

# A Study on Digital Payment Awareness and Usage in India

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**ABSTRACT:** Digital payments are now becoming popular trend in almost every sector in India. Various initiative by the government such as Digital India, increase in internet penetration in the country creates more awareness among the people towards digital payments. One of the major factor that influence the adoption of the digital payment is the demonetisation decision undertaken by the Prime Minister Narendra Modi on nov.8,2016. The objective of this paper is to ascertain the usage of digital payments among the people. Primary data was collected from 104 respondents through structured questionnaire in Punjab.

**Keywords:** Digital payments, Smartphones, demonetisation, Online payments.

## I. INTRODUCTION

The digital India is the Indian Government's flagship programme with the vision to convert India into a digital empowered country. The motive of the Government behind the "Digital India" flagship is to make India Cashless economy. To promote digital payments in each sector of the economy.

The digital revolution continues to transform the most aspects of our daily life. The Demonetisation decision by the Prime Minister Mr. Narendra Modi gives a kind of push to the digital transactions by demonetized the high value currency of Rs. 500 and Rs. 1000. Digital payment includes the electronic consumer transactions made at point of sale services, internet banking, mobile banking through mobile phones, various payments made through debit cards, credit cards, e wallets, NEFT, RTGS, IMPS.

### Benefits of digital Payments

➤ **Clear and Easy to Operate:** It is clear and easy to navigate the bank site with the help of comprehensive help menus. Similar study by Wai-Ching poon (2008) found that clear, simple and understandable guidance screen eases them to perform e-banking transactions.

- **Easy to transfer funds:** The primary advantage of the digital payment is the transfer of the information about the money's worth to any place at any time with a mouse click.
- **Secured Fund Transfer:** Security is the most important attribute of digital payment system.
- **Time-Saving:** Time factor is one of the key factors for utilising the digital payment system feature for the customers. Saving time is an important factor which influences the customers to prefer using mobile-banking.
- **Reasonable cost:** Digital payment services such as online retail payments, mobile wallets enables individuals and small institutions to take advantage of new technologies at quite reasonable costs.
- **Reduced Paper Work:** The key benefit of using digital payment system is it reduces the paper work.
- **Highly Reliable:** Digital payment system is easy and reliable to do shopping and payment of utilities.

## II. LITERATURE REVIEW

**Jean-Michel Sahut (2008)** explored the adoption and diffusion of electronic wallets. The study explain the key factors affecting the adoption of e-wallets by using the 'Technology Acceptance Model.' The study explains that key factors for the success of electronic wallets as payment method are security, anonymity of transaction, the cost of transaction as well as the plurality of functions.

**Dong-Hee Shin (2009)** has covered his study towards understanding the consumer acceptance of mobile wallet. The study involves the use of unified theory of acceptance and use of technology (UTAUT) model with constructs of security, trust, social influence and self efficiency. Structural equation modeling technique was used to construct a predictive model of attitude towards using the mobile wallet. The result of the study reveals that user's intentions and attitude were influenced by perceived security and trust and also

the technology acceptance factors perceived usefulness and ease of use were key antecedents to user's attitude.

**Peter Stalfors and Rasmus Nykvist (2011)** in their study measured the factors explaining Swedish consumers intention to use mobile payment services. In the study five constructs were developed into a research model to measure consumer acceptance that include Perceived Compatibility (PC), Perceived Usefulness (PU), Perceived Ease of Use (PEOU), Perceived Security (PS) and Subjective Norm (SN). Five point likert scale was used to analyse the data. The study conclude that PC and PU were the main factors for consumer acceptance of mobile payments. PS factor is more favoured by old people than young generation. The study found PEOU and SN to be not significant in determining consumer acceptance of mobile payments

**Wendy Ming –Yen Teoh, Siong Choy Chong, Binshan Lin and Jiat Wei Chua (2013)** studied the factors affecting consumer's perception of electronic payment system. The study was done on Malaysian consumer perspective. Four - point Likert scale was used in this study. The study considers the five factors i.e. Benefits, Trust, Self Efficiency, and Ease of use and Security to study the consumer perception towards e-payment. The results of study based on multiple linear regression shows that benefits, ease of use and self efficiency are the factors that leads the consumer perception towards e-payment on the other side security and trust had no significant effect on the consumer perception towards e-payment.

