

## **Opinion Towards the Use of Digital Payment System: A Field Survey in Tiruchirappalli District**

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### **Abstract**

Digital payment and Online payment is the one of the most important system of payment where the customer or buyer makes his payment for the goods or services purchased with the use of the internet connectivity through his / her online accounts with the help of debit, credit cards and other digital means of payments. Digital payment provides the greater freedom to individuals in paying for their purchase and service transactions such as taxes, license fees, purchases at any locations and at any time of 365 days. Success of digital payment system depends on the customer preferences, ease of use, cost, authorization, security, accessibility and reliability. Based on our review of these findings, it is clear that the internet is playing a more and more important role in the field of digital payment. By this study we came to know various strengths of digital payment system such as quality, customer service, greater reach, time saving, customer loyalty and easy access to information, 24 hours availability, reduce paper work and no need to carry any cash.

### **Keywords**

Digital payments, customer preference, accessibility

### **Introduction**

Digital payment and Online payment is the one of the most important system of payment where the customer or buyer makes his payment for the goods or services purchased with the use of the internet connectivity through his / her online accounts with the help of debit, credit cards and other digital means of payments. "This type of payment lowers the costs for businesses as more payments are made electronically (online or offline) and the less they spend for paper and postage aspects. It also helps in improving customer retention as he / she is more likely to return to the same e-commerce site where his or her information has already been entered and stored". With online payment, it is not necessary for the payer to be in a long queue as payment is made in just a click of mouse. Additionally, for example, almost all the banks have an online bill payment service where it is offered free of charge and is available all days of the week or 24\*7. Digital payments save you from long queues of ATMs and banks. If one pays digitally, he / she need not withdraw cash from the account as most transactions are done through a digital mode or methods.

## **Digital Payment**

Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money which is otherwise called as electronic payment. There is no hard cash / physical handling of cash is involved in the digital payments system as all the transactions in digital payments are completed online. It is found to be an instant and convenient way to make payments by the customer for all his purchase of goods and services. It also refer to all payments that are completed using some various forms of electronic communication technology with a range of payment instruments such as debit or credit cards, internet payments, direct debiting of accounts and the use of mobile phones. It also includes stored value, prepaid cards and accounts, electronic money, click through transactions and the like.

### **Various Methods of Digital Payment**

1. **Credit card:** A form of digital payment system which requires the use of card issued by bank or financial institute to the card holder for making online payment through an electronic device without use of cash. Credit cards are primarily used for short term financing to the holder particularly for purchases of goods and services. There will be a gap of 50 days for payment and the maximum credit is fixed by the bank that is issuing the card based on the capacity of the card holder.
2. **Debit card:** Debit card is a prepaid card with some store value. It is also called ATM card. An individual has to open an account with a personal identification number (PIN) when he / she makes a purchase; he / she has to enter the PIN on shops PIN pad. The card may be either master card or VISA card. In a debit card transaction, the amount of purchase is withdrawn from the available balance in the card holder's account. If the available funds are insufficient the transaction is not completed.
3. **E-Wallet:** E-Wallet is a type of electronic card which is used for transactions made online through a computer or a smart phone. It has mainly two components. They are software component and information component. The software component stores personal information and provides security and encryption of the data. The information component is a data base of details provided by the user which includes their payment method, passwords, credit and debit card details, PIN and much more.
4. **Smart card:** Smart card is also called stored value card. A smart card is about the size of a credit card, made up of a plastic with an embedded microprocessor chip that holds important financial and personal information of the holder. The microprocessor chip is loaded with the relevant information and periodically recharged. In addition to these pieces of information, systems have been developed to store cash into the chip. The money on the card is saved in an encrypted form and protected by a password to ensure the security of the smart card.

5. **Pay-tm:** Paytm is an Indian electronic payment system in India. It was launched in August 2010. The acronym of Paytm is Payment Through Mobile. Paytm is India's largest mobile commerce platform. Paytm started by offering mobile recharge and utility bill payment and today it offers a full market place to consumers on its mobile apps.
6. **E-banking:** E-Banking is also called virtual banking. It is an e-payment system that enables the customers of a bank or other financial institution to conduct a range of financial transactions through the financial transaction websites. It also enables the bank customers to handle account management and perform account transactions directly with the bank through internet.
7. **E-Cheque:** An electronic payment process that resembles the function of paper cheques but offers greater security and more features. Electronic cheques are typically used in order to be processed online and are governed by same laws that apply to paper cheques. Electronic cheques offer protective measures such as authentication and digital signatures to safeguard digital transactions.

#### **Advantages of Digital Payment**

1. Easy and convenient: Digital payments are easy and convenient. You do not need to take loads of cash with you. All you need is your mobile phone or Aadhaar number or a card to pay. UPI apps and E-Wallets have made digital payments easier.
2. Pay or send money from anywhere: With digital payment modes, one can pay from anywhere anytime. Suppose your close friend's mother fell ill at night. He called you at midnight and asked some money, you can send money to your friend using digital payment modes such as UPI apps, USSD or E-Wallets.
3. Discounts from taxes: Government has announced many discounts to encourage digital payments. If you use digital modes to make a payment up to Rs. 2000, you get full exemption from service tax. You also get 0.75 per cent discounts on fuels and 10 per cent discount on insurance premiums of government insurers.
4. Written record: You often forget to note down your cash spending. Or even if you note, it takes a lot of time. But you do not need to note your spending every time with digital payments. These are automatically recorded in your passbook or inside your E-Wallet app. This helps to maintain your record, track your spending and budget planning.
5. Less Risk: Digital payments have less risk if you use them wisely. If you lose your mobile phone or debit/credit card or Aadhar card you don't have to worry a lot. No one can use your money without MPIN, PIN or your fingerprint in the case of Aadhar. But it is advised that you should get your card blocked if you lost it. Also call the helpline of your E-wallet to suspend the wallet account to prevent anyone from using your wallet money.

