

DIGITAL PAYMENT MODES- A STUDY ON CONSUMER PERCEPTION WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT:

In India, over the years with the increasing number of consumers adopting technology to monitor their finance, there is a rise in digital payment system. The demonetization during November 2016 aimed at transforming our country into a cashless economy. Users of digital payment system have been increased drastically only after pandemic. After this, everyone turned towards digital payment system which in turn helps them to avail various banking services 24/7. In this method, both the sender and receiver use digital mode to send and receive money. There are various digital payment modes available in India like debit/credit cards, Unified Payments Interface, e-wallets, mobile banking, internet banking, etc., This study focused on the digital payment mode preferred by the consumer, influencing factor towards usage of the digital payment, challenges faced by them in using it and also the expectation of the consumers in using this method. It also shows the satisfaction level of the consumers after using the digital payment method. The study is based on primary and secondary data. The primary data is collected through questionnaire from consumers residing in Coimbatore city and are using the digital payment methods. The collected primary data were analyzed statistically by using appropriate statistical technique.

Keywords: digital, payment, consumer, banking

INTRODUCTION

In Digital Payment, the transaction takes place between the parties where the money is exchanged between them through electronic medium or online mode or digital mode. The Digital India campaign is started by the Government of India with a vision to make India – a digitally empowered society and knowledge economy that is “Faceless, Paperless, Cashless”. According to a report in Economic Times, in India, 66.6 billion transactions worth \$270.7 billion are expected to shift from cash to cards and digital payments by 2023. India’s digital payment market has seen a rapid growth. Now-a-days people have lost the habit of carrying their wallets for making purchases and are started to use digital wallets, cards, UPI, etc. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available.

- **Banking Cards:** Banking cards offer consumers more security, convenience, and control than any other payment method. The wide variety of cards available – including credit, debit and prepaid – offers enormous flexibility, as well. These cards provide 2 factor authentications for secure payments e.g secure PIN and OTP. RuPay, Visa, MasterCard are some of the example of card payment systems.
- **Unified Payments Interface (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. Each Bank provides its own UPI App for Android, Windows and iOS mobile platform(s).
- **Mobile Wallets:** A **mobile wallet** is a way to carry cash in digital format. You can link your credit card or debit card information in mobile device to mobile wallet application or you can transfer money online to mobile wallet. Instead of using your physical plastic card to make purchases, you can pay with your smartphone, tablet, or smart watch.
- **Internet Banking:** 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.

STATEMENT OF THE PROBLEM

Digital payment system is a medium through which the consumers can make various transactions easily without any further delay. Demonetization created a huge impact on the growth of digital payments system in India. There are various digital payment systems available to make the transactions in a digital manner. Even though the digital payment system showed a tremendous growth in the economy, still 90% of the transactions are done in cash due to lack of awareness about the usage and high security. Hence this study aims to understand the level of awareness about the digital payment modes and focuses on the modes which are preferred by the consumers. This study also explores the influencing factor towards the digital payment mode and also the challenges faced by the consumer.

OBJECTIVES OF THE STUDY

- To study the level of awareness towards the selected digital payment system.
- To find out the digital payment system preferred by the consumer
- To identify the factors influencing consumer towards selected digital payment system.
- To understand the challenges faced by the consumer towards usage of digital payment system.
- To analyse the satisfaction level of consumer towards selected digital payment system.

RESEARCH METHODOLOGY

Source of Data: Data is collected through Primary and Secondary sources

A. Primary Data : It is collected directly from the users through a questionnaire

B. Secondary Data : Secondary data is collected through Magazines, Journals & Newspaper

Sampling Method: Convenient Sampling

Sample Size: 100 respondents

Geographical Location: Coimbatore City

Statistical Tool:

- Percentage Analysis
- Garrett Ranking Method

REVIEW OF THE LITERATURE

Anish.B .Bhaskaran and Dr. M Saravanan¹ (2019) conducted their study about the problems and challenges faced on digital payment system at Kottayam district with a sample size of 100 respondents by adopting convenience sampling method. The study concluded that, as cash circulation has still major role in transaction, which requires more awareness programs to digital payment among customers as an easy source of payment mechanism.

Shinki Katyayani Pandey² (2022) made an attempt to analyze how COVID-19 impacted the digital payment systems in India. The study concludes that digital payments in India recorded a vigorous growth of 26.2% in terms of volume during 2020-21 on top of the expansion of 44.2 per cent in the previous year. It is observed that after COVID-19 pandemic, people were concerned about health regulations and were afraid of cash transactions which made them switch to this mode, resulting in a rise in the usage of different modes of digital payment systems.