**Rachna and Priyanka Singh (2013)** studied the Issues and Challenges of Electronic Payment System. The study aims at the various types of EPS, frauds of EPS and motivating people to use online payment systems. The various types of electronic payment systems included in study are debit card, credit card, smart cards, e-wallets. The study states that both consumers and service providers can benefit from e-payment systems. The success of the systems depends on how the security and privacy features perceived by sellers and consumers are fulfilled that in turn results in increasing market confidence in e-payment system. So that consumer adoption of EPS will increased.

**Teerapat Jansorn , Supaporn Kiattisorn and Adisorn Leelasantitham (2013)** have covered their study on the acceptance of factors for

electronic payment services. The aim of the study was to explore the determinants influencing acceptance of electronic payment services. 100 respondents were participated in the study and data was collected through questionnaires. The study involves the use of unified theory of acceptance and use of technology (UTAUT) model. Structural equation modeling was used for hypothesis testing. The results of the study show that Performance Expectancy, Effort Expectancy, Social Expectancy and Facilitating Conditions are the main factors to enhance the adoption of electronic payment from actual users.

**Nitin Nayak, Vikas Nath, Nancy Goel (2014)** studies Indian consumer's adoption behaviour of mobile banking services. The purpose of the study is to determine the factors that influence consumer adoption behaviour of mobile banking services. TRA, TAM, TPB, IDT, UTUAT Models are used to study adoption behaviour towards mobile banking. The results of the study shows that Trust is an important factor i.e. the trust between customers and service provider, Perceived ease of use and Perceived usefulness are the important factors that influence users adoption of mobile banking services. On the other hand banks also create awareness among the customers to encourage them towards mobile banking services.

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

The aim of the study is to ascertain the usage of digital payment by the users.

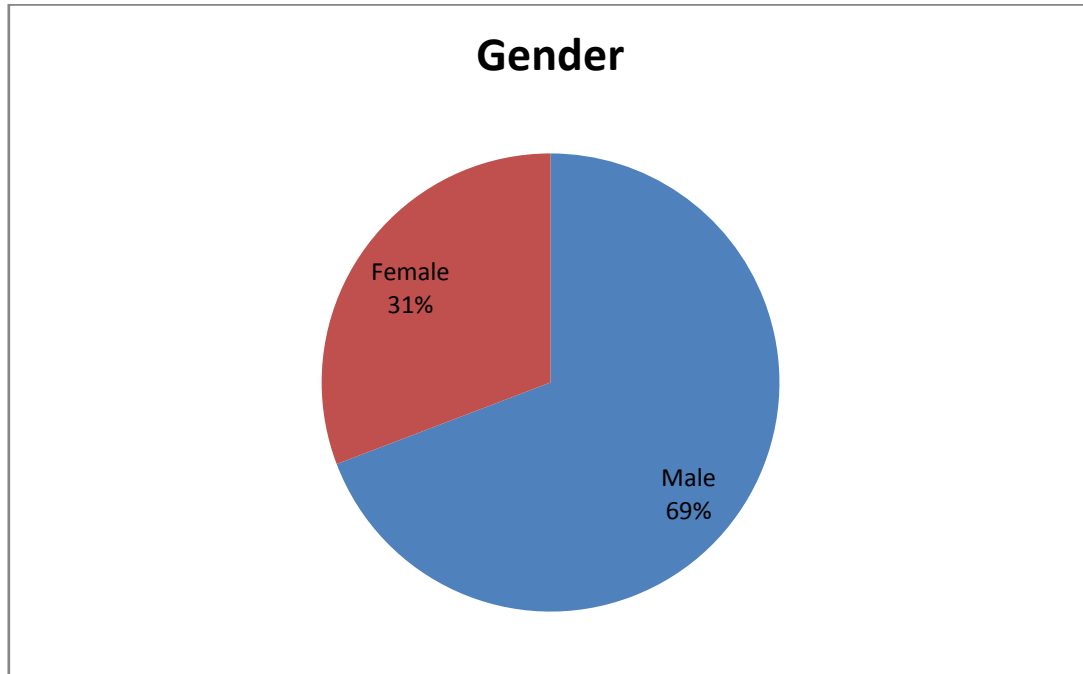
#### **Research Methodology**

The study is conducted to obtain the data on the digital payment awareness among the users in India. The study is conducted in Patiala District of Punjab Region .A sample size of 150 respondents was selected by using random sampling method, out of which 104 responded to the questionnaire . The respondents were categorized on the basis of :

