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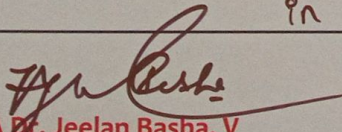
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
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## INFLUENCE OF PERCEPTION OF CONSUMERS TOWARDS DIGITAL PAYMENTS ON RATE OF ADOPTION OF DIGITAL PAYMENT - AN OVERVIEW

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### Abstract

India's digital payments system -has evolved rapidly over the last few years. This has been encouraged by various developments in information and communication technology and by forward looking Regulatory and Government policies. The trinity of near universal account penetration, increasing smartphones penetration and low cost payments rails has led to a never-before boom in digital transactions. For instance, since April 2016, UPI has become synonymous to a rapid digital payment which has seen an exponential growth trajectory and cross over 868 Cr transactions were process in the month of Mar'23. This is further expected to grow 10x over the next 3 years.

**Keywords:** Demonetization, Consumer Perception, Digital Payment, Digital Wallet.

### Introduction

Digital payment is a way of payment which is made through electronic devices over internet. Both the payer and payee use digital modes to send and receive money while making digital payments. All the digital payment transactions can be completed through online. It makes users very convenient and easier to make payments. With the recent trends and advancement in technology, digital payment plays a vital role in our daily lives. Interesting offers and benefits while using digital payment methods made an impact on users to switch to online payment rather than physical transaction.

The main reasons behind the increase in digital transaction are ease of usage, faster transactions, convenience etc. Mostly the digital payments are done through electronic devices like computer, tabs, smartphones etc. The usage of smartphones are increasing rapidly, this has also paved the way for digital transactions. Banks are now encouraging users to switch to online payment methods through their own mobile application and internet banking so that users can bring down the number of their bank visits.

Awareness about the digital payment methods is very less among the people. There is a belief in them that digital payment makes them spend more money on unnecessary things, digital payments are unsecured and also banks charges high cost for online transactions. Hence the digital literacy becomes a necessity.

### Digital India and Demonetization Drive

- During the inauguration of the 'DigiDhan Mela' on 31st December 2016, Honorable Prime Minister, Shri Narendra Modi launched BHIM UPI App and urged people to make digital payments a habit to transform the country into a cashless economy.
- The Mela resulted in the 'Digital India' programme, which is a flagship programme of the Government of India with a vision to transform the nation into a digitally empowered

society and a knowledge economy. To achieve "Faceless, Paperless, Cashless" status is the goal of Digital India.

- The ambitious drive to shift from a cashbased to a digital economy saw a strong push in the form of demonetization in 2016, which accelerated this transition by 2-3 years. Since then, the Government of India has under.
  - a) **Firstly**, Promotion of digital payments has been accorded highest priority by the Government of India to bring each and every segment of our country under the formal fold of digital payment services. The vision is to provide facility of seamless digital payment to all citizens of India in a convenient, easy, affordable, quick and secured manner.
  - b) **Secondly**, Government is also working on incentivizing digital transactions by providing various tax and non-tax benefits to customers and merchants.
  - c) **Thirdly**, Citizens have been provided multiple options to make digital transactions. A dedicated 'Digidhan Mission' has been set up for building strategies and approaches in collaboration with all stakeholders to promote digital payments and create awareness.

Some of the reforms undertaken in digital payments are:-

- Banking from anywhere, expanding the base of financial inclusion
- Subsidy to end beneficiary's account
- Use of next-gen technologies
- Scaling-up the merchant acceptance infrastructure
- Incentive schemes for customers and merchants
- UPI referral and cashback schemes
- Digital literacy and awareness.

#### **Next Generation Payment Platforms**

The Government of India has played a pivotal role in driving the adoption of digital payments by taking a number of steps towards creating a cashless society. Post 2014, this drive has accelerated as can be witnessed in the significant initiatives taken to develop innovative next generation payment products and platforms including introduction of:-

- National Unified USSD Platform (NUUP\*99#) in 2014
- National Electronic Toll Collection (NETC) in 2016
- Unified Payments Interface (UPI) and BHIM App in 2016 Bharat Bill Payment System (BBPS) in 2017
- National Common Mobility Card (NCMC) – One Nation One Card in 2019.

