

Impact on Consumers' Online Payment Preference and Perception Towards Household Utilities Tiruchirappalli City

Renju. R .K

MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

With the advent of computers and information technology, trading process reached its zenith of development. Within few seconds, products or commodities are purchased from any part of the globe and also shipped anywhere. This study is based on the consumer preference and perception towards online payment services having the following objectives of the study: To study the best predicting factors influencing the consumers' preference and perception towards online payment services and to rank the most preferred e-wallet gateway and the household utilities towards online payment services. Online payments provides greater freedom to individuals in paying their taxes, Mobile bill payments, Recharges, fees, Insurance, EB Payment and purchases at unconventional locations and at whichever time of the day, 365 days of the year. Success of e-commerce payment systems also depends on consumer preferences, ease of use, cost, industry agreement, authorization, security, authentication, non-refutability, accessibility, reliability, anonymity and public policy. Both consumers and service providers can benefit from online payment systems leading to increase national competitiveness in the long run. The successful implementations of online payment systems depends on how the security and privacy dimensions perceived by consumers as well as sellers are popularly managed, in turn would improve the market confidence in the system.

KEYWORDS: online payment, bill payments, household utilities, etc.,

1. INTRODUCTION

Online payment Processing System is a boon to today's world, thanks to the advancement of Information technology. Online Payment Processing System henceforth will be called OPPS made a huge impact by cutting across all the barriers like space, time, language, currencies, etc. OPPS is the heart of any Ecommerce system. Ecommerce Systems made it possible to purchase products or services from any part of the world in a few minutes with various currencies. Electronic commerce (e-commerce) has rapidly flourished because of the openness, speed, anonymity, digitization and global accessibility characteristics of the Internet, which facilitated real-time business activities, including advertising, querying, sourcing, negotiation, auction, ordering, and paying for merchandise.

REVIEW OF LITERATURE

Lina Fernandes et al., (2013) made a study on “Fraud in Online payment Transactions Threats and Counter measures” this paper provides an overview on online payment frauds. It presents statistics on actual payment frauds and revenue loss due to frauds. Several measures for fraud detection and prevention are discussed. The scope of this research is to minimize the fraud in online payment transaction and also the revenue loss by taking the detective and preventive measures.

Wendy Ming-Yen Teoh et al., (2014) made a study on “Factors Affecting Consumers’ Perception of Online payment” that this paper presents an empirical analysis the multiple linear regression results reveal that benefits, self-efficacy, and ease of use exert significant influences on consumers’ perception towards online payment. However, the insignificant results obtained for trust and security warrant further investigation. This study has advanced knowledge for it has provided information on the current state of online payment acceptance and use, particularly among Malaysians. The significant factors identified are beneficial to the policy maker, banking institutions, online transaction facilities providers.

STATEMENT OF THE PROBLEM

In this study, certain aspects of OPS are clarified to the point of its Users. Which is the most preferred e-wallet payment gateway for making online payment? Which household utility is mostly preferred by the customers? Which is the best predicting factor among the personal, social, cultural, psychological and subjective factors influencing consumer’s preference and perception towards online payment services?

2. OBJECTIVES OF THE STUDY

This study is based on the consumer preference and perception towards online payment services having the following objectives of the study

- To study the factors influencing the consumers’ preference and perception towards online payment services.
- To find out the most preferred e-wallet gateway and the household utilities towards online payment services.

HYPOTHESES OF THE STUDY

For the purpose of studying the consumers’ preference perception towards online payment services for the household expenses the following hypotheses have been formulated

- ‘Influence of occupation’, is the best predictor on personal factors of Consumer perception towards Overall Ratings.
- ‘Various social classes’ is the best predictor on Cultural factors of Consumer perception towards Overall Ratings.
- ‘Status in the society’ is the best predictor on Social factors of Consumer perception towards Overall Ratings.
- ‘Traditional Payment’ is the best predictor on Psychological factors of Consumer perception towards Overall Ratings.

- ‘Don’t have time after work’ is the best predictor on Subjective factors of Consumer perception towards Overall Ratings.

3. MATERIALS AND METHODS

In this study, descriptive research design is used. This study was conducted among the consumers who use online payment residing in urban area, Tiruchirappalli City. Non-probability sampling technique was used for selecting the sample respondents for primary data collection. In Tiruchirappalli ten places like Cantonment, Karumandapam, Subramaniyapuram, Thillai Nagar, Palakarai, K.K Nagar, Sri Rangam, Thiruvanaikkovil, KajaMalai and Ponmalai were considered and from each place 30 respondents were selected as per the researchers’ convenience. The population of the study covers the online payment users in the study area. Adopting convenience sampling method, 300 respondents were chosen among the population of online payment users in Tiruchirappalli City. This study covers only urban area.

