

Customer's Attitude Towards Digital Payment Mechanism: A Descriptive Study

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Abstract -Technically, digital payments are defined as any payments made using digital tools. Earlier, India was not so much aware of digitization, but now most Indian people are using a digital payment system to pass and pay money due to the growing demand for e-commerce. However, India will touch about 15 percent of GDP contribution by 2020 by digital payment, according to Boston Consulting Group (BCG) study report released in 2016. Digital money has many benefits for the Government from an economic point of view. A completely digital economy will mean no more spending on note printing, no duplication or fraud, all transactions will be registered in such a way that no more trading in black and improved management and understanding of the actual financial status of the country. This paper try to analyse the digital payment system from customer's point of view. Here, the attitude of the customers towards digital transaction has taken for the study.

Keywords: *Digital Payments, E-Commerce, Digital Economy*

I. INTRODUCTION

Today, the entire retail sector is digitized and customers expect more. With the explosive growth of online businesses and e-commerce shops, there are more than 300 payment systems worldwide. Traditional payment forms include credit cards, debit cards and bank transfers, etc. In 2014, the number of payment-related cards rose to 766 million in the European Union. Card transactions amounted to \$47.5 billion, with a total value of \$2.4 trillion. Indian government has taken many steps to facilitate and encourage the country's digital payments. The government aims to create a 'digitally empowered' economy as part of the digital India and cashless campaign that is 'faceless, paperless, cashless'.

There are different digital payment forms and modes. Some of these include the use of debit / credit cards, internet banking, mobile wallets, digital payment apps, unified payment interface (UPI), unstructured supplementary service data (USSD), prepaid bank cards, mobile banking, etc. Digital forms of payment are often easier to make, more secure, and provide flexibility for customers to make transactions from anywhere and at any time. These are a good alternative to traditional payment methods and speed up transaction cycles. After demonetization, people slowly began to accept digital payments.

Digital Payment

Digital payments are nothing more than the transfers of money in digital form between both bank accounts and mobile wallets. Physical cash payments are not involved. The bank accounts may be between the same or other banks or mobile wallets between the same or different service providers. Both Payer and Payee use digital payments in real time for sending and receiving cash. In accordance

with RBI guidelines, the mobile wallets can only be interoperable if both are verified by KYC. At this time, only a few mobile wallets are checked by KYC, but RBI directs all service providers to complete KYC verifications for customers within August.

The Digital Payments System's total transaction value as of March 2019 was about US\$ 65.000 million and is expected to increase by 20 percent over the coming years. Debit card swiping at point of sale (PoS) increased by 27% and credit card swiping by 22% compared to the same year-on-year period in 2019. The withdrawal of ATM was up just 15%, according to RBI data. In a three-year roadmap to expand digital payment solutions among the masses where the digital payments system has not yet reached, RBI published Vision Document, on the Cash-Lite payment society, on the "Payments and Settlement Systems in India: Vision 2019-2021." The introduction of Offline Digital Payments, namely mode of payment for future development without use of internet and Smartphone, is also considered by RBI. Over 566 million people use today's internet, which is projected at the end of 2019 to cross 627 million. Digital adoption, driven mainly by rural India, has increased by 35%.

Digital Payment Methods in India

1. Banking cards
2. USSD(Unstructured Supplementary Service Data)
3. Aadhaar Enabled Payment System (AEPS)
4. UPI(Unified Payments Interface)
5. Mobile Wallets
6. Bank pre-paid cards
7. Point of Sale (POS)

8. Internet Banking
9. Mobile Banking
10. Bharat Interface for Money (BHIM) app

1. Banking Cards

Cards are among the most commonly used methods of payment and come with various features and benefits such as payment protection, convenience, etc. The main advantage of debit / credit and prepaid ATM cards is that other forms of digital payments can be made using them. Customers may, for example, store card data in digital payment applications or mobile wallets for cashless payment. Examples-Visa, Rupay etc.

2. USSD

(Unstructured Supplementary Service Data) is another type of digital payment method,* 99 #, can be used without downloading any app to perform mobile transactions. It is also possible to make these forms of transactions without a mobile data facility. The USSD supports this facility together with India's National Payments Corporation (NPCI). The main objective of this type of digital payment service is to create and integrate an environment of inclusion among underserved sections of society into mainstream banking. This tool can be used to facilitate transfers of money, review bank statements and conduct balancing queries. Another advantage of the payment system of this type is that it is also available in Hindi.

3. AEPS

Expanded as Aadhaar Enabled Payment System, AEPS can be used for all banking transactions such as debt enquiry, money withdrawal, cash deposit, payment transactions, Aadhaar transfers to Aadhaar funds, etc. All transactions are performed on the basis of Aadhaar verification by a banking correspondent. There is no need to visit a branch physically, or have debit or credit cards, or even sign a document. Only if your Aadhaar number is registered with the bank where you hold an account can this service be used. This is another NPCI project to encourage the country's digital payments.

