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“A Study on Digital Payments in India with perception of consumer’s acceptance”

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Abstract

The demonetization resulted in tremendous growth in digital payments. With the government initiative such as Digital India and increased use of mobile and internet are means to exponential growth in use of digital payment. More transaction openness thanks to the shift to digital payments strengthens the nation's economy. For a seamless transition to digital payments, many changes have recently been made to the payment system, including the introduction of digital wallets, UPI, and BHIM apps. This research paper's goal is to examine the benefits of payment system digitization. The analysis of customer adoption of these digital payment systems is the main emphasis of the current paper. In Hyderabad, 183 individuals provided the primary data. The chi-square method was used to statistically analyse the data gathered through the questionnaire.

Key Words: Digital payments, demonetisation, E-Payments, online payments.

Introduction

The Indian government's main initiative, "Digital India," aims to make the nation more technologically advanced. One of the alleged functions of Digital India is "Faceless, Paperless, Cashless." Prime Minister Mr. Narendra Modi demonetized the high value currency of Rs. 500 and 1000 as part of government reforms in November 2016, and he also introduced the "digital india" plan in 2015. The nation's digital payment system has received a significant boost as a result of these efforts. Other government programmes like BHIM and UPI are aiding in the shift and accelerating the adoption of digital payments. Electronic consumer payments made at the point of sale (POS) for goods and services using a smart phone, internet banking, or mobile banking are referred to as digital payments. The digital payment system has the following phases, 1. Registration 2. Invoicing 3. Payment selection 4. Payment confirmation. Cash, checks, and credit cards are the three computerised payment

methods that typically comprise this payment system. After the demonetization, Cash on Delivery is progressively being phased out in favour of other forms of payment like Card on Delivery, Net Banking, Debit Card, Credit Card, etc. Demonetization will benefit India's e-commerce sector and increase the likelihood that people will adopt a paperless society.

As part of encouraging cashless transactions and transforming India into less cash society, various modes of digital payments are available.

Debit / Credit Card Suitable for: Online/offline merchant sale. Transaction limit: Set by card issuer Details required: Card number CVV Expiry date Cost: Debit cards: Up to 0.75% for transactions up to Rs 2,000; up to 1% for transactions above Rs 2,000. Credit cards: around 2.5% per transaction.

RTGS / NEFT Suitable for: High value online transactions. Transaction limit: No upper limit, minimum Rs 2 lakh. Up to Rs 10 lakh, minimum Rs 1 Details required: Account number Password Beneficiary registration IFSC code Cost: RTGS: Up to Rs 55 per transaction. NEFT: Up to Rs 25 per transaction.

IMPS Suitable for: Instant transfer Transaction limit: Rs 2 lakh per day Details required: Account number Password Beneficiary registration IFSC code Cost: Rs 5-15, depending on transaction amount.

UPI Suitable for: Instant transfer Transaction limit: Rs 1 lakh Details required: VPA (virtual payment ID) of recipient, m-Pin Cost: Less than 50 paise per transaction.

USSD Suitable for: Feature phones without Internet connectivity Transaction limit: Rs 5,000 Details required: Only Aadhaar number, IFSC or code allotted by banks on registration Cost: As levied by the telecom operator.

E-WALLET Suitable for: Small-ticket transactions. Transaction limit: Rs 20,000 per month (Rs 1 lakh for KYC-compliant wallet holders) Details required: Login ID Cost: Only if you transfer money from your wallet into your bank account. RTGS: Real-time gross settlement systems NEFT: National Electronic Funds Transfer IMPS: Immediate Payment Service UPI: Unified Payment Interface USSD: Unstructured Supplementary Service Data .

Literature Review

Sanghita Roy, Dr. Indrajit Sinha (2014) . stated that E- payment system in India, has shown tremendous growth, but still there has lot to be done to increase its usage. Still 90% of the transactions are cash based. Technology Acceptance Model used for the purpose of study. They found Innovation, incentive, customer convenience and legal framework are the four factors which contribute to strengthen the E- payment system.

Slozko & Pello, (2015). E-payment systems are important mechanisms used by individual and organizations as a secured and convenient way of making payments over the internet and at the same time a gateway to technological advancement in the field of world economy

Rakesh H M & Ramya T J (2014) in their research paper titled “A Study on Factors Influencing Consumer Adoption of Internet Banking in India” tried to examine the factors that influence internet banking adoption. It is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the process of internet banking services expert should emphasize the benefits its adoption provides and awareness can also be improved to attract consumers” attention to internet banking services.

Kartikeya Bolar (2014)In his research paper “End-user Acceptance of Technology Interface In Transaction Based Environment “stated that Creators and investors of technology need information about the customers” evaluation of their technology interface based on the features and various quality dimensions to make strategic decisions in improving technology interfaces and compete on various quality dimensions.

Nitsure (2014) in his paper observed that the problem being faced by developing countries like India in the adoption of E-banking initiatives due to low dissemination of Information Technology. The paper highlighted the problems such as security concerns, rules, regulation and management. In India there is a major risk of the emergence of a digital split as the poor are excluded from the internet and so from the financial system .