#### **Objective of the study**

The objective of the paper is to understand the level of adoption of digital payment modes of consumers and their view about the various attributes of digital payments.

- To understand the overall adoption of respondents about digital payment modes.
- To understand the level of convenience faced by respondents.
- To understand the perception about the security of digital payment modes.
- To understand the frequency of digital payment usage of the respondents.
- To understand the influence of demographic factors on use of digital payments.

#### **Review of literature**

- ❖ Nimish Vohra and Kingshuk Hazra (2018) in their paper "The state of E-wallets and digital payments in India in 2018" conducted a survey in the last quarter of 2017 in Indian metros – Mumbai, Delhi- NCR, Kolkata, Bengaluru, Hyderabad, Chennai, Ahmedabad, Pune, Jaipur, Indore, Lucknow & Ranchi. The paper studied the frequency, preference, growth spending etc. of various digital payment modes.
- ❖ N. Ramya , Dr. S.A. Mohamed Ali (2018) in the paper "A Study On Public Awareness And Level Of Adoption Of Various Modes Of Cashless Transaction" analysed the awareness about the cashless transactions and its modes, its adoption, risk and steps taken for implementing cashless economy.

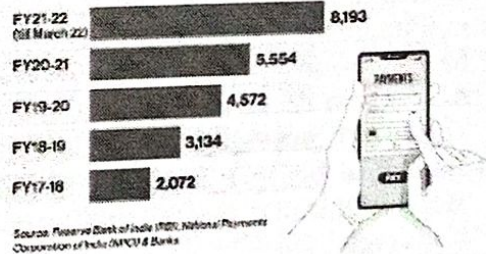
- ❖ Determinants of Customers' Acceptance of Electronic Payment System in Indian Banking Sector – A Study (2014) – a paper by Sanghita Roy, Dr. Indrajit Sinha, studied the factors for contributing growth of E- payment system to be innovation, incentive, customer convenience and legal framework.
- ❖ Vivek Kumar Singh, Shubham in their paper "Security in Digital Payment" (2017), conveyed that the Government and RBI as well as cyber security of India must be improved by updating the cyber security framework.

### Digital Payment Modes in India

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

- **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. 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.

### DIGITAL PAYMENT TRANSACTIONS BY VOLUME IN INDIA



Sl. No	Digital Payment Modes	
1	Paytm	Transferring money instantly to the bank from Paytm account Safe to store customer's CVV number. Paytm has launched an app password feature for Paytm Wallet in order to ensure the money is safe even if the customer lose or misplace his/her phone. A customer can use Paytm even without a Smartphone.
2	PayUmoney	Auto read of OTP. Picking up the transaction where it dropped.
3	Oxigen	Risk monitoring Send money to other mobile phones Shows transaction history

4	MobilKwik	Introduction of M-Wallet for easy storing and transaction of money. Instant recharge without sign-up. Encrypted and highly secured transactions. User friendly mobile application.
5	Citrus	Fastest among all the digital wallets. CitrusPay wallet offers and discounts

Following are some other advantages of making transactions through e wallets:

- Saves time:** digital wallets hold the amount in the electronic form so as to ease the payment process where users can make online payments without entering any card details.
- Ease of use:** As digital wallet is like one click pay without filling details about card viz card number and passwords every time, It allows user to link digital wallet to accounts and pay right away so that the consumers face no issues to enter the details every time a transaction happens.
- Security:** there is a good amount of security when payments are made through e wallets since the wallet does not pass the payment card details to the website. These virtual wallets allow users to lock their wallet.
- Convenient and information stored under one roof:** As digital wallets helps to eliminate need to carry the physical wallet they are highly convenient. Also a better management is possible as there is synchronization of data from multiple platforms like bank accounts, credit and debit cards, mobile accounts and billing portals.
- Attractive discount:** Cash back and discounts are being offered by most of the players along with providing offline wallet balance top up known as 'Cash Pickup' service. This service is being offered by Mobikwik that will facilitate cash to be directly added to MobiKwik wallet where consumers of even smaller towns can be benefited.