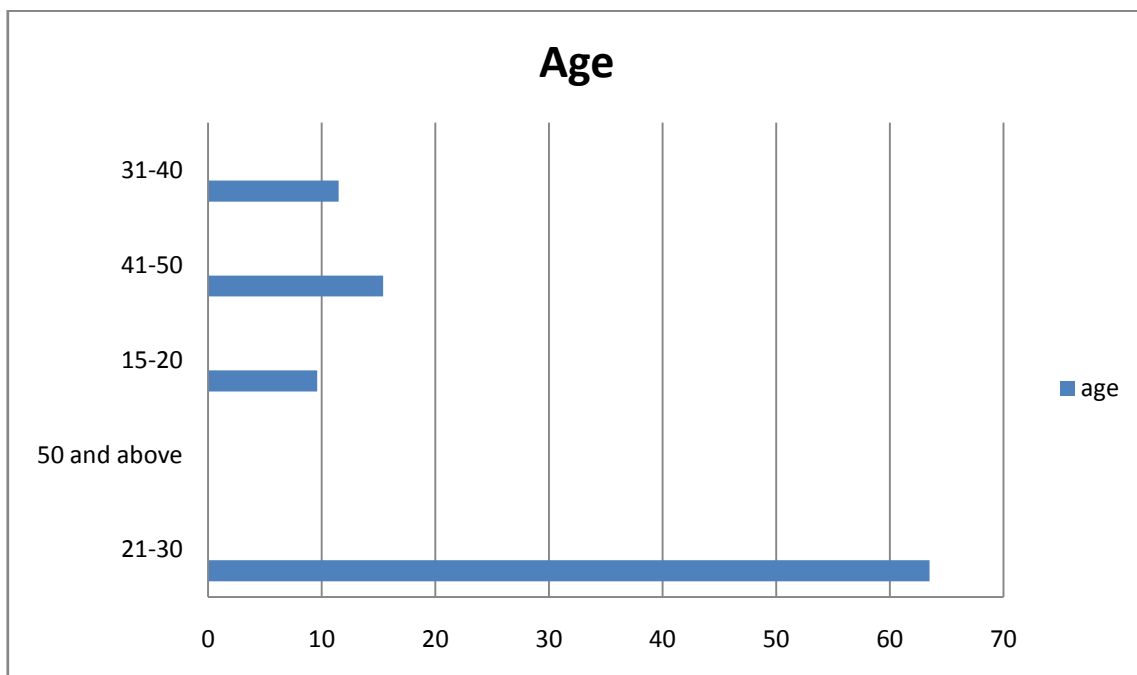
- Frequency of digital payment usage
- Usage of digital payment before and after demonetization
- Purpose of using digital payment
- Devices on which digital payment used
- Failure in payment transactions
- Customer satisfaction level on the basis of Ease of use, Transaction time, Privacy.

