

Recent Trends in Digital Payment

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ABSTRACT:

Payment, a small component of the banking function, is becoming a key competing factor amongst the global banks today. In this ambitious environment, where banks are looking to innovate and adopt digital wallet payments. Digital payments are slowly achieving demand in India and there are many Apps that are being launched in this regard. It has become a convenient and secure way to make payments. Various methods of Digital Payment in India are Banking cards, USSD, Aadhaar Enabled Payment System, UPI, Mobile Wallets, Bank pre-paid cards, Point of Sale, Internet Banking, Mobile Banking, Bharat Interface for Money app. UPI is the most prominent payment system in India. It instantly transfers money to any distant/remote place, without any extra cost. Because of these reasons people started using digital transactions. The UPI was designed for the mobile apps. A banking mobile app can endorse this platform to give its facilities. There are many banking apps which work on this system such as Paytm, Google Pay(Tez), Phonepe, SBI Pay, Freecharge, Chillr.

The study is about the consumer perception of digital payment and more specifically about the impact on usage of E-Wallet. A questionnaire was used as research tool for understanding consumer perception of digital payment. Primary data was collected from 172 respondents in Twin cities (Hyderabad and Secunderabad) of Telangana. Chi-square test and frequency analysis was used to analyze the responses. Chi-square indicates that there is no association in consumer perception based on the demographic factors such as gender, education, profession, and monthly income of the respondents. However education, profession and monthly income was found that their opinion levels are differing on using E-Wallet, modes of payment and satisfaction in digital payment.

KEYWORDS: Digital payments, E-Wallets, Primary data, Cashless Transactions, Consumer Perception.

INTRODUCTION:

The payment and settlement have defined Digital Payments. As per this any “electronic fund transfer” means any transfer of fund which is initiated by a person by way of instruction, authorization or order to a bank to debit or credit an account managed with that bank through electronic means and includes point of sale transfers, automated teller machine transactions, direct deposits or withdrawal of funds, transfers initiated by telephone, internet and card payment.

Payment service providers grasp large innovations to keep up with the rising consumer demands. A few trends around higher number of operators have been collected for offline digital payments, adoption of national mobility card for toll and transit payments and further push on UPI over Whatsapp and Google show that the adoption of the digital payment or digitalization is going to flourish and become a basic necessity in day to day life.

Payment system plays an important role in driving the economic and social development of the country. The last decade has seen astounding growth in use of internet and mobile phone in India. Broadening use of internet, mobile invasion and government initiatives such as Digital India act as an impulse which leads to epidemic growth in use of digital payment. Endorsement of digital payments has also generally been higher in the younger generation. This has seen banks focusing innovations targeted at this populace.

Digital Payment Modes in India

There are various mode of digital payment available in India. These are:

Online or mobile wallets: They are used via the internet and through smart phone applications. Money can be saved on the app via recharge by debit or credit cards or net-banking. Consumer wallet limit is Rs. 20,000 per month and the operator wallet limit is Rs. 50,000 per month after self-declaration and Rs. 100,000 after KYC verification.

Prepaid credit cards: Pre-loaded to individual's bank account. It is analogous to a gift card; customers can make purchases using funds accessible on the card and not on borrowed credit from the bank. Can be recharged like a mobile phone recharge, up to a recommended limit.

Debit cards: These are related to an individual's bank account. These cards can be used at shops, ATMs, online wallets, micro-ATMs and for e-commerce purchases. Debit cards have overtaken credit cards in India. The number of debit cards in December 2015 increased to 630 million compared to 22.75 in 2014.

AEPS: The Aadhaar Enabled Payment System uses the 12-digit unique Aadhaar identification number to allow bank-to-bank transactions at PoS. AEPS services consist of balance enquiry, cash withdrawal, cash deposit, and Aadhaar to Aadhaar fund transfers.