RESULTS AND DISCUSSIONS

Different wallet gateways to choose online payment

Sl. No	Wallet Name	Mean Rank	Rank	Inferential Statistics
1	Pay u money	3.72	4	N=24 $\chi^2 = 696.480$ Df = 9 P=0.000* Significant
2	Mobikwik	2.32	2	
3	Paytm	1.72	1	
4	IRCTC	3.00	3	
5	Oxygen wallet	6.22	6	
6	Airtel money	6.76	7	
7	Vodafone Mpesa	5.62	5	
8	Y pay cash	8.48	9	
9	OXI cash	8.42	8	
10	Jio Money	8.74	10	

TABLE NO. 1

Source: Primary Data

*p<0.01

In the above table, it can be found that there exists a significant difference towards the Wallet payment towards factors influencing to make Online payment (p-value < 0.01). It can also be found that the high ranking factor is “PayTm” having a mean rank of 1.72 followed by Mobikwik (2.32), IRCTC (3.00), Pay u money (3.72), Vodafone Mpesa (5.62), Oxygen Wallet (6.22), Airtel money (6.76), OXI cash (8.42), Y pay cash (8.48) and Jio Money (8.74).

Hence, the respondents have ranked ‘Paytm’, ‘Mobikwik’ and ‘IRCTC’ as first choice preference for online payment wallet mode system.

Household expenses preferred for online payment

Sl. No	Household Expenses	Mean Rank	Rank	Inferential Statistics
1	Mobile/Landline bill	5.05	1	N=300 $\chi^2 =$ 58.491 Df = 9 P=0.000* Significant
2	EB/ Insurance	5.79	8	
3	DTH/ Broadband bill	5.16	2	
4	Online Ticketing/ Local travel	5.35	5	
5	Online Shopping	6.25	10	
6	Petrol/Gasoline bill	5.26	3	
7	Tax/ Loan due payment	5.39	6	
8	Hospital treatment	5.55	7	
9	Leisure/ Recreation	5.30	4	
10	School/ College fee payment	6.20	9	

TABLE NO. 2

Source: Primary Data

*p<0.01

In the above table, it can be found that there exists a significant difference towards the purpose of online payment and house hold expenses(p-value < 0.01). It can also be found that the high ranking factor is “Mobile/Landline bill” having a mean rank of 5.05 followed by DTH/Broadband bill (5.16), Petrol/ Gasoline bill payment (5.26), Leisure/Recreation (5.30), Online ticketing/Local travel (5.35), Tax/Loan due payment (5.39), Hospital Treatment (5.55), EB/ Insurance (5.79), School/College fee(6.20) and Online shopping (6.25).

Hence, the respondents have given the first three ranks to Mobile/Landline bill, DTH/Broadband bill, and Petrol/ Gasoline bill payment.

Regression association between personal factors and overall rating of ops

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.455	.241		14.314	.000
Influence of Age (X ₁)	-.050	.043	-.071	-1.146	.253
Influence of Occupation (X ₂)	.123	.040	.188	3.082	.002**
Influence of Income (X ₃)	-.036	.022	-.094	-1.598	.111
Influence of Savings (X ₄)	.082	.041	.122	2.012	.045
Influence of Life Style (X ₅)	.005	.039	.008	.139	.889

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Data) R value = 0.216, R²= 0.047; F value = 2.865

Dependent variable: Overall Rating in ops

Independent variables: Personal Factors

[** Significant at the 0.01 level (2-tailed)]

The value of R(0.216) is the correlation of the five independent variables Influence of Age (X₁), Influence of Occupation (X₂), Influence of Income (X₃), Influence of Savings (X₄) and Influence of Life style (X₅) with the dependent variable overall rating (Y), after all the inter-correlations among

the five independent variables are taken into account. The R Square (0.047), which indicates all the independent variables together explain 2% of the variance in overall rating, which is highly significant (F=2.865), p<0.01).

The multiple Regression Equation is

$$\hat{Y} = 3.455 - 0.050X_1 + 0.123X_2 - 0.036X_3 + 0.082X_4 + 0.005X_5$$

This equation indicates that overall rating level decrease by 0.050 for every one unit increase in influence of age, 0.123 units for every one unit increase in influence of occupation, 0.082 units for every one unit decrease in influence of income, 0.055 units for every one unit increase in influence of savings and 0.005 units for every one unit increase in influence of life style.

