

# CONSUMER PERCEPTION TOWARDS DIGITAL PAYMENT

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**ABSTRACT**-The last decade has seen tremendous growth in use of internet and mobile phone in India. Increasing use of internet, mobile penetration and government initiative such as Digital India are acting as catalyst which leads to exponential growth in use of digital payment. Electronics Consumer transaction made at point of sale (POS) for services and products either through internet banking or mobile banking using smart phone or card payment are called as digital payment. The consumer perception of digital payment has a significant and positive impact on adoption of digital payment. The structured questionnaire was used as research tool for understanding consumer perception on digital payment. Primary data was collected from 221 respondents. Frequency analysis was used to analyze the responses. From the research it is clear that majority of the respondents agree that mobile wallet/digital payment provides benefits to individual for purchase of products, improve the quality of decision, helpful in buying products as compared to traditional methods. They also agree that interaction with mobile wallet is helpful and that they trust the service providers.

## I INTRODUCTION

It has been said that every distraction creates opportunities and one such distraction was the declaration of demonetization by Prime Minister Mr. Narendra Modi on 8<sup>th</sup> November, 2016. Demonetization created huge opportunity for digital payments in India and the digital wallet companies snatched the opportunity with both the hands to enlarge their market share. Demonetization has offered an exceptional platform for acceptance of digital payment, as a substitute for cash for Indian customers. Acceptance of cashless transaction has been drastically hard-pressed by Prime Minister Mr. Narendra Modi as part of government reform after demonetization of high value currency of Rs. 500 and 1000 (86% of cash circulation). The demonetization resulted in extraordinary growth in digital payment. By February 2017, digital wallet companies had shown a growth of 271 percent for a total value of US\$2.8 billion (Rs. 191 corers), Indian government and private sector companies such as Paytm, Freecharge and Mobikwik had been assertively pushing a number of digital payment applications, including the Aadhaar Payment app, the UPI app, and the National Payments Corporation of India (NPCI) developed the Bharat Interface for Money (BHIM) app. Digital transfers using apps has brought behavioral transform and helped in the acceptance of digital payment. This has resulted in ease of transfer of money in rural areas which was not touched earlier by the digital payment method. Now several overseas investors want to spend in digital payment industry which is new eye-catching destination because of scope of remarkable growth in India.

There are number of facilitators which are leading to the escalation of digital payment and changeover from cash economy to less cash economy. These facilitators include diffusion of internet connectivity on smart phones, non-banking financial institutions facilitating digital payment, one touch payment, rise of financial technology sector and push by government either by giving incentives or tax breaks. These all factors are creating positive environment for growth of digital payment in India.

### Digital Payment Modes in India

**Online or mobile wallets:** They are used via the internet and through Smartphone applications. Money can be stored on the app via recharge by debit or credit cards or net-banking. Consumer wallet limit is Rs. 20,000 per month and the merchant 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 similar to a gift card; customers can make purchases using funds available on the card -and not on borrowed credit from the bank. Can be recharged like a mobile phone recharge, up to a prescribed limit.

**Debit/RuPay cards:** These are linked to an individual's bank account and 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 include balance enquiry, cash withdrawal, cash deposit, and Aadhaar to Aadhaar fund transfers.

**USSD:** Stands for Unstructured Supplementary Service Data based mobile banking. It is linked to merchant'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). Merges multiple banking features, ensures seamless fund routing, and merchant payments. It facilitates P2P fund transfers.

India is heading 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 focus of present study is to find how respondents are adopting digital payment. The study collected response from 221 respondents and analyzed their perception, preferences and satisfaction level of digital payment. It further identifies the barriers and challenges to the adoption of digital payment.

## II LITERATURE REVIEW

Bamasak (2011) stated that there is a vivid potential 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 solitude were the key concerns for the customers which influence the acceptance of digital payment solutions. Doan (2014) illustrated the adoption of mobile wallet among consumers in Finland as only at the beginning stages of the Innovation-Decision Process.

As per Ministry of Finance Report (December 2016) on Digital payment, financial inclusion is one of the foremost challenge facing India. 53 percent of India populace had access to recognized financial services. In this context, digital payment can act as accelerator to financial inclusion. Increasing availability of mobile phone, availability of data network infrastructure, rollout of 3G and 4G networks and large merchant eco system are the significant enablers of digital payment in India. It is further supported by the harmonized efforts of industry, supervisory body and government. As per RBI's report 'Vision 2018' four pronged policy focusing on regulation, robust infrastructure, effective supervisory mechanism and customer centricity has been adopted to push adoption of digital payment in India.