4. UPI

Unified Payments Interface (UPI) is a form of interoperable payment system that allows any customer holding a bank account to send and receive money via an UPI-based app. The service allows a user to connect more than one bank account on their mobile to a UPI app to automatically facilitate fund transfers and to accept requests 24/7 and 365 days a year. UPI's main advantage is that it allows users to transfer money without a bank account or software from IFSC. A Virtual Payment Address (VPA) is all you need. There are a number of UPI apps on the market and both Android and iOS platforms are available. To use the service, a valid bank account and a registered mobile number that is connected to the same bank account should be available.

5. Mobile Wallets

A mobile wallet is a kind of virtual wallet service that you can use to download an app. The electronic or mobile wallet stores bank or debit / credit card or bank account information in an encrypted format to allow safe payments. You can also add money to a mobile wallet, making payments and purchasing goods and services using the same.

6. Bank prepaid cards

A prepaid card is a kind of payment device that you load to make purchases with cash. The form of card may not be connected to the customer's bank account. A debit card issued by the bank, however, is connected to the customer's bank account.

7. POS terminals

A point of sale (POS) terminals have historically applied to those built in all stores where customers made purchases using credit / debit cards. Usually it is a hand-held device that reads cards for banking. Nonetheless, the reach of POS is increasing with digitization and this service is also available on mobile platforms and via internet browsers.

8. Internet Banking

Internet banking refers to the online banking payment system. These may include many services such as money transfer, opening a new fixed or revolving deposit, closing an account, etc. Internet banking is also known as e-banking or virtual banking

9. Mobile Banking

The process of carrying out financial transactions / banking transactions via a smartphone is referred to in mobile banking. Mobile banking's reach also grows with the launch of various mobile wallets, digital payment devices, and other products such as UPI. Many banks have their own apps, and customers can download the same to perform banking transactions with a single click.

10. BHIM (Bharat Interface for Money)

BHIM is a mobile payment App developed by the National Payments Corporation of India (NPCI), based on the Unified Payments Interface (UPI). Named after B. R. Ambedkar and launched on 30 December 2016,^[4] it is intended to facilitate e-payments directly through banks as part of the 2016 Indian banknote demonetization and drive towards cashless transactions. The app supports all Indian banks which use UPI, which is built over the Immediate Payment Service (IMPS) infrastructure and allows the user to instantly transfer money between bank accounts of any two parties. It can be used on all mobile devices.

II. REVIEW OF LITERATURE

Bamasak (2011) came to the conclusion that m-payment had a greater future. The serious issues in the digital payment system are illicit use of mobile phones and protection of payments through mobile phones. Liu, et al (2012) found that digital wallet transactions provided customers with additional convenience by offering flexible payment options and increasing transaction speeds.

Padashetty and Kishore (2013) reported that user-friendliness, expressiveness and trust influenced the adoption of digital payment through wallets and encouraged the adoption of digital payment.

Roy and Sinha (2014) indicated that e-payment systems in India have grown significantly and that there is more scope for increasing the use of digital payments. They also found that innovation, incentives, convenience and laws helped improve the e-payment system.

Rouibah (2015) showed that the major constraints that affected epayments were poor security, lack of confidence, fear of failure, high charges and lack of familiarity. In addition, Internet security features, banking facilities, privacy and service quality also affected e-payment adoption.

Rathore (2016) reported that digital wallet payment is highly convenient for consumers to buy products online without any physical movements across locations.

Singh (2017) concluded that the gap between consumer education and digital payment adoption was important. Consumer experience of digital payment has had a strong and significant effect on consumers' acceptance of digital payment.

NandanNikelani Committee Report [2019] said that the Reserve Bank of India (RBI) and the government must target 10X growth in the volume of digital payments in the next three years. This growth will be driven by a shift from high-value, low-volume, high-cost transactions to low-value, high-volume, low-cost transactions.

High Level Committee on Deepening of Digital Payments [2019] noted the recent growth in volume of digital payments by a factor of 10 over five years and has set a target for additional growth of 10x in three years. This growth will be driven by a shift from high value, low volume, and high cost transactions to low value, high volume, and low cost transactions. Over a longer period, this will eventually lead to a decline in cash requirements. It is recommended that it also budget for accepting digital transactions, ensuring that no convenience fee is charged on C2G payments

III. STATEMENT OF THE PROBLEM

The Indian economy's current scenario reveals the trend of switching from money to cashless transactions. The government has made so many efforts to turn the face of the Indian economy into a new one. Each payment now goes online one day. There are various digital payment systems to facilitate the adoption of the digital economy theory. What will be the attitude of the customers who are using the digital payment system and what are the challenges faced by them when using these system? Current study tries to identify these problems and solutions.

IV. OBJECTIVES

1. To study the customer's attitude towards digital transaction.
2. To identify the problems faced by the customers on digital payments.
3. To make some suggestions to improve customer participation and avoiding threats in the digital transaction process.

V. RESEARCH METHODOLOGY

This study has been conducted by taking both primary data and secondary data. Primary data has collected through a structured questionnaire and secondary data Collected from different sources such as websites, articles, journals, magazines, etc. A random sample of 100 respondents were selected.

