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"A Study on Digital Payments in India with perception ofconsumer'sacceptance"

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Abstract

Thedemonetizationresultedintremendousgrowthindigitalpayments.Withthegovernment initiative such as Digital India and increased use of mobile and internet aremeanstoexponentialgrowthinuseofdigitalpayment.Moretransactionopennessthankstothe shift to digital payments strengthens the nation's economy. For a seamless transition todigital payments, many changes have recently been made to the payment system, includingthe introduction of digital wallets, UPI, and BHIM apps. This research paper's goal is toexamine the benefits of payment system digitization. The analysis of customer adoption ofthese digital payment systems is the main emphasis of the current paper. In Hyderabad, 183individuals provided the primary data. The chi-square method was used to statisticallyanalysethedatagatheredthroughthequestionnaire.

KeyWords: Digitalpayments,demonetisation,E-Payments,onlinepayments.

Introduction

The Indian government's main initiative, "Digital India," aims to make the nation moretechnologicallyadvanced.OneoftheallegedfunctionsofDigitalIndiais"Faceless,Paperless ,Cashless."PrimeMinisterMr.NarenderModidemonetizedthehighvaluecurrencyofRs.500and 1000aspartofgovernmentreformsinNovember2016,andhealsointroducedthe"digitalindia"pla nin2015.Thenation'sdigitalpaymentsystemhasreceivedasignificant boost as a result of these efforts. Other government programmes like BHIM andUPI are aiding in the shift and accelerating the adoption of digital payments. Electronicconsumer payments made at the point of sale (POS) for goods and services using a smartphone, internet banking, or mobile banking are referred to as digital payments. The digitalpayment system has the following phases, 1. Registration 2. Invoicing 3. Payment selection 4.Paymentconfirmation.Cash,checks,andcreditcardsarethethreecomputerisedpayment

methods that typically comprise this payment system. After the demonetization, Cash onDeliveryisprogressivelybeingphasedoutinfavourofotherformsofpaymentlikeCardonDeliv ery, Net Banking, Debit Card, Credit Card, etc.Demonetization will benefit India's e-commercesectorandincreasethelikelihoodthatpeoplewilladoptapaperlesssociety.

As part of encouraging cashless transactions and transforming India into lesscash society,variousmodesofdigitalpaymentsareavailable.

Debit/CreditCardSuitablefor:Online/offlinemerchantsale.Transactionlimit:Setbycardissuer Details required: Card number CVV Expiry date Cost: Debit cards: Up to 0.75% fortransactions up to Rs 2,000; up to 1% for transactions above Rs 2,000. Credit cards: around2.5%pertransaction.

RTGS / NEFT Suitable for: High value online transactions. Transaction limit: No upperlimit, minimum Rs 2 lakh. Up to Rs 10 lakh, minimum Rs 1 Details required: AccountnumberPasswordBeneficiaryregistrationIFSCcodeCost:RTGS:UptoRs55pertransac tion.NEFT:UptoRs25pertransaction.

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 ontransactionamount.

UPISuitablefor:InstanttransferTransactionlimit:Rs1lakhDetailsrequired:VPA(virtualpayme ntID)ofrecipient,m-PinCost:Lessthan50paisepertransaction.

USSDSuitablefor:FeaturephoneswithoutInternetconnectivityTransactionlimit:Rs5,000Detai lsrequired:OnlyAadhaarnumber,IFSCorcodeallottedbybanksonregistrationCost:Asleviedbyt hetelecomoperator.

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 youtransfer money from your wallet into your bank account. RTGS: Real-time gross settlementsystemsNEFT:NationalElectronicFundsTransferIMPS:ImmediatePaymentServic eUPI:UnifiedPaymentInterfaceUSSD:UnstructuredSupplementaryServiceData.

LiteratureReview

SanghitaRoy,Dr.IndrajitSinha(2014).statedthatE-paymentsysteminIndia,hasshowntremendous growth, but still there has lot to be done to increase its usage. Still 90% of thetransactions are cash based. Technology Acceptance Model used for the purpose of study.They found Innovation, incentive, customer convenience and legal framework are the fourfactorswhichcontributetostrengthentheE-paymentsystem.

Slozko & Pello, (2015). E-payment systems are important mechanisms used by individualandorganizationsasasecuredandconvenientwayofmakingpaymentsovertheinternet andatthesametimeagatewaytotechnologicaladvancementinthefieldofworldeconomy

Rakesh H M & Ramya T J (2014) in their research paper titled "A Study on FactorsInfluencing Consumer Adoption of Internet Banking in India" tried to examine the factorsthatinfluenceinternetbankingadoption.Itisfoundthatinternetbankingisinfluencedbyitsperceived reliability, Perceived ease of use and Perceived usefulness. In the process ofinternet banking services expert should emphasize the benefits its adoption provides andawarenesscanalsobeimprovedtoattractconsumers‟attentiontointernetbankingservices.

KartikeyaBolar(2014)InhisresearchpaperEnd-userAcceptanceofTechnologyInterfaceIn Transaction Based Environment "stated that Creators and investors of technology needinformation about the customers‟ evaluation of their technology interface based on thefeaturesandvariousqualitydimensionstomakestrategicdecisionsinimprovingtechnologyinterfacesandcompeteonvariousqualitydimensions.