### Methodology

The present study is carried out in shimoga district and 300 consumers are selected by using simple random sampling method. The percentages are calculated to understand socio-economic status of consumers and mean and standard deviation are worked out for perception of consumers towards digital payment. The t-test and ANOVA (Analysis of Variance) test are done to inspect difference between socioeconomic status of consumers and their perception towards digital payment. The multiple regression is carried out to analyze the influence of perception of consumers towards digital payment on rate of adoption of digital payment.

### Results and Discussion

#### 1. Socio-Economic status of consumers :

The socio-economic status of consumers was examined and the results are shown in Table-1. The results reveal that 57.67 per cent of consumers are males, while, 42.33 per cent of them are females and 34.33 per cent of consumers belong to age group of 26 - 35 years followed by 36 - 45 years (26.33 per cent), less than 25 years (20.67 per cent), 46 - 55 years (10.67 per cent) and more than 55 years (8.00 per cent). Subhash Bhagavan Kommina and 2 Jinil Persis Devarajan(2017),” The results imply that 35.00 per cent of consumers are graduates followed by post graduates (28.33 per cent), higher secondary (23.00 per cent) and secondary (13.67 per cent) and 34.00 per cent of consumers are private sector employees followed by Government employees (31.00 per cent), professionals(16.00 per cent), businessmen (12.00 per cent) and retired persons (7.00 per cent). Irfan Ahmed Mohammed Saleem, Dr. S. Jaisankar (2018), The results demonstrate that 38.67 per cent of consumers belong to monthly income group of .25,001 - Rs.35,000 followed by less than Rs.25,000(33.67 per cent), Rs.35,001 - Rs.45,000(18.33 per cent) and more than Rs.45,000(9.33per cent) and 76.33 per cent of consumers are married, whereas, 23.67 per cent of them are unmarried.

**Table-1. Socio-Economic Status of Consumers**

Socio-Economic Status	Number of Consumers	
		%
<b>Gender</b>	300	
Male	173	
Female	127	
<b>Age Group</b>		57.67
Less than 25 years		42.33
26 – 35 years	62	
36 – 45 years 79 26.33	103	20.67
46 – 55 years	79	34.33
More than	3552	26.33
<b>Educational QualificatiOn</b>		10.67
Secondary		248.00
Higher Secondary	41	
Graduation	69	13.67
Post Graduation	105	23.00
<b>Occupation</b>	85	35.00
Government Employees		28.33
Private Employees	93	
Businessman	102	31.00
Professional	36	34.00
Retired	48	12.00
<b>Monthly Income</b>	21	16.00
Less than Rs.25,000		7.00
Rs.25,001 – Rs.35,000	101	
Rs.35,001 – Rs.45,000	116	33.67
More than Rs.45,000	55	38.67
Married	28	18.33
Unmarried	229	9.33
	71	76.33
		23.67

**Perception of consumers towards digital payments**

The perception of consumers towards digital payment was examined and the results are shown in Table-2.

**Table-2. Perception of Consumers towards Digital Payment**

Perception	Mean	Standard Deviation
Digital payment is superior than conventional payment modes	4.12	0.73
Digital payment saves cost and time for my financial transactions	3.98	0.89
Digital payment is convenient to me	3.92	0.91
Digital payment is easier to make my financial transactions	3.94	0.90
Digital payment is safe and secured	3.35	0.62
Digital payment is user friendly	3.33	0.65
Digital payment is delay in its processes	3.88	0.87
Digital payment protects my privacy	3.86	0.95
Digital payment has low level risk	3.37	0.70
Digital payment is highly efficient comparing to conventional payment methods	4.08	0.74

The consumers are agreed with digital payment is superior than conventional payment modes, digital payment saves cost and time for their financial transactions, digital payment is convenient to them, digital payment is easier to make their financial transactions, digital payment is delay in its processes, digital payment protects their privacy and digital payment is highly efficient comparing to conventional payment methods, while, they are neutral with digital payment is safe and secured, digital payment is user friendly and digital payment has low level of risk.