USSD: Implies for Unstructured Supplementary Service Data based mobile banking. It is linked to operator's bank account and used via mobile phone on GSM network for payments up to Rs. 5,000 per day per customer.

UPI: The United Payments Interface (UPI) envisages being a system that powers multiple bank accounts onto a single mobile application platform (of any participating bank). Incorporates multiple banking features, ensures seamless fund routing, and merchant payments. It facilitates P2P fund transfers.

India is leading on the path of a major digital revolution. The future economy will be driven by cashless transaction which will be possible only through digitalization of payment mechanism at different location such as smart phone, internet banking, card transaction etc. The core of present study is to find how respondents are adopting digital payment. The study collected response from 172 respondents and analyzed their perception, preferences and satisfaction level of digital payment. It further analyzes the barriers and challenges to the adoption of digital payment. The top six mobile payment wallet of India are Paytm, Google Pay, Phonepe, SBI Pay, Freecharge, Chillr.

LITERATURE REVIEW:

Sanghita Roy, Dr. Indrajit Sinha stated that E- payment system in India has shown tremendous growth, but still there is a 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 accessibility and legal groundwork are the four factors which contribute to enhance the E- payment system. E-payment systems are important structures 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 improvement in the field of world economy (Slozko & Pello, 2015).

Rakesh H M & Ramya T J 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 determined by its anticipated reliability, Perceived ease of use and Perceived usefulness. In the process of internet banking services expert should affirm the benefits its adoption provides and awareness can also be improved to attract consumer's attention to internet banking services.

Kartikeya Bolar in his 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 distinct quality dimensions to make strategic decisions in improving technology interfaces and compete on various quality dimensions.

Balazs Vinnai, general manager, Digital Channels, Misys, express that "It is demanding for banks to consider new digital channels as part of unified strategy and evolve from first to second generation digital banking: switching digital from an encouraging role, to the primary sales and communication channel for banks". "Reengineering processes around the customer is not easy, but banks must embrace digital banking to remain competitive and relevant."

Bamasak carried out study in Saudi Arabia found that there is a bright future for m-payment. Security of mobile payment transactions and the unlawful use of mobile phones to make a payment were found to be of great concerns to the mobile phone users. Security and privacy were of major interest for the consumers which influence the adoption of digital payment solutions.

Doan illustrated the adoption of mobile wallet among consumers in Finland as only at the beginning stages of the Innovation-Decision Process.

An extensive model 'Payment Mode Influencing Consumer Purchase Model' was proposed by Braga and Mazzon. This model considered factors such as temporal orientation and separation, self-control and pain of payment constructs for digital wallet as a new payment mode. Consumer aspect of mobile payments and mobile payment technologies are two most important factors of mobile payments research.

Mallat studied consumer adoption of mobile payments in Finland. Study initiates that mobile payment is dynamic and its adoption depends on lack of other payment methods and certain situational factors.

OBJECTIVES OF THE STUDY:

The objective of the study is to find out the customer opinion and impact of demographic factors on adoption of digital mode of payment:

In act of the above objectives, the following hypotheses were formulated for testing:

H₀₁ There is no association between various attributes of digital payment on the basis of gender of respondents.

H₀₂ There is no association between various attributes of digital payment on the basis of education of the respondents.

H₀₃ There is no association between various attributes of digital payment on the basis of profession of the respondents.

H₀₄ There is no association between various attributes of digital payment on the basis of income of the respondents.