### III. DATA ANALYSIS

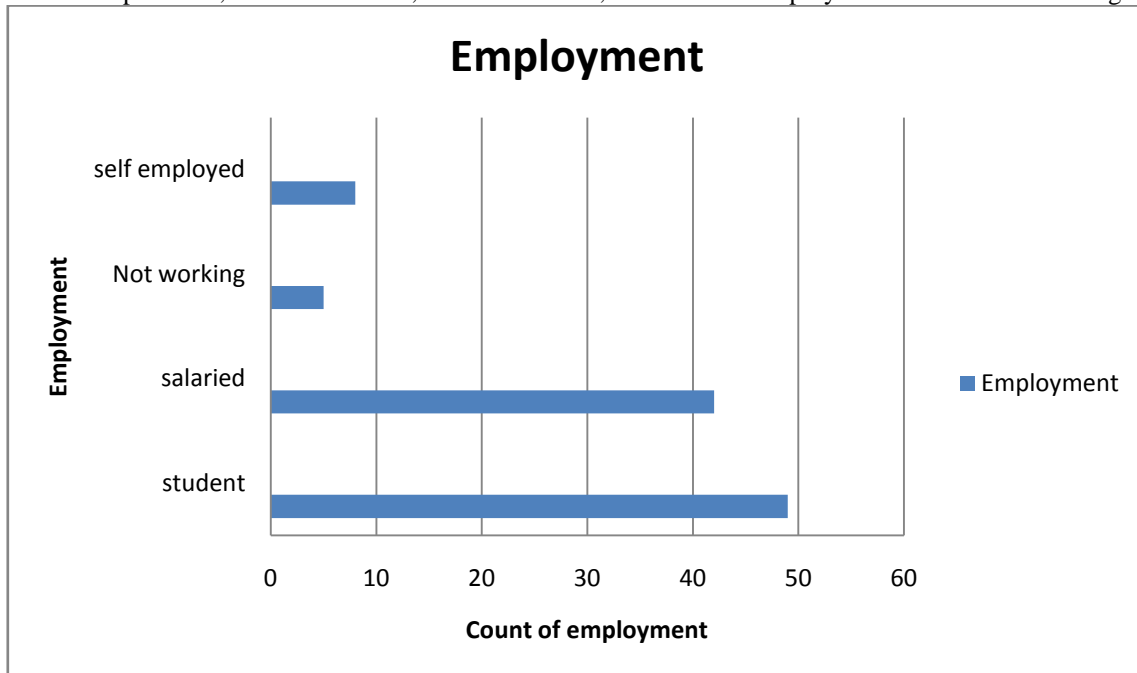
- Out of total sample population i.e. 104 respondents, 69.2 % and 30.8% of the total population were male and female respectively.



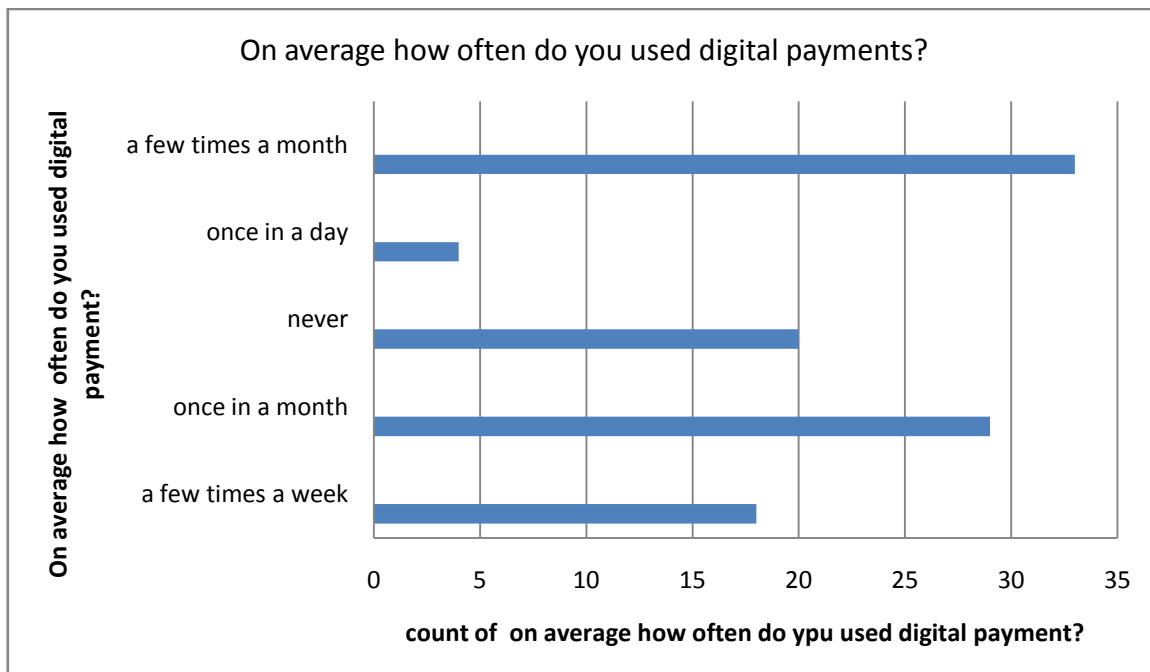
Majority of the respondents were from the age group of 21-30 and contributed 63.5% of the population size, 15.4% of the respondents were from age group 41-50 and 11.5% of the population was between age group of 31-40 and 9.6% of the population was between the age group of 15-20.