Veena, R. S., & Epsheeba, D. (2023)³ conducted their study among the college students towards the digital payment system in Tiruchirapalli City. The study found that male respondents used digital transactions more frequently than female respondents and also those in higher income group used the digital transaction method more frequently than those in lower income group.

ANALYSIS AND INTERPRETATION

Table No:1 Personal Profile of The Respondents

Variable	Categories	Percentage
Gender	Male	54
	Female	46

Age Group	18 – 25 years	29
	26 – 30 years	35
	Above 30 years	36
Educational Qualification	Under graduation	57
	Post graduation	43
Family Monthly Income	Less than Rs.20,000	2
	Between Rs.20,000 - Rs.40,000	37
	Between Rs.40,000 - Rs.60,000	46
	More than Rs.60,000	15

It is clear from the above table that majority (54%) of the respondents are Male, who is above 30 years of age group (36%), 57% of the respondents are under graduates and 46% of the respondents family monthly income is between Rs.40,000 - Rs.60,000.

Table No:2 Level of Awareness and preferred Digital Payment System

Variable	Digital Payment System	Percentage
Awareness of Digital Payment Mode	Banking Cards	100
	UPI	100
	Mobile wallets	100
	Internet Banking	100
	Mobile Banking	100
Digital Payment Mode preferred	Banking Cards	16
	UPI	24
	Mobile wallets	36
	Internet Banking	11
	Mobile Banking	13
Purpose of using digital payment mode	Money Transfer	37
	Bill Payment	11
	Online Purchase	32
	Online Trading	17
	Recharge	3

It is found from the above table that 100% of the respondents have awareness on the selected digital payment system. 36% of the respondents prefer Mobile Wallet as their digital payment mode and 37% of the respondents prefer digital payment mode for money transfer.

Table 3: Table showing the Garrett ranking analysis for the factors influencing the consumer towards digital payment system

Factors	Rank	1	2	3	4	5	TOTAL	RANK
	Value (X)	75	60	50	40	24		
Time Saving	No (F1)	43	31	13	6	7	100	3
	Score	3225	1860	650	240	168	6143	
Cashless transaction	No (F2)	40	35	15	5	5	100	2
	Score	3000	2100	750	200	120	6170	
Convenience	No (F3)	28	21	41	7	3	100	5
	Score	2100	1260	2050	280	72	5762	
Security	No (F4)	37	30	19	9	5	100	4
	Score	2775	1800	950	360	120	6005	
24/7 banking	No (F5)	49	24	18	3	6	100	1

	Score	3675	1440	900	120	144	6279	
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It is clearly understood from the above table that the respondents ranked 24/7 banking as First followed by Cashless transaction as Second, Time Savings as Third, Security as Fourth, and Convenience as Fifth for the factors influencing consumer towards digital payment system.

Table 4: Table showing the challenges faced by the consumer towards digital payment system

Variable	Challenges faced	Percentage
Challenges faced in using digital payment	Danger of losing money	13
	Time consumption for transfer	17
	Wrong debit	31
	High service charges	19
	Lack of security	20
Level of Satisfaction	Very High satisfaction	83
	High satisfaction	17
	Moderate satisfaction	-
	Low satisfaction	-
	Very Low satisfaction	-

It is clear from the above table that 31% of the respondents faced wrong debit challenges during money transfer. Even though the respondents faced the challenges while using the digital payment system, 83% of them are highly satisfied with their preferred digital payment mode.

SUGGESTIONS

- In order to increase the usage of digital payment system, the cost of transactions can be reduced and make it transparent for the end users
- The security of the digital payment system should be increased and the regulations should be enhanced to make it secured for the users
- The Government of India should take initiative to create awareness about the digital payment modes available by conducting financial literacy campaign
- The Government of India can also take initiative to educate the people in rural areas about the cashless transactions, its importance and the security level.
- Government can provide concession to the retailers, merchants and other suppliers who sell the products and services via digital mode and this will increase the digital payment users.

CONCLUSION

In India, digital payment system shows a drastic increase due to the increase of digital payment users after demonetization and pandemic. People prefer cashless transactions since it is not only safer than the cash transaction but is less time consuming. It also helps them to monitor their daily transactions. The government of India is taking efforts to encourage the people of India to use digital modes of payments in order to encourage cashless transaction. From this study, it is concluded that the consumers are highly satisfied with their digital payment system even though they have faced the problems. So, it is without doubt that future transaction system is going to be cashless transaction.

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