

Consumer Perception towards Digital Payment System

Dr. V. Murugan¹ and A. Manikandan²

M.C.S., M.Com., M.B.A., Ph.D

Associate Professor and Research Supervisor, PG & Research Department of Commerce¹

Research Scholar, PG & Research Department of Commerce²

RajeswariVedachalam Government Arts College, Chengalpattu

drvmurugan72@gmail.com and manimcom2014@gmail.com

Abstract: *The new technologies and the larger global network, notably the internet, are now using the digital economy, electronic commerce, and electronic banking both within and outside. growing usage of electronic devices, the internet, and government initiatives like "Digital India," which aims to convert India into a cashless digital society. In India, the digital payment system took off after demonetization. The payment system has undergone several modifications recently, including the addition of digital wallets, BHIM applications, UPI, AEPS, and QR codes to facilitate the transition to digital payments. The survey looks into how consumers feel about digital payments. A structured questionnaire was employed as a research instrument to ascertain how consumers felt about digital payments. The Primary data was collected by Chennai district.*

Keywords: Consumer Perception, Digital payments, Demonetization and digital wallets, Cashless transaction

I. INTRODUCTION

Digital payment systems have become increasingly popular in recent years due to their convenience and ease of use. However, despite their widespread use, there is still a lack of understanding regarding consumer perceptions towards these systems. In this research paper, we aim to investigate the various factors that influence consumers' perceptions towards digital payment systems, including their trust in the technology, security concerns, and perceived ease of use. We will conduct a survey to collect data from a sample of consumers, which will be analysed using statistical techniques. The results of this study will be useful for digital payment providers, as it will help them better understand consumer needs and preferences, and develop more user-friendly and secure payment systems. Overall, this research paper aims to contribute to the growing body of literature on digital payment systems and provide insights into consumer behaviour and preferences.

Digital payments involve the transfer of value between payment accounts using digital devices or channels like SWIFT or POS. The primary initiative of the Indian government, Digital India aims to make India a digitally advanced nation. One of the alleged functions of Digital India as part of the government reforms is "Faceless, Paperless, Cashless." In addition to launching the Digital India programme in 2015, Prime Minister Mr.NarendraModi demonetized the high-value currencies, the Rs. 500 and Rs. 1000, in November 2016. The nation's digital payment system has benefited greatly from these measures. Other government programmes, such as UPI and BHIM, aid in the transition to and quicker uptake of digital payments. Digital payments are defined as electronic consumer transactions performed at the point of sale (POS) for goods and services using a credit card or an internet banking app on a smartphone.

Meaning Digital Payments:

Digital payments are those that happen online or through digital platforms without a physical money exchange. This indicates that both the payer and the payee exchange money using electronic methods.



Consumer perception of digital payments methods:**Banking cards:**

Card payments offer security, convenience, and can be used for digital payments, allowing customers to store card information in apps or mobile wallets for cashless transactions.

USSD:

The using for this number *99# is a digital payment method that allows mobile transactions without the need for an app and without the need for mobile data.

AEPS:

AEPS, expanded as Aadhaar Enabled Payment System, facilitates all banking transactions, including balance enquiries, withdrawals, deposits, and fund transfers, through a banking correspondent based on Aadhaar verification.

Mobile wallets:

A mobile wallet is a virtual service that stores bank account or debit/credit card information for secure payments, allowing users to add money and make purchases.

Bank Prepaid cards:

Prepaid cards are payment instruments used to load money for purchases, not linked to a customer's bank account, while bank-issued debit cards.

PoS Terminals:

Digital payment methods with digitization, now available on mobile platforms and internet browsers.

Internet Banking:

Internet banking involves online transactions like fund transfers, account openings, and closings, commonly using NEFT, RTGS, or IMPS, also known as e-banking or virtual banking.

Mobile banking:

Internet banking involves online transactions like fund transfers, account openings, and closings, commonly using NEFT, RTGS, or IMPS, also known as e-banking or virtual banking.

BHIM Apps:

The BHIM app enables UPI payments and VPA transactions, connecting bank accounts with ease. It's compatible with mobile numbers, debit cards, and valid bank accounts, allowing money transfers to various accounts, virtual addresses, or Aadhaar numbers.

