

# A Study on Digital Payments in India and Its Impact on Consumers

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## ABSTRACT

The study was done to understand “The Digital Payments In India and Its Impact on Consumers”, and to know how its working now in Indian society and its Impact on the people. This study goes through the ways to know how the digital payment systems are impactful in India. The study was conducted to examine the impact of digital payments on the age basis, to analyze the impact of customers education on digital payments usage and to analyze the impact of income status of consumers on usage of digital payments. The study was done on 200 sample bases with the help of questionnaire by using convenience sampling. To analysis of the data the information has been collected from different scholars and researchers, etc by using simple percentage analysis and chi square test. From this study its understood that the development of technology for digital payments have improved the performance of banking sector and able to achieve the motive of cash less country.

**KEYWORDS:** Digital Payments, Cash less, Payments, Banking Sector, Bank

## I. INTRODUCTION

On November 2016 Prime Minister Mr. Narendra Modi demonetized the high value currency of Rs. 500 and 1000. The “Digital India” initiative was launched in 2015. The „Digital India“ is the Indian Government’s flagship programme with a vision to convert India into a digitally empowered country. “Faceless, Paperless, Cashless” is one of supposed function of Digital India. The “Digital India” is the Indian Government’s flagship programme with a vision to convert India into a digitally empowered country. “Faceless, Paperless, Cashless” is one of supposed function of Digital India. There are various other initiatives that have helped in faster adoption of the digital payment systems. Government’s other initiatives like BHIM and UPI are supporting in transition and faster adoption of digital payments. 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 digital payment system has the following phases, 1. Registration 2. Invoicing 3. Payment selection 4. Payment confirmation. This payment system generally includes 3 electronic payment instruments namely, cash, cheque and card. Post demonetization is effecting the e-commerce sector that Cash on Delivery is gradually getting stopped and other modes of payment is replace like Card on Delivery, Net Banking, Debit Card, Credit Card etc. Demonetization will positively help out e-commerce industry in India enhances the chance for people to go cashless.

As part of encouraging cashless transactions and transforming India into lesscash society, various modes of digital payments are available.

- Debit / Credit Card Suitable for: Online/offline merchant sale.
- RTGS / NEFT Suitable for: High value online transactions.
- IMPS Suitable for: Instant transfer.
- UPI Suitable for: Instant transfer.
- USSD Suitable for: Feature phones without Internet connectivity.
- E-WALLET Suitable for: Small-ticket transactions.

## II. REVIEW OF LITERATURE

Rakesh H M & Ramya T J (2014) 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 influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the process of internet banking services expert should emphasize the benefits its adoption provides and awareness can also be improved to attract consumers’ attention to internet banking services.

Kartikeya Bolar (2014) In his research 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 various quality dimensions to make strategic decisions in improving technology interfaces and compete on various quality dimensions.

Sanghita Roy, Dr. Indrajit Sinha (2014) . stated that E- payment system in India, has shown tremendous growth, but still there has 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 convenience and legal framework are the four factors which contribute to strengthen the E-payment system.

E-payment systems are important mechanisms 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 advancement in the field of world economy (Slozko& Pello, 2015).

Balazs Vinnai, general manager, Digital Channels, Misys(April 25, 2016), says that “It is critical for banks to consider new digital channels as part of an integrated strategy and evolve from first to second generation digital banking: switching digital from a supporting role, to the primary sales and communication channel for banks,” says Vinnai. “Reengineering processes around the customer is not easy, but banks must

embrace digital banking to remain competitive and relevant.”

**OBJECTIVE OF THE STUDY**

- To examine the age of respondents impact on digital payments.
- To analyze the impact of customers education on usage of digital payments.
- To analyze the impact of customers income status on usage of digital payments.

**HYPOTHESIS**

- H01: there is no significant impact of customers age on usage of digital payments.
- H02: There is no significant impact of customers education on usage of digital payments.
- H03: There is no significant impact of customers income on usage of digital payments.

**III. RESEARCH METHODOLOGY**

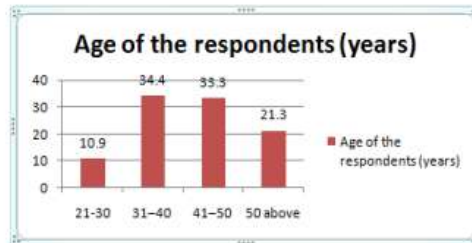
The study is conducted to obtain data on adoption of digital payment system in India. The study is conducted in Hyderabad region. A sample size of 200 was selected using the convenience sampling. Structured questionnaires are used for collecting data. The responses from the respondents were analyzed using the simple percentage analysis and Chi square test. The secondary data and information have been collected from different scholars and researchers, published e-books, articles published in different journals, conference papers.

