditional methods of cash payment mechanism for various purpose in labour class will be feasible for smooth and uninterrupted spending pattern. The government must take initiative to give training to SHGs on charge of Bank Mitras who can extend their help to the bank, post offices and Bank corresponding for proliferation of digital economy. In turn they can create awareness about digital payment system in rural environment.

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