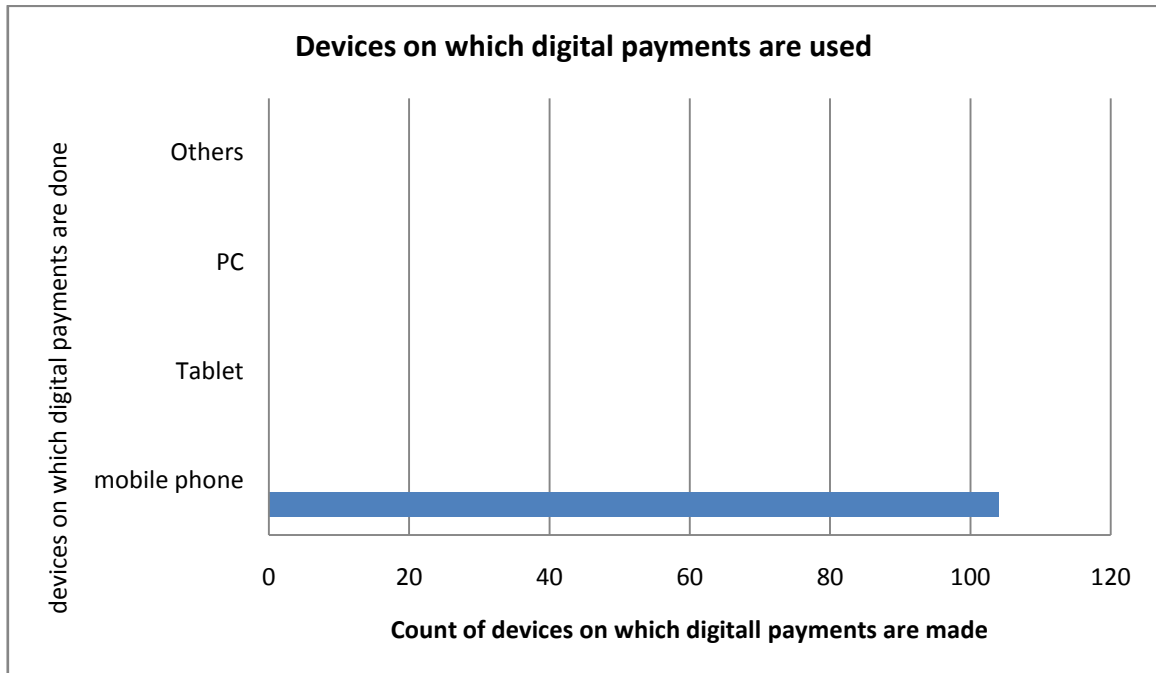
From 104 respondents, 49 were students, 42 were salaried, 8 were self – employed and 5 were not working