Also, we infer that, 'Influence of Occupation' is the best predictor of consumers' preference and perception towards overall rating among the other predictors.

Regression association between cultural factors and overall rating of ops

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.714	.172	---	21.571	.000
Traditional Payment (X ₁)	.002	.043	.002	.039	.969
Various Social Classes (X ₂)	.055	.037	.090	1.483	.139

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R value = 0.090, R² = 0.008; F value = 1.215

Dependent variable: Overall Rating of ops

Independent variables: Cultural Factors

[Significant at the 0.01 level (2-tailed)]**

The value of R(0.090) is the correlation of the three independent variables traditional shopping (X₁) and Various Social Classes (X₂), with the dependent variable overall rating (Y), after all the inter-correlations among the three independent variables are taken into account. The R Square (0.008), which indicates all the independent variables together explain 3% of the variance in overall rating, which is highly significant (F=1.215), p<0.01).

The multiple Regression Equation is

$$\hat{Y} = 3.714 + 0.002X_1 + 0.055X_2$$

This equation indicates that overall rating level increase by 0.039 for every one unit increase in traditional shopping, 1.483 units for every one unit decrease in various social classes.

Also, we infer that, 'various social classes' is the best predictor of consumers' preference and perception towards overall rating among the other predictors.

Regression association between social factors and overall rating

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.559	.211		16.849	.000
Consult with friends/others (X ₁)	-.053	.036	-.085	-1.454	.147

Family suggestions (X ₂)	.015	.045	.020	.323	.747
Status in Society (X ₃)	.127	.042	.188	3.014	.003**

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(Source: Primary Data) R value = 0.198, R² = 0.039; F value = 4.029

Dependent variable: Overall Rating of ops

Independent variables: Social Factors

[Significant at the 0.01 level (2-tailed)]**

The value of R(0.198) is the correlation of the three independent variables Consult with friends/others (X₁), Family suggestions(X₂) and Status in Society (X₃), with the dependent variable overall rating (Y), after all the inter-correlations among the three independent variables are taken into account. The R Square (0.039), which indicates all the independent variables together explain 7% of the variance in overall rating, which is highly significant(F=4.029), p<0.01). **The multiple Regression Equation is**

$$\hat{Y} = 3.559 - 0.053X_1 + 0.015X_2 + 0.127X_3$$

This equation indicates that overall rating level decrease by 0.053 for every one unit increase in Consult with friends/others, 0.015 units for every one unit increase in family suggestions, 0.127 units for every one unit increase in status in society.

Also, we infer that, 'status in the society' is the best predictor of consumers' preference and perception towards overall rating among the other predictors.

Regression association between psychological factors and overall rating

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.301	.238		13.888	.000
Payment Modes (X ₁)	-.076	.043	-.128	-1.773	.077
Refund period (X ₂)	.045	.042	.064	1.073	.284
Traditional Payment (X ₃)	.108	.040	.166	2.701	.007**
Delivery Time (X ₄)	.065	.045	.101	1.443	.150
Stress free (X ₅)	.042	.037	.066	1.115	.266
Hackers free (X ₆)	-.022	.019	-.068	-1.158	.248

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ry Data) R value = 0.237, R² = 0.056; F value = 2.891

Dependent variable: Overall Rating of ops

[Significant at the 0.01 level (2-tailed)]**

Independent variables: Psychological Factors

The value of R(0.323) is the correlation of the six independent variables Payment Modes(X_1), Refund Period (X_2), Traditional Payment (X_3), Delivery Time (X_4), Stress free (X_5), Hackers free(X_6) with the dependent variable overall rating (Y), after all the inter-correlations among the seven independent variables are taken into account. The R Square(0.056), which indicates all the independent variables together explain 10% of the variance in overall rating, which is highly significant ($F=2.891$, $p<0.01$).

The multiple Regression Equation is

$$\hat{Y} = 3.301 - 0.076X_1 + 0.045X_2 + 0.108X_3 + 0.065X_4 + 0.042X_5 - 0.022X_6$$

This equation indicates that overall rating level increase by 0.076 for every one unit decrease in Payment Modes, 0.045 units for every one unit increase in refund period, 0.108 units for every one unit increase in traditional payment, 0.065 units for every one unit increase in delivery time, 0.042 units for every one unit increase in stress free, 0.042units for every one unit decrease in hackers free.