Benefits of digital Payments:**Instant and convenient mode of payment:**

BHIM-UPI and IMPS offer instant and convenient payment methods, allowing transactions via mobile phone or virtual payment addresses, enabling access to multiple bank accounts in a single app.

Enhanced financial inclusion:

Digital payments, like UPI 123PAY, provide convenient access to accounts and enable payments via phone, enhancing financial inclusion in rural areas. This eliminates the time and travel costs associated with physically visiting a bank outlet, promoting financial inclusion.

Increased transparency in government system:

Government system transparency has improved, with benefits now directly transferred to beneficiaries through digital modes, eliminating leakage and fake recipients in social security benefits.

Improved speed and timely delivery:

Unlike cash payments, which travel at the pace of the carrier, digital payments may be sent and received almost instantly, regardless of whether the sender and recipient are in the same town, region, or nation.

Bharat Bill Payment System:

Bharat Bill Payment System (BBPS) provides an interoperable and easily accessible bill payment service to consumers via multiple channels like Internet banking, mobile banking, mobile apps, BHIM-UPI etc. Citizens can make easy bill payments anytime, anywhere through BBPS.



Enhanced Credit Access:

Unlike cash payments, digital payments create a user's financial imprint automatically, enabling access to formal financial services such as credit. Banks and other lending institutions can use digital transaction histories to make cashflow-based lending choices for both retail lending and commercial lending, including lending to small enterprises who may struggle to secure credit in the absence of verifiable cashflows.

Safe and secure:

Cash recipients not only have to travel long distances to get their payouts, but they are also particularly vulnerable to theft. Digital payments in India are safe because transactions need many levels of authentication.

II. REVIEW OF LITERATURE

1. Shamsheer Singh and Ravish Rana: An investigation on customer perceptions of digital payment modes. In India, the usage of the internet and mobile phones has increased dramatically during the previous decade. Increased internet use, cell phone penetration, and government initiatives such as Digital India are serving as catalysts, resulting in exponential rise in digital payment use.

2. S. Fatmahan, A. Yulandari, and F. W. Wibowo: E-Payment System Review in ECommerce. The Information and Communication Technology (ICT) and digital innovation era has resulted in dynamic changes in the corporate environment, with commercial transactions shifting from cash-based to electronic-based transactions. The e-payment system was not designed to replace currency, but rather to provide a superior alternative to cash and trade barter.

3. K. Suma Vally and K. HemaDivya: A Study of Digital Payments in India with a View to Consumer Adoption. The demonetization resulted in a massive increase in digital payments. Government initiatives such as Digital India, as well as growing usage of mobile and internet, are paving the way for exponential development in the use of digital payment. This shift to digital payments results in increased transaction transparency, which strengthens the country's economy.

Statement of the Problems:

This study investigates consumer perception of Digital Payment Systems (DPS), focusing on preferred modes, usage duration, Demonetization impact, security, time-saving benefits, and awareness of India's Digital India program. It aims to understand consumer perception towards digital payment.

Objectives of Study:

- To investigate the influence of respondents' age and gender on digital payment.
- To investigate the impact of customers' education and occupation on digital payment usage.
- To investigate the effects of demonetization on digital payments.
- To investigate the significance of digital payments in consumer daily lives.
- To investigate the preferred way of digital payment by consumers.

III. METHODOLOGY

Sources of data collected:

Primary data:

Research was done in Chennai city. Structured Questionnaire was used to collect data. Using convenience sampling, a sample size of 300 was chosen. A total of 267 people answered.

Secondary data for the analysis was gathered from numerous websites and magazines.

Analytical techniques: The replies of the respondents were evaluated using simple statistical tools such as % age, tables, graphs, and charts.



IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Demographic Profile of the respondents

Variables	Characteristics	Frequency	Percentages
Gender	Male	112	42%
	Female	155	58%
Age group	18 yr	0	0%
	18-25 yr	203	76%
	25-30 yr	40	15%
	30 yr above	24	9%
Qualification	10 th	0	0%
	12 th	15	6%
	UG	165	62%
	PG	85	32%
	Others	216	81%
Occupation	Student	165	62%
	Employee	47	18%
	Professional	45	17%
	Others	10	4%

Table -1 The data shows that 58% of respondents are female, aged 18-25, with 62% undergrad or student, making them ideal for digital payment users.