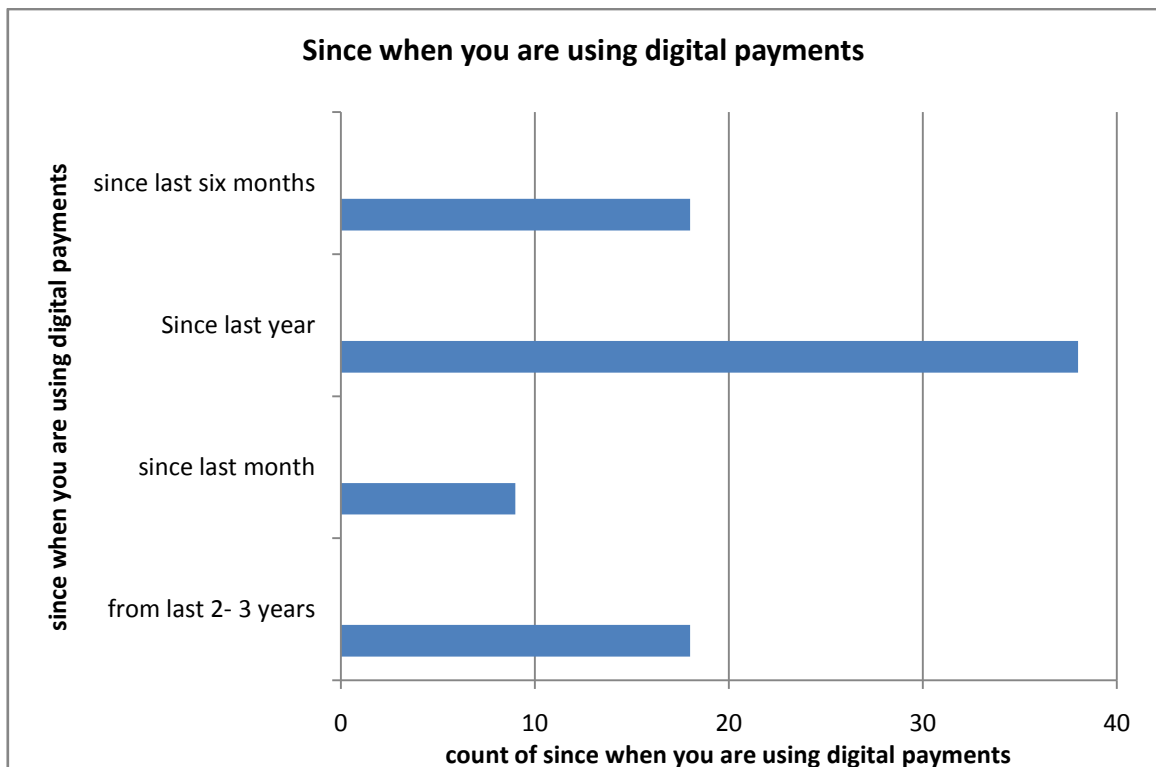
From 104 respondents 33 respondents use digital payments few times a month , 29 respondents use once in a month , 18 respondents use few times a week , 20 respondents never used digital payment and 4 respondents use once in a day.



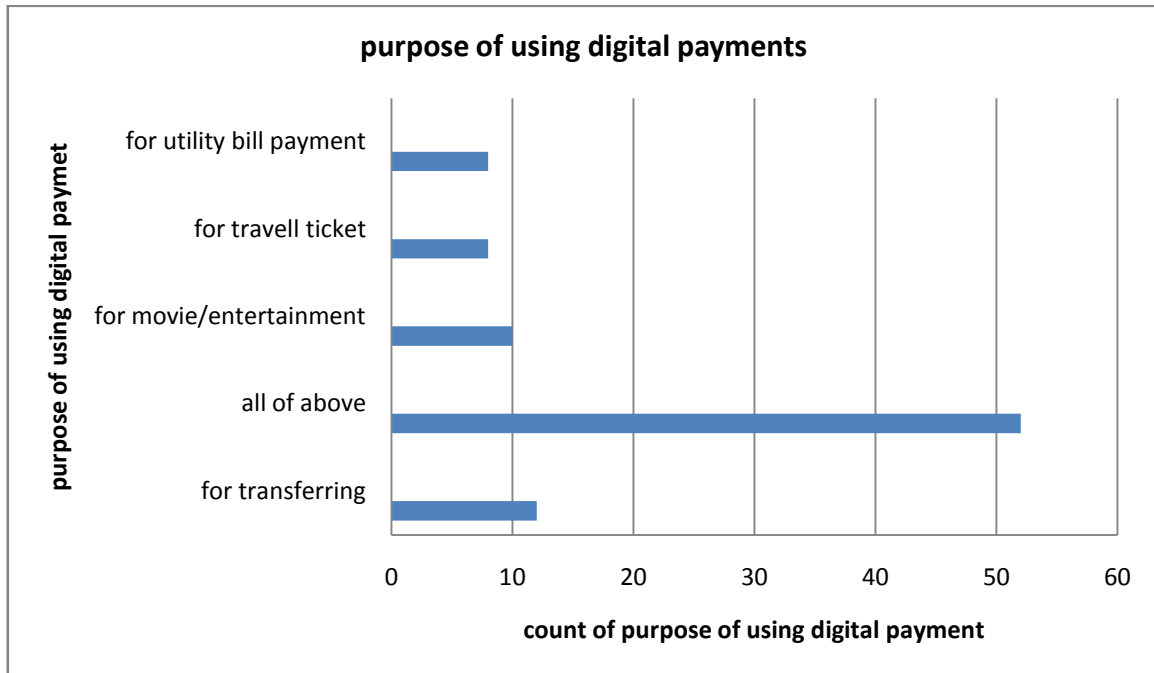
Due to efforts of the government towards digitisation and increasing penetration of internet and usage of smartphones almost all of the respondents use mobile payment apps as a mode of digital payments.