Also, we infer that, 'traditional payment' is the best predictor of consumers' preference and perception towards Overall Rating among the other predictors.

Regression association between subjective factors and overall rating

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.423	.214		15.998	.000
24x7 E-store operation (X_1)	.005	.043	.007	.104	.917
Wide variety of payments (X_2)	-.054	.046	-.080	-1.162	.246
Shop for fun/ Entertainment (X_3)	-.017	.046	-.024	-.370	.711
Don't have time after work (X_4)	.148	.045	.220	3.306	.001**
Traditional Shopping Exhaust (X_5)	.046	.038	.072	1.189	.235

TABLE NO. 7

(Source: Primary Data)

R value = 0.214, $R^2 = 0.046$; F value = 2.817

Dependent variable: Overall Rating of ops

Independent variables: Subjective Factors [** Significant at the 0.01 level (2-tailed)]

The value of R(0.214) is the correlation of the five independent variables 24x7 E-store operation (X_1), Wide variety of payments (X_2), Shop for fun/ Entertainment (X_3), Don't have time after work (X_4) and Traditional Shopping Exhaust (X_5) with the dependent variable overall rating (Y), after all the inter-correlations among the five independent variables are taken into account. The R Square(0.046), which indicates all the independent variables together explain 5% of the variance in overall rating, which is highly significant ($F=2.817$, $p<0.01$).

The multiple Regression Equation is

$$\hat{Y} = 3.423 + 0.005X_1 - 0.054X_2 - 0.017X_3 + 0.148X_4 + 0.046X_5$$

This equation indicates that overall rating level increase by 0.005 for every one unit increase in 24x7 E-store operation, 0.054 units for every one unit decrease in Wide variety of payment, 0.017 units for every one unit decrease in Shop for fun/ Entertainment, 0.148 units for every one unit increase in Don't have time after work and 0.046 units for every one unit decrease in Traditional Shopping Exhaust.

Also, we infer that, 'don't have time after work' is the best predictor of consumers' preference and perception towards overall rating among the other predictors.

SUGGESTIONS

Based on the findings of the present study the following suggestions are provided.

- Generally it is observed from the sample respondents, making online payment is not an easy task. Even educated people also face problems in making online payments. Therefore, they always prefer traditional way of shopping instead of online shopping. Sometimes there is a technical problem in server customers tried to do online payments but they fails to do. As a result they avoid it. Hence it is suggested that, the authorities should make necessary steps to overcome these difficulties.
- It is clearly found from this study, the Online payment instruments are considerably cheaper than their paper-based alternatives, including cash. Banks and merchants are interested in shifting users to online payments to save costs, as are some government policymakers who seek to improve the cost efficiency of their nation's payments system. Hence it suggested that, the bankers will offer and give more facilities regarding awareness to online payment users for household expenses.
- From this study, we found that, only 8% of the sample respondents used wallet system and also they given first three ranks to 'Paytm', 'Mobikwik' and 'IRCTC' preferred by the consumers for Online payment wallet mode system for getting cash back offers. Hence it is suggested that, if more customers prefer wallet payment system they may provide extra cash back offers and more securable transactions to their users.
- As a precaution, generally consumers must always remember not to keep their code/pin number somewhere that is not easily accessible by the public. It is also very much advisable to carry along an online payment card, which has lesser credit limit.

4. CONCLUSION

Online payment refers to the mode of payment which does not include physical cash or cheques. It includes debit card, credit card, smart card, e-wallet etc. E-commerce has its main link in its development on -line in the use of payment methods, some of which we have analysed in this work. The risk to the online payments are theft of payments data, personal data and fraudulent rejection on the part of customers. The emergence of e-commerce has created new financial needs that in many cases cannot be effectively fulfilled by the traditional payment systems. Recognizing this, virtually all interested parties are exploring various types of online payment system and issues surrounding online payment system and digital currency. Online payments provides greater freedom to individuals in paying their taxes, Mobile bill payments, Recharges, fees, Insurance, EB Payment and purchases at unconventional locations and at whichever time of the day, 365 days of the year. Success of e-commerce payment systems also depends on consumer preferences, ease of use, cost, industry agreement, authorization, security, authentication, non-refutability, accessibility,

reliability, anonymity and public policy. Both consumers and service providers can benefit from online payment systems leading to increase national competitiveness in the long run. The successful implementations of online payment systems depends on how the security and privacy dimensions perceived by consumers as well as sellers are popularly managed, in turn would improve the market confidence in the system.

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