**Socio- Economic status of consumers and their perception towards digital payments**  
The distribution of consumers on the basis of their perception towards digital payment is shown in Table-3. The level of perception about digital payment is divided in to



low, moderate and high respectively based on Mean  $\pm$  Standard Deviation. The mean values is 38.57 and the standard deviation is 4.62

**Table-3. Distribution of Consumers on the Basis of Their Perception towards Digital Payment**

Level of Perception towards Digital Payment	Number of Consumers	%
Low	87	29.00
Moderate	149	49.67
High	64	21.33
Total	300	

The results illustrate that 49.67 per cent of consumers perceived that the level of perception towards digital payment at moderate level followed by low level (29.00 per cent) and high level (21.33 per cent). To examine the difference between socio-economic status of consumers and their perception towards digital payment, the t-test and ANOVA (Analysis of Variance) test were done and the results are shown in Table-4.

**Table-4. Difference between Socio-Economic Status of Consumers and Their Perception towards Digital Payment**

Particular	tValue/ FValue	Sig
Gender and Perception towards Digital Payment	17.426	.000
Age Group and Perception towards Digital Payment	22.864	.000
Educational Qualification and Perception towards Digital Payment	20.910	.000
Occupation and Perception towards Digital Payment	21.295	.000
Monthly Income and Perception towards Digital Payment	23.508	.000
Marital Status and Perception towards Digital Payment	19.352	.000

The t-values and F-values are significant at one per cent level exhibiting that there is significant difference between perception towards digital payment and socio-economic status of consumers.

#### **INFLUENCE OF PERCEPTION OF CONSUMERS TOWARDS DIGITAL PAYMENT ON RATE OF ADOPTION OF DIGITAL PAYMENT**

To analyze the influence of perception of consumers towards digital payment on rate of adoption of digital payment, the multiple regression was used and the results are shown in Table-5. The coefficient of multiple determination ( $R^2$ ) is 0.65 and adjusted  $R^2$  is 0.63 showing the regression model is good fit. It is apparent that 63.00 per cent of the variation in dependent variable is contributed by the independent variables. The F-value of 27.452 is significant at one per cent level justifying the model is significant.

**Table-5. Influence of Perception of Consumers towards Digital Payment on Rate of Adoption of Digital Payment**

Perception	Regression Coefficient	t-value	Sig
Intercept	1.016	12.174	.000
Superiority (X1)	.612	8.690	.000
Cost and Time Savings (X2)	.531	6.985	.000
Easiness (X4)	.474	6.060	.000
User Friendly (X6)	.491	6.452	.000
Protection of Privacy	.449	5.985	.000
Efficiency (X10)	.594 **	8.462	.000
.000	.594	8.462	.000

The superiority, efficiency, safe and secured, convenient, cost and time savings, user friendly, easiness and protection of privacy of digital payment are positively and significantly influencing the rate of adoption of digital payment among consumers at one per cent level.

### Conclusion

It has been said that every disruption creates opportunities and one such disruption was the announcement of demonetization by Prime Minister Mr. Narendra Modi on 08 November 2016. Demonetization created huge growth opportunity for digital payment in India and the digital wallet companies garbed the opportunities with both the hands to expand their market share. Demonetization has presented a unique platform for adoption of digital payment, as an alternative to cash for Indian consumers.

From the above findings, it is concluded that half of consumers have moderate level of perception towards digital payment. Significant difference exists between perception of consumers towards digital payment and their socioeconomic status. The superiority, efficiency, safe and secured, convenient, cost and time savings, user friendly, easiness and protection of privacy of digital payment have positive and significant influence on the rate of adoption of digital payment of consumers. Therefore, digital payment system should be strengthened to improve safety and security of financial transactions of consumers and it must be simplified and make it user friendly. In addition, digital payment system should minimize risk associated with transactions of consumers and it must adopt appropriate measures to overcome undue delay in its processes.

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