### **Disadvantages of Digital Payment**

1. Every coin has two sides so as the digital payments. Despite many advantages, digital payments have a few drawbacks also.
2. Difficult for a non-technical person: As most of the digital payment modes are based on mobile phone, the internet and cards. These modes are somewhat difficult for non-technical persons such as farmers, workers etc.
3. The risk of data theft: There is a big risk of data theft associated with the digital payment. Hackers can hack the servers of the bank or the E-Wallet you are using and easily get your personal information. They can use this information to steal money from your account.
4. Overspending: You keep limited cash in your physical wallet. Hence, you think twice before buying anything. But if you use digital payment modes, you have all your money with you always. This can result in overspending.

### **Review of Literature**

Nath (2014)<sup>1</sup> discussed the implications of ICT in developed and marginal economy of the world. In case of developed economy ICT is a demand but for marginal economy ICT is the need. Due to lack of infrastructure support and government intervention, ICT may not be implemented properly for the development of the society. It is basically use for specific sections of the society. But benefits should not be restricted to one segment only. The economic growth should be viewed from each and every individual. Unless and until this objective is not fulfilled the gap will remain as it is. So, there is a need to make necessary changes in the policy implications so that the true benefits of ICT should be availed by all the groups of people living within a territorial boundary of a country.

Ahamad (2015)<sup>2</sup> described the present condition of rural economy and its subsequent impact on rural employment opportunities. Indian economy is basically agrarian economy and most of the people are engaged in agricultural activities. But with changing economic environment the demand for the new age agricultural productive activities are in high demand. But slow implementation of the process is hampering the growth in terms of production and employment opportunities. This has also led to growing nature of rural to urban labour migration. This movement of workforce leads to shortages of manpower in the rural areas. There is an urgent need to upgrade the facilities in the agricultural sector. Application of IT should be considered more relevant as it may lead to create better income generating opportunities. The growth in employment generation ultimately leads to push other sectors as well. The overall impact should be seen from a long-term perspective.

Vinayagamoorthy (2015)<sup>3</sup> discussed the perception of rural consumers towards internet banking services. It is noticed that most of the banks trying to reduce the operational costs with the help of various value added services and innovative distribution networks. If we see the rural population distribution, it is very much

scattered. As a result of which providing services to these group of customers increasingly become difficult. There is a tradeoff exists which describes the nature of the problem. On the one hand reach becomes difficult due to infrastructural problems, on the other hand due to lack of banking facilities, they become more dependent on local money lenders. The higher cost of operations may be reduced with the help of adequate development of technology led banking services, viz. mobile banking services and internet banking services. The modern banking approach also depends heavily in the technology aspect. But the problem lies elsewhere. Even if the banks are able to develop modern facility, it may not be useable for the rural consumers unless and until the consumers are well aware of the facility and usage of the same over the time period. This gap should be removed by providing adequate training to new customers. Otherwise technology may become burden for them.

Bhatnagar (2015)<sup>4</sup> describes the awareness and adoption of new age banking facilities by the rural poor. It has been witnessed that after reforms of financial sector, most if the banking services are widened their operations by expanding the banking operations in unbanked areas. But even after the initial momentum most of the banks are not able to retain the expansion of the services due higher cost of serving the rural customers. Since, the earnings are less, providing a basic banking service is a challenge. The traditional banking services may not be able to provide the services are often become more complicated. As the technology started playing an important role, the costs of delivering the services are also reduced drastically. But the system is not full proof. Lack of awareness and trust on the system are the major hindrance for the proper implementation of the system till date. As long as the consumers are not going to enjoy trust, it becomes difficult for the service providers to adopt the technology based services which is the new mechanism for financial inclusion and value added services. Serving rural areas in a cost effective manner is surely and important and uphill task for the service providers and this should be shorted out through proper implementation mechanism.

Kak *et al.* (2015)<sup>5</sup> Describe the role of ICT in developing socio economic aspect of rural India. In a globalised environment the consumers are suppose to get better service and facilities as compared to traditional product and services. As the business opportunities increased the rural consumers also become the target consumers. But due to wide application of technology based products and distribution network, it is becoming inevitable for them to learn and understand the usage and benefits of the facility. Since the cost of delivery is not that much high, it is becoming more acceptable for the producers also. As the global market is growing the nature of the business and consumer expectations is also changing. This changing environment should be taken into consideration and ICT should be implemented in a phased manner.

### **Statement of the Problem**

Digital Payments are growing at a higher rate and having card has become the need of every person and almost all the products are offered through online. This has paved the way for the use of digital payment by the users more effectively for their purchases, as it is more convenient form of transaction, everybody wants to use the online services. The technological development in the field of information technology and the use of IT in the marketing has increased the use of online services. The need of the study is to find out the purposes for which the digital payment is being used, and the factors influencing the users to go for digital payment. Hence the present study is designed as “A Study on Public Opinion Towards Digital Payment System in Tiruchirappalli District” the study also covers the problems faced by the digital payment users while using the online services.

### **Objectives of the Study**

1. To study the various mode of digital payment.
2. To assess the purpose for using digital payment services.
3. To identify the factors motivating the digital payment users.
4. To examine the problems in digital payment services.
5. To examine the satisfaction level of digital payment users.

### **Scope of the Study**

The study is an empirical study it is undertaken to highlight the opinion of the respondents regarding the digital payment activity. Though the study focuses on the opinion