Objectives of the Study

To examine the age of respondents impact on digital payments.

To analyze the impact of customers education on usage of digital payments.

To analyze the impact of customers income status on usage of digital payments.

Hypothesis

H01: there is no significant impact of customers age on usage of digital payments.

H02: There is no significant impact of customers education on usage of digital payments.

H03: There is no significant impact of customers income on usage of digital payments.

Research Methodology

The purpose of the research is to gather information on India's adoption of digital payment systems. The research is carried out in the Hyderabad area. The convenience selection method was used to choose a 200-person sample size. 183 of them received a response. This indicates a 92% response percentage. Data collection involves the use of structured surveys. The simple percentage analysis and Chi square test were used to analyse the respondents' answers.

Data An analysis and Interpretation:

Gender	No.of responses	cumulative %
Female	59	32.2
Male	124	67.8
Total	183	100

Maximum respondents, 67.8%were male only 32.2% werefemale, engaged with digital banking. Previous studies shows that Gender does not make difference in adoption of technology in banking sector.

Age of the respondents	No. of responses	Cumulative %
21-30	20	10.9
31-40	63	34.4
41-50	61	33.3
50 Above	39	21.3
Total	183	100

The above table shows the Demographic factors of the customers of the banks.It isshowingthat 34.4% and 33.3% respondents were belonged to the age group of 31–40 and

41–50 years respectively . Only 10.9% respondents below were 30 years and 21.3% respondents were above 50 years

Income(lakhs)	No.of responses	cumulative %
Below 1	22	12
1 to 3	46	25.1
3 to 5	61	33
5 to 10	54	29.5
Total	183	100

The above table shows the income factors of the customers of the banks.It is showing that 33% and 29.5% respondents were belonged to the income group of 3 to 5 lakhs and 5 to 10 lakhs respectively . Only 12% respondents below were 1 lakhs income and 25.1% respondents were above 1 to 3 lakhs income group respondents.

Education	No.of responses	cumulative %
Primary	27	14.8
Technical	42	23
Secondary	43	23.5
University	37	20.2
Other	34	18.6
Total	183	100

The above table shows that 14.8% respondents were Primary educated, 23% and 23.5% were with secondary and technical education respectively. 20.2% were with University education, and 18.6% of the respondents were with other education. The earlier studies proved that education plays the role in adoption of technology. The respondents of technical education of the study area show that the technology adoption will be quite encouraging.

Hypotheses Testing Using Chi-square Analysis:

H01: There is no significant impact of customers age on usage of digital payments

Impact of Age on	Age	total	Chi-	df	p-
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technology adoption						Square		value
	21-30	31-40	41-50	>45				
Yes	4.37%	14.76%	13.65%	15.86%	48.63%	13.198	3	0.004
No	6.56%	19.66%	19.66%	5.46%	51.36%			
total	10.93%	34.43%	33.33%	21.31%	100.00%			

From the above table it is observed that $p < 0.05$, age plays an important role in the adoption of digital payments and proved that this is positively correlated with age.

H03: There is no significant impact of customers education on usage of digital payment

Impact of education on adoption of banking technology	Education						Chi-Square	df	p-value
	primary	secondary	Technical	University	other	total			
Yes	12.02	12.5	8.74	8.2	7.1	48.63	16.398	4	0.002
No	2.73	10.29	14.75	12.02	11.48	51.36			

From the above table it is observed that $p > 0.05$, hence the null hypothesis is accepted. Therefore the usage of digital payments does not depend on income of the customers.

H02: There is no significant impact of customers income on usage of digital payment

The income of bank customer impacts the usage of technology	Income in Lahks					Chi-Square	df	p-value
	less than 5	1 to 3	3 to 5	5 to 10	total			
Yes	63.28%	12.57%	15.30%	17.49%	48.63%	6.676	3	0.083
No	8.74%	12.50%	18.03%	12.02%	51.36%			
total	12.02%	25.14%	33.33%	29.51%	100.00%			

From the above table it is observed that $p < 0.05$, Hence it proves that the usage of digital payments depends on customers education. More Educated people are expected to have more favourable attitudes towards

adoption of innovations. Therefore the null hypothesis is rejected.

Limitations of the Study

On the basis of primary and secondary evidence, the study was conducted. Only samples from Hyderabad city were used to gather the primary data for the study's goals. Hyderabad, one of India's most important cities and the commercial centre of south India, cannot be regarded as a complete representation of the country's people because there were only 183 samples drawn from the city. However, the survey's goal was to confirm how consumers felt about digital payments in relation to the idea of general banking. Thus, even if Hyderabad City cannot duplicate other main banking hubs of the nation, this may not pose a barrier to achieving the desired objective. Non response error cannot be completely ruled out for raw data.

Conclusion

The study looks at how consumers in India's banking industry would be affected by the adoption of digital payments. Together, the results provide us with a crucial policy compass that can help the nation enhance its use of cashless transactions. The findings show that the adoption of digital payment technology has enhanced banking sector performance and made it possible to realise the goal of a cashless society. The survey places attention on the proportion of people who are conscious of making the most of technology. Banks need to do a better job of educating people about how to use technology and security effectively.

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