The percentage of cash usage for transactions has seen a rapid decline in the past few years in India. In 2010, the percentage of cash in all payments was 89% compared with 78% in 2015. This rapid decline is a result of an increased adoption of non-cash instruments such as cards and digital payments like mobile wallets, electronic transfers, etc. Stored value instruments like mobile wallets (Paytm, Mobikwik, Citrus, etc.) and prepaid and gift cards have made payments through internet devices well-situated and trouble-free. India represents one of the largest market opportunities for digital payments. With a population of 1.25 billion, India accounts for roughly 18% of the global population. The two key drivers of digital payments-mobile phones and internet users are already well established in India. To date, India has about 1.0 billion mobile phone subscribers and 300 million internet users, ranking 2<sup>nd</sup> on both metrics globally.

According to Ratan Watal, principal advisor Niti Aayog and former finance secretary, digital payments grew 55% by volume and 24.2% by value in 2016-17 over the previous year. Data from the Reserve Bank of India (RBI) indicates that the rate of acceptance of digital payments had speeded up following demonetization last year but has slowed in recent months of 2017. Total digital transactions in April 2017 of Rs109.58 trillion are 26.78 lower from Rs149.58 trillion in March 2017. It has been observed that ATM transactions are more or less same at 700 million, the transaction at PoS terminal has increased three times from 109 million in January 2016 to 328 million in Jan 2017.

## III OBJECTIVES OF THE STUDY

- To know the perception of customers about digital payments.
- To identify the problems faced by the customers while using digital payments.

## IV METHODOLOGY

The sample frame for the study constitutes customers using digital transactions in Guntur region. The total sample size is 221 and the sample is drawn using simple random sampling technique. The present study is based on primary data collected with the help of a questionnaire. The data collected is analyzed using various descriptive statistics.

## V RESULTS AND DISCUSSION

**Table 1: Demographic Details of the respondents**

S. No.	Variable	Sub-Category	Sample Size	Percent
1	Gender	Male	74	60.66
		Female	48	39.34
2	Age	< 20 yrs	44	36.07
		20-30 yrs	77	63.11
		30 yrs	01	00.82
3	Occupation	Student	37	30.33
		Job	57	46.72
		Business	28	22.95
Total			122	100

**Table 2: Digital Payments**

S. No.	Variable	Mean	SD
1	Digital Payments	1.93	0.758
2	Encouragement Factors to do digital payments	2.17	2.833
3	How digital payment is useful	1.80	0.715
4	Problems arisen from digital payments	2.25	1.130
5	Mode of payment	1.80	0.812

**Table 3: Purpose of Digital Payments**

Demographic Description		Total Sample	Purpose of digital payments		
		n=122	Fast Payments	Easy to use	Time saving
Gender	Male	74(60.66)	27(36.49)	28(37.84)	19(25.68)
	Female	48(39.34)	12(25)	24(50)	12(25)
Age	<20 yrs	44(36.07)	11(25)	21(47.73)	12(27.27)
	20-30 yrs	77(63.11)	28(36.36)	30(38.96)	19(24.68)
	>30yrs	1(0.82)	0(0.00)	1(1)	0(0.00)
Occupation	Student	37(30.33)	10(27.03)	17(45.95)	10(27.03)
	Job	57(46.72)	18(31.58)	23(40.35)	16(28.07)
	Business	28(22.95)	11(39.29)	12(42.86)	5(17.86)

From the above table it is interpreted that, only 37.84 of male respondents said that usage of digital payments is easy where as 50 percent of female respondents accepted with the statement. Respondents whose age group range from <20 yrs to >30 yrs, majority of them opined that digital payments are easy to use. 45.95 percent of students stated digital payment is easy to use whereas only 40.35 percent job holders and 42.86 percent of business people accepted with the statement.

**Table 4: Encouragement factors towards digital payments**

Demographic Description		Total Sample	Encouragement factors towards digital payments		
		n=122	Family	Friends	Relatives
Gender	Male	74(60.66)	22(29.73)	27(36.49)	25(33.78)
	Female	48(39.34)	20(41.67)	19(39.58)	9(18.75)
Age	<20 yrs	44(36.07)	11(25)	20(45.45)	13(29.55)
	20-30 yrs	77(63.11)	31(40.26)	26(33.77)	20(25.97)
	>30yrs	1(0.82)	0(0.00)	0(0.00)	1(1)
Occupation	Student	37(30.33)	12(32.43)	16(43.24)	9(24.32)
	Job	57(46.72)	22(38.60)	19(33.33)	16(28.07)
	Business	28(22.95)	8(28.57)	11(39.29)	9(32.14)

Out of 74 male respondents 33.78 percent opined that relatives encouraged them to use digital payments, whereas 41.67 percent of female respondents stated that family encouraged them to use. 45.45 percent of the respondents in the age group of <20 years mentioned that friends encouraged them whereas respondents whose age group range between 20-30 yrs 40.26 percent said family encouraged them and respondents whose age is > 30 yrs 100 percent stated that relatives encouraged them. 43.24 percent of students said friends encouraged the, whereas 38.60 percent of job holders said family encouraged them and 39.29 percent of business people said friend encouraged them.