**IV. DATA ANALYSIS AND INTERPRETATION**

Gender	N	%
Female	59	32.2
Male	124	67.8
<b>Total</b>	<b>183</b>	

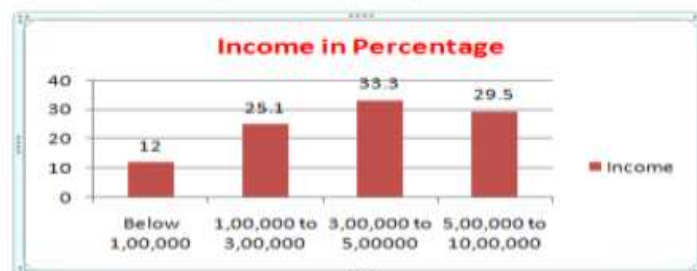
maximum respondents, 67.8% were male only 32.2% were female , engaged with digital banking. Previous studies shows that Gender does not make difference in adoption of technology in banking sector.

Age of the respondents (years)	N	%
21-30	20	10.9
31-40	63	34.4
41-50	61	33.3
50 above	39	21.3
<b>Total</b>	<b>183</b>	<b>100</b>

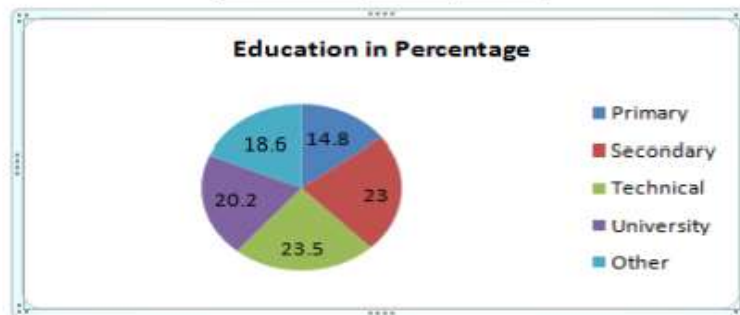


The above table shows the Demographic factors of the customers of the banks. It is showing that 34.4% and 33.3% respondents were belonged to the age group of 31-40 and 41-50 years respectively. Only 10.9% respondents were below 30 years and 21.3% respondents were above 50 years.

Income	N	%
Below 1,00,000	22	12
1,00,000 to 3,00,000	46	25.1
3,00,000 to 5,00,000	61	33.3
5,00,000 to 10,00,000	54	29.5
<b>Total</b>	<b>183</b>	<b>100</b>



Education	N	%
Primary	27	14.8
Secondary	42	23
Technical	43	23.5
University	37	20.2
Other	34	18.6
Total	183	100



The above table shows that 14.8% respondents were Primary educated, 23% and 23.5% were with secondary and technical education respectively. 20.2% were with University education, and 18.6% of the respondents were with other education. The earlier studies proved that education plays the role in adoption of technology.

The respondents of technical education of the study area shows that the technology adoption will be quite encouraging. Hypotheses Testing Using Chi-square Analysis

H01: There is no significant impact of customers age on usage of digital payments.

Impact of age on technology adoption	Age (Years)					Chi-square	df	p-value
	21-30	31-40	41-50	> 45	Total			
Yes	4.37%	14.75%	13.66%	15.85%	48.63%	13.199*	3	0.004*
No	6.56%	19.67%	19.67%	5.46%	51.37%			
Total	10.93%	34.43%	33.33%	21.31%	100%			

From the above table it is observed that  $p < 0.05$  age plays an important role in the adoption of digital payments and proved that this is positively correlated with age.

H02: There is no significant impact of customers income on usage of digital payments

H03: There is no significant impact of customers education on usage of digital payments.

Impact of education on Adoption of Banking technology	Education					Total	Chi-square	df	p-value
	Primary	Secondary	Technical	University	Other				
Yes	12.02%	12.57%	8.74%	8.20%	7.10%	48.63%	16.981*	4	0.002
No	2.73%	10.38%	14.75%	12.02%	11.48%	51.37%			

## V. CONCLUSION

The study examines the effect of adopting digital payments impact on consumers of the banking sector of India. The result put together gives us an important policy direction towards what can enable the country to increase cashless payments. The results indicate that the deployment of technology for digital payments have improved the performance of banking sector and able to achieve the motive cash less country. The study gives emphasis to the percentage of awareness on maximum utilization of technology. Banks should take effective measures in creating awareness towards the effective usage of technology and security.

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