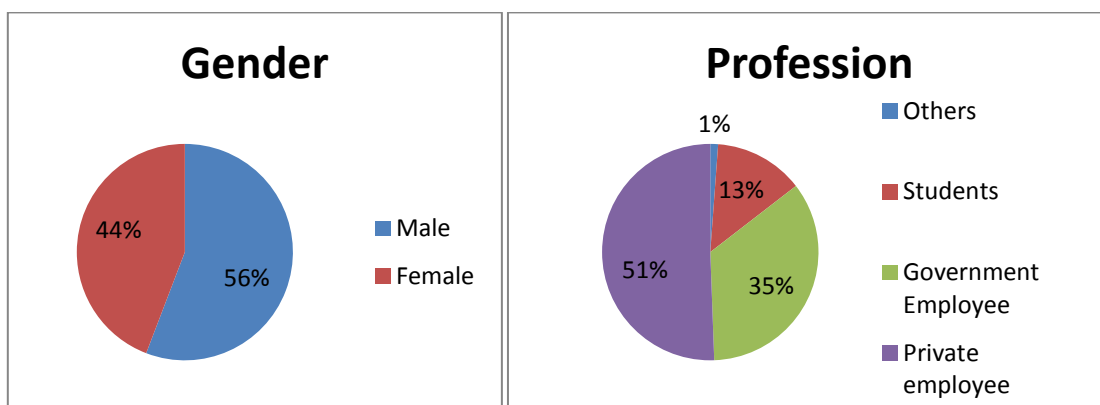
RESEARCH METHODOLOGY:

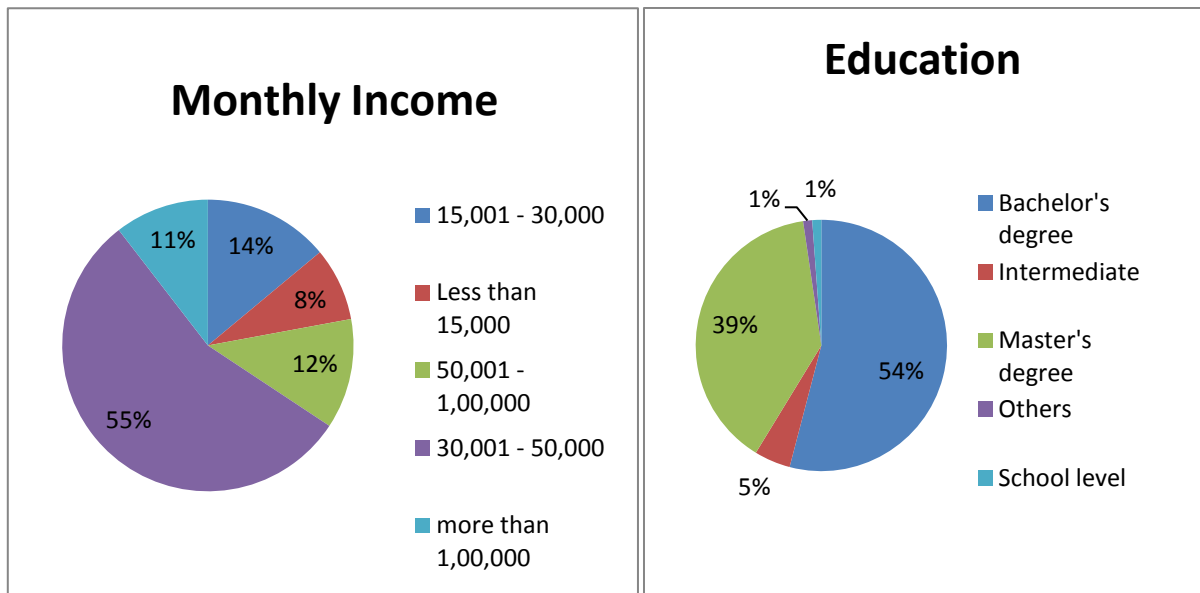
The current study is based on primary data collected from 172 respondents from the different parts of twin cities. A detailed questionnaire was designed to collect the information from the respondents. The questionnaire was prepared to study opinion of customer towards adoption of digital payment mode. The responses have been collected by using Google form.

The research and statistical tools employed in this study are Chi-square test and frequency analysis using pie charts.