Table 2: Do you utilize digital payments for various purposes such as electricity bills, mobile recharges, shopping, and ticket bookings

Do you utilize digital payments for various purposes such as electricity bills, mobile recharges, shopping, and ticket bookings	Total
Yes	235
No	25
May be	7
Grand Total	267

Out of 267 respondents, 235 primarily use digital payments for daily activities such as electricity bills, mobile recharges, shopping, and ticket booking.

Table 3 Reveals your preferred payment mode.

Reveals your preferred payment mode.	May be	No	Yes	Grand Total
Banking cards			3	3
Mobile banking	2	4	12	18
Internet banking			5	5
QR code		4	4	8
UPI	6	10	210	226
others	2	2		4
Total	10	20	234	267

Out of 267 respondents, 210 use UPI for transactions, indicating security and time savings. Only 2 use banking cards, indicating declining ATM card usage and increasing UPI usage.



Table 4: How long have you been utilising digital payments

How long have you been utilising digital payments				
1 yr	2 yr	3 yr	4 yr	Total
95	65	58	49	267

Out of 267 respondents, 95 have been using digital payments since the last year, while 65 have been using them for the last two years, indicating a significant increase in digital payments usage.

Table 5: Do you think digital payments are crucial in our daily lives

Do you think digital payments are crucial in our daily lives	Total
Agree	130
Disagree	2
Neutral	40
Strong	5
Strongly agree	90
Grand Total	267

Out of 267 respondents, 130 strongly agree that digital payments are crucial in our daily lives, while 90 strongly agree, indicating their widespread acceptance.

Table 6: Do you believe demonetization will have an impact on digital payments

Do you believe demonetization will have an impact on digital payments	Total
Yes	110
No	75
May be	82
Total	267

About the table said 110 respondents agreed that Demonetization will impact digital payments, indicating an increase in users of digital payments post-demonetization.

Table 7: Do you think digital payments are safe and time-saving

Do you think digital payments are safe and time-saving	Total
Yes	230
No	20
May be	17
Total	267

.Out of 230 respondents, 230 agreed that digital payments are secure and time-saving, leading to increased usage among digital payment users, while few disagreed.

Table 8: Are you aware of the Government of India's Digital India Programme

Are you aware of the Government of India's Digital India Programme	Total
Yes	200
No	50
May be	17
Total	267



Out of 200 respondents, only 50 are aware of the Digital India Programme initiated by the Government of India.

Limitation of the study:

The research utilized primary and secondary data, with 267 samples from Chennai District, but the sample size may not accurately represent the country's population.

V. FINDINGS

India is implementing digital payment services in small sub-districts and villages, including ATMs, online banking, and UPI, according to a study.

- The data shows that 58% of respondents are female, aged 18-25, with 62% undergrad or student, making them ideal for digital payment users.
- Out of 267 respondents, 235 primarily use digital payments for daily activities such as electricity bills, mobile recharges, shopping, and ticket booking.
- Out of 267 respondents, 210 use UPI for transactions, indicating security and time savings. Only 2 use banking cards, indicating declining ATM card usage and increasing UPI usage.
- Out of 267 respondents, 95 have been using digital payments since the last year, while 65 have been using them for the last two years, indicating a significant increase in digital payments usage.
- Out of 267 respondents, 130 strongly agree that digital payments are crucial in our daily lives, while 90 strongly agree, indicating their widespread acceptance.
- About the table said 110 respondents agreed that Demonetization will impact digital payments, indicating an increase in users of digital payments post-demonetization.
- Out of 230 respondents, 230 agreed that digital payments are secure and time-saving, leading to increased usage among digital payment users, while few disagreed.
- Out of 200 respondents, only 50 are aware of the Digital India Programme initiated by the Government of India.

Suggestion

The government should focus on secure payment, implement awareness programs in rural areas, enable Public Financial Management System (PFMS) in districts, and monitor private payment channels.

VI. CONCLUSION

The study explores consumer perceptions of digital payment, highlighting its widespread usage and convenience, with the government supporting this technological advancement for development.

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