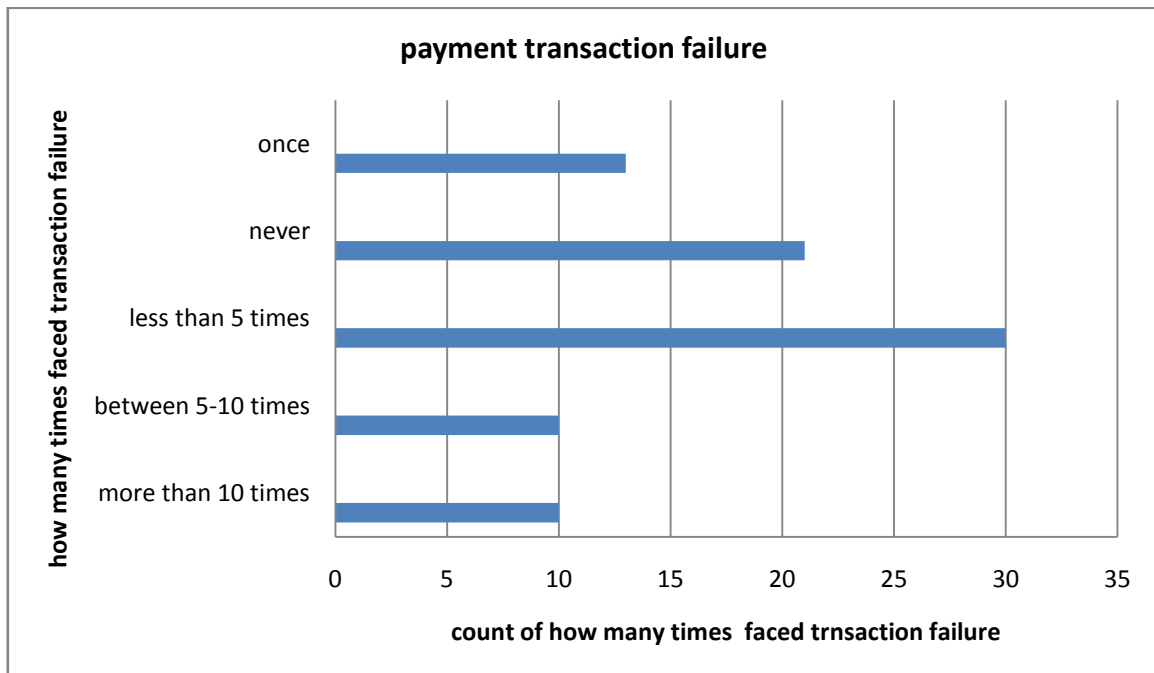
Major percentage of the people started using digital payment pre demonetisation from last 2-3 years.



Majority of the respondents use digital payments for all most all payment purposes.



Nearly 36% of the people claimed that they faced some problem during payment transactions. Various reasons such as payment gateway failure, problem with acceptance of debit credit cards.



Total responses Mean Ease of Use 844.43, Quick transaction trough digital payment 843.38, digital payments provides secured transaction 843.04, personal as well as transaction security 844.01 . useful offers or discounts offered by digital payments 843.89. customer services provided by digital payments 843.9

Questions	Total Responses	Mean
Ease of Use	84	4.43
Quick transactions by using digital payment	84	3.38
Digital payments provide secured transactions	84	3.04
Personal as well as transaction security	84	4.01
offers and discounts offered by various digital payment apps	84	3.89
Customer services offered by digital payment apps	84	3.9

As per the data obtained respondents are strongly satisfied towards ease of use, Satisfied response rate towards offers and discounts, quick transactions, customer security and personal security and neutral response rate towards transaction security.

#### IV. CONCLUSION

As the usage of digital payments is growing day by day. By continuous efforts of the government the number of digital payments has increased many number of times. Three major factor which play an important role in consumer adoption are convenience in Ease of use, quick online transaction and usefulness of digital payments. Users are neutral about transaction safety as 75% users claimed that they have faced the transaction failure. The most adored feature of digital payment is that it is a hassle free mode of making an online payment. So, digital payments play significant role in terms of privacy, transaction time, discounts, offers and customer satisfaction.

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