Profile of Respondents:

The respondent profile as displayed in following pie charts replicate the population generally engaged in use of digital payment. Most of the respondents are Male (56%), employed either in private sector (51%) or government sector (35%), are either post graduate (39%) or graduate (54%). Their income per month is Rs. 30,001 - 50,000 (55%). This is the optimal profile for user of digital mode and who are educated, employed and having decent income.





Respondents view in the digital payments by Percentages:

The Variables are categorized in different ways based on their attributes and the results (respondent’s views) are presented in the following percentage table. Here, we can observe that maximum of the people (38%) are using E-wallet every day, the preference for digital payment is ease of use (26%). Since many uses smart phone (90%), mode of payment which they like is Paytm (47%) and the reason to use is cash back (52%). Most of the respondents are satisfied (59%) with the E-wallet service and 87% are promoting the cashless payment. 33% of the respondents perception in digital payment is, too much of time consumption to set up the E-wallet. Majority of respondents are having strong opinion that mobile payments are growing and are expected to continue. In few years, people will hardly use cash to make a purchase, Credit cards and debit cards are the most preferred payments.

Variable	Attribtes	%
Use of E-Wallet	Every day	38
	Monthly	10
	Rarely	28
	Weekly	23
Reason to Prefer E-Wallet	Ease of use	26
	Ease of use, Security	2
	Security	10
	Time Saving	24
	Time Saving, Ease of use	14
	Time Saving, Ease of use, Security	22
	Time Saving, Security	2
Use of a device for payment	Computer	4
	Smart Phone	90
	Smart Phone, Computer	6
Mode of payment	Chillr	1
	Google Pay(TEZ)	40
	Paytm	47
	Phonepe	12
Reasons to use E-Wallet	Available discount	14
	Available discount, Cash back	8
	Available discount, Premium offer, Cash back	14
	Cash back	52
	Premium offer	8
	Premium offer, Cash back	4
Rating for E-Wallet Service	Neutral	11
	Satisfied	59

	Very Satisfied	30
Obstacles in Use of E-Wallets	Cannot be used for International Transaction	15
	Involves danger of losing money	21
	Security of Mobile payment	31
	Too time consumption to set up	33
Promotes Cashless Payment	Yes	87
	No	13
Growth of E-Wallet, Hardly use cash to make a purchase and use of credit/debit cards	Agree	67
	Disagree	33

Hypothesis testing:

In order to test the hypothesis Chi-square test was carried out. The results are given in the following table which is carried out by using Chi-square test computation on the basis of gender, education, profession and income of the respondents.

Characteristics	Significant value			
	Gender	Education	Profession	Monthly Income
Use of E-Wallet	0.609056	0.000693	0.009489	0.00035
Reason to Prefer E-Wallet	0.361613	0.000218	0.001219	0.000335
Use of a device for payment	0.370059	0.391876	0.392451	0.388275
Modes of Payment	0.225016	0.033047	0.100676	0.036691
Reasons to use E-Wallet	0.600292	0.023451	0.013642	0.005679
Rating for E-Wallet Service	0.153332	0.045647	0.056063	0.004092
Obstacles in Use of E-Wallets	0.837764	0.0021	0.024344	0.002629
Promotes Cash less Payment	0.125666	0.328146	0.360758	0.101313
Opinion on use of E-Wallet	0.560448	0.466559	0.461899	0.370179

CONCLUSION:

Present study has made an attempt to understand customer perception regarding E-wallet. It was found that male and female perception on all attributes of digital payment is same but in education, profession, monthly Income people perception is not same except use of a device for payment, promoting the cash less payment and use of E-wallet. Chi-square test supported this finding as there was no association as perceived by the respondents on the basis of gender and an association was perceived by the profession, education and monthly income except few characteristics of digital payment. It indicates that adoption of digital payment is influenced by the education, profession and monthly income level of the customer. If a person has studied beyond intermediate and earning more than 30,000, he or she will be inclined to use the E-wallet. It was also found that the growth of smart phone users and internet penetration in an area also facilitated the adoption of digital payment.

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