**Table 5: Usefulness of digital payments**

Demographic Description		Total Sample	Usefulness of digital payments		
		n=122	Time Saving	Easy to use	Easy to access
Gender	Male	74(60.66)	31(41.89)	29(39.19)	14(18.92)
	Female	48(39.34)	15(31.25)	26(54.17)	7(14.58)
Age	<20 yrs	44(36.07)	17(38.64)	20(45.45)	7(15.91)
	20-30 yrs	77(63.11)	28(36.36)	35(45.45)	14(18.18)
	>30yrs	1(0.82)	1(1)	0(0.00)	0(0.00)
Occupation	Student	37(30.33)	14(37.84)	20(54.05)	3(8.11)
	Job	57(46.72)	16(28.07)	23(40.35)	18(31.58)
	Business	28(22.95)	16(57.14)	12(42.86)	0(0.00)

54.17 percent of female respondents conveyed that the purpose of using digital payments is it is easy to use whereas 41.89 percent of male respondents stated that it saves time. Respondents whose age range from less than 20 yrs to 30 yrs said that doing shopping using digital payments is easy. 54.05 percent of students accepted that one of the reason for using digital payment is it is easy to use followed by 40.35 percent of business people and 40.35 percent of job holders.

**Table 6: Problems aroused from digital payments**

Demographic Description		Total Sample	Problems aroused from digital payments			
		n=122	Low speed of Internet	Hacking Problem	Problem with bank	transaction processing issues
Gender	Male	74(60.66)	23(31.08)	20(27.03)	12(16.22)	19(25.68)
	Female	48(39.34)	18(37.50)	15(31.25)	9(18.75)	6(12.50)
Age	<20 yrs	44(36.07)	22(50)	11(25)	4(9.09)	7(15.91)
	20-30 yrs	77(63.11)	18(23.38)	24(31.17)	17(22.08)	18(23.38)
	>30yrs	1(0.82)	1(1)	0(0.00)	0(0.00)	0(0.00)
Occupation	Student	37(30.33)	17(45.95)	9(24.32)	7(18.92)	4(10.81)
	Job	57(46.72)	17(29.82)	16(28.07)	10(17.54)	14(24.56)
	Business	28(22.95)	7(25)	10(35.71)	4(14.29)	7(0.25)

37.50 percent of female respondents accepted that low speed of internet leads to disturbance in digital payments, 31.08 percent of male respondents too accepted with the statement. Respondents who age range between 20-30 years and respondents who are less than 20 years age also accepted with the above statement. Only 10.81 percent of students stated that transaction processing issues occur while doing digital payments.

**Table 7: Mode of Payment**

Demographic Description		Total Sample	Mode of Payment		
		n=122	Mobile Wallets	Internet Banking	Debit/Credit Card
Gender	Male	74(60.66)	34(45.95)	20(27.03)	20(27.03)
	Female	48(39.34)	21(43.75)	17(35.42)	10(20.83)
Age	<20 yrs	44(36.07)	20(45.45)	15(34.09)	9(20.45)
	20-30 yrs	77(63.11)	35(45.45)	21(27.27)	21(27.27)
	>30yrs	1(0.82)	0(0.00)	1(1)	0(0.00)
Occupation	Student	37(30.33)	20(54.05)	10(27.03)	7(18.92)
	Job	57(46.72)	18(31.58)	22(38.60)	17(29.82)
	Business	28(22.95)	17(60.71)	5(17.86)	6(21.43)

**Table 8: Ranking of digital payments usage**

Demographic Description		Total Sample	Ranking of digital payments usage							
		n=122	1	2	3	4	5	6	7	8
Gender	Male	74	13	13	11	11	16	6	3	1
	Female	48	13	7	11	10	3	3	1	0
Age	<20 yrs	44	10	7	5	9	8	3	2	0
	20-30 yrs	77	16	13	17	11	11	6	2	1
	>30yrs	1	0	0	0	1	0	0	0	0
Occupation	Student	37	6	3	10	7	8	2	1	0
	Job	57	16	8	10	10	7	5	0	1
	Business	28	4	9	2	4	4	2	3	0

## RESULTS DISCUSSION

- Even though customers are happy with digital payments ease of use is rated low. However, users noted that the process includes lengthy forms with personal data and credit card details cannot be regarded as an easy one.
- According to the responses some characteristics are perceived as more important than others. Characteristics of primary importance are: use of mobile wallets, time saving and ease of use. Lower level of importance was attributed to easy to access, fast payments, and low speed of internet.
- Not even 50% of business people are comfortable with transaction process
- Female respondent's usage is high compared to male respondents.

## CONCLUSION

Present study has made an attempt to understand customer perception regarding digital payment. Digital payments are an important mode of completing a particular transaction. From the research it is clear that majority of the respondents agree that mobile wallet/digital payment provides benefits to individual for purchase of products, improve the quality of decision, helpful in buying products as compared to traditional methods. They also agree that interaction with mobile wallet is helpful and that they trust the service providers. Also customers of different age groups are availing these services. It is necessary to organizations to create awareness about the importance and usage of digital payments.

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