Nitsure (2014) in his paper observed that the problem being faced by developing countrieslike India in the adoption of E-banking initiatives due to low dissemination of InformationTechnology.Thepaperhighlightedtheproblemssuchassecurityconcerns,rules,regulationandmanagement.
InIndiathereisamajorriskoftheemergenceofadigitalsplitasthepoorareexcludedfromtheinternet andsofromthefinancialsystem.

ObjectivesoftheStudy

Toexaminetheageofrespondentsimpactondigitalpayments.

To analyze the impact of customers education on usage of digital

payments.Toanalyzetheimpactofcustomersincomestatusonusageofdigitalpayments.

Hypothesis

H01:thereisnosignificantimpactofcustomersageonusageofdigitalpayments.

H02:Thereisnosignificantimpactofcustomerseducationonusageofdigitalpayments.H03:

There is no significant impact of customers income on usage of digital

payments.**ResearchMethodology**

ThepurposeoftheresearchistogatherinformationonIndia'sadoptionofdigitalpayment systems. The research is carried out in the Hyderabad area. The convenience selectionmethodwasusedtochoosea200-personsamplesize.183ofthemreceivedaresponse.Thisindicatesa92%responsepercentage.Datacollectioninvolvestheuseofstructuredsurveys.The simple percentage analysis and Chi square test were used to analyse the respondents'answers.

DataAnanalysisandInterpretation:

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

Maximum respondents, 67.8%were male only 32.2% werefemale, engaged with digitalbanking. Previous studies shows that Gender does not make difference in adoption oftechnologyinbankingsector.

Ageoftherespondents	No.ofresponses	Cumulative%
21-30	20	10.9
31-40	63	34.4
41-50	61	33.3
50Above	39	21.3
Total	183	100

TheabovetableshowstheDemographicfactorsofthecustomersofthebanks.Itisshowingthat34.4%and33.3%respondentswerebelongedtotheagegroupof31–40and

41–50 years respectively . Only10.9%respondentsbelow were 30 years and 21.3%respondentswereabove50years

Income(lakhs)	No.ofresponses	cumulative%
Below1	22	12
1to3	46	25.1
3to5	61	33
5to10	54	29.5
Total	183	100

The above table showsthe incomefactors of the customers of the banks.It isshowingthat33% and 29.5% respondents were belonged to the income group of 3 to 5 lakhs and 5to 10 lakhs respectively . Only 12% respondentsbelow were 1 lakhs incomeand 25.1%respondentswereabove1to3lakhsincomegrouprespondents.

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

Theabovetableshowsthat14.8%respondentswerePrimaryeducated,23%and23.5%werewithsecondaryandtechnicaleducationrespectively.20.2%werewithUniversityeducation,and 18.6% of the respondents were with other education. The earlier studies proved thateducationplaystheroleinadoptionoftechnology.Therespondentsoftechnicaleducationofthestudyareashowthatthetechnologyadoptionwillbequiteencouraging.

HypothesesTestingUsingChi-squareAnalysis:

H01:Thereisnosignificantimpactofcustomersageonusageofdigitalpayments

ImpactofAgeon	Age	total	Chi-	df	p-

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%			

Fromtheabovetableitisobservedthatp<0.05,ageplaysanimportantroleintheadoptionofdigitalpaymentsa ndprovedthatthisispositivelycorrelatedwithage.

H03:Thereisnosignificantimpactofcustomerseducationonusageofdigitalpayment

Impact ofeducation non adoptionof banking technology	Education					total	Chi-Square	df	p-value
	primary	secondary	Technical	University	other				
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			

Fromtheabovetableitisobservedthatp>0.05,hencethenullhypothesisisaccepted.Thereforetheusageofdigitalp aymentsdoesnotdependonincomeofthecustomers.

H02:Thereisnosignificantimpactofcustomersincomeonusageofdigitalpayment

The income ofbankcustomerimpacts theusageof technology	IncomeinLahks				total	Chi-Square	df	p-value
	lessthan5	1to3	3to5	5to10				
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%			

Fromtheabovetableitisobservedthatp<0.05,Henceitprovesthattheusageofdigitalpaymentsdependsoncustom erseducation.MoreEducatedpeopleareexpectedtohavemorefavourableattitudestowards

adoptionofinnovations.Thereforethenullhypothesisisrejected.

LimitationsoftheStudy

On the basis of primary and secondary evidence, the study was conducted. Only samplesfrom 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 beregarded as a complete representation of the country's people because there were only 183samplesdrawnfromthecity.However,thesurvey'sgoalwastoconfirmhowconsumersfeltabout digital payments in relation to the idea of general banking. Thus, even if HyderabadCity cannot duplicate other main banking hubs of the nation, this may not pose a barrier toachieving the desired objective.Non response error cannot be completely ruled out for rawdata.

Conclusion

The study looks at how consumers in India's banking industry would be affected by theadoption of digital payments. Together, the results provide us with a crucial policy compassthat can help the nation enhance its use of cashless transactions. The findings show that theadoptionofdigitalpaymenttechnologyhasenhancedbankingsectorperformanceandmadeit possible to realise the goal of a cashless society. The survey places attention on theproportionofpeoplewhoareconsciousofmakingthemostoftechnology.Banksneedtodoabetterjobofeducatingpeopleabouthowtousetechnologyandsecurityeffectively.

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