VI. ANALYSIS AND FINDINGS**➤ DEMOGRAPHIC PROFILE OF THE RESPONDENTS****• GENDER****Table 1****Gender wise classification**

Gender	No. of persons	Percentage
Male	50	50
Female	50	50

Source: primary data

Table 1 shows that there is an equal proportion of users who use the digital transaction system and there is no any significant difference. 50 percent of the respondents are male and vice versa

• AGE COMPOSITION**Table 2****Age wise classification**

Age	No. of persons	Percentage
Below 30 years	45	45
Between 31-40	33	33
Between 41-50	12	12
Above 50	10	10
Total	100	100

Source: primary data

Table 2 states that highest number of users of digital transaction from the age group of below 30 years. 33 percent of the users belong to the age group of 31-40. 12 percent of the users included in the category of 41-50 and only 10 percent of the people who belongs to the category of above 50.

- **OCCUPATION**

Table 3

Occupation wise classification

Occupation	No. Of persons	Percentage
Student	28	28
Employee	22	22
Self employed	32	32
Others	18	18
Total	100	100

Source: primary data

From the table 3, it is found that majority of the users of digital transaction system are self-employed persons. 28 percent of the users belongs to the category of students. 28 percent of the users are employees and only 18 percent belongs the category of others

➤ OBJECTIVE BASED ANALYSIS**1. THE MODE OF DIGITAL PAYMENT THEY USE****Table 4****Mode of digital payment**

Mode of digital	No.of persons	Percentage
Paytm	39	39
Phone Pay	12	12
Jio money	6	6
Google Pay	27	27
BHIM	3	3
Cards	13	13
Total	100	100

Source: primary data

Table 4 shows that majority of the users use digital transaction system through PayTM app. 27 percent of the users are using Google pay. 13 percent of the users are using cards for their digital transaction. 12 percent of them using phone pay app. Jio money is used by 6 percent and only 3 percent users using BHIM app.

2. FREQUENCY OF UASGE**Table 5****Usage frequency**

Frequency of usage	No. of persons
less than 5 times a week	29
between 5-10 times a week	45
more than 10 times a week	26
Total	100

Source: primary data

Table 5 shows that majority of respondents use digital transaction system between 5-10 times a week. 29 percent of the respondents use less than 5 times a week and only 26 percent of the respondents who use more than 10 times a week.

3. ELIMINATION OF BLACK MONEY THROUGH DIGITAL TRANSACTION**Table 6****Black money elimination**

Elimination of black money	No. of persons	Percentage
Yes	60	60
No	40	40
Total	100	100

Source: primary data

Table 6 states that majority of the respondents said that the digital transaction eliminates black money but 40 percent said that it does not have any impact on black money.

4. TIME SAVING TROUGH DIGITAL TRANSACTION

Table 7
Time saving

Time saving through digital	No. of persons
Yes	95
No	5
Total	100

Source: primary data

From the above it is evident that majority of the respondents said that the digital transaction saves their time and only 5 percent said that it does not save time.

5. COST OF USING DIGITAL TRANSACTION

Table 8
Cost of using digital transaction

Cost of using digital transaction	No. of persons	Percentage
High cost(including service charge)	57	57
Low cost	43	43
Total	100	100

Source: primary data

Table 8 shows that majority of the respondents said that the cost including service charge is high when using digital transaction. 43 percent of the respondents said that it is a low cost activity.

6. CHALLENGES OF USING THE DIGITAL TRANSACTION**Table 9****Challenges**

Challenges	No. of persons	Percentage
Fraudulent activities and security issues	45	45
High cost	26	26
Digital illiteracy	29	29
total	100	100

Source: primary data

From the table it is found that the fraudulent activities and security issues are the major problem of the digital transaction. 29 percent said that digital illiteracy is the main problem while using the digital transaction system. 26 percent said that it is high cost mechanism.

VII. SUGGESTIONS

1. More digital literacy programmes should be conducted from the part of Government and also from various stakeholders
2. The cost of using the digital transactions like service charges should decreased so that attract more people to the digital payment system
3. The problems like cyber security and fraudulent activities can be minimise by way of effective formulation and implementation of laws. Monitoring should be done every seconds.
4. All organizations providing digital services have been mandated to report cyber security incidents to CERT-In expeditiously.
5. Issue of alerts and advisories regarding cyber threats and counter-measures

6. Conduct regular training programmes for network / system administrators and Chief Information Security Officers (CISOs) of Government and critical sector organisations regarding securing the IT infrastructure and mitigating cyber-attacks
7. There should have a provision for audit of the government websites and applications prior to their hosting, and thereafter at regular intervals.

VIII. CONCLUSION

Now a days, digital transaction system has a wide reach and acceptability. People are moving from cash to cash transaction to digital transaction. More number of digital transaction methods are emerging day by day and it has lot of advantages. Digital Payments is the Future of India's economy, as per the Credit Suisse report, India's Digital Payments is expected to reach \$1 trillion by 2023. More than 100M people in India now use Digital Payments mode at least once in a month in India. Banks and Fintech startups are also introducing several innovative Digital payment modes every day. The days are not far away when India will also be regarded as a Digital Economy. On the other side, it has many problems like security issues, etc. To overcome these problems, the government has an important role and also we should be careful about the threats when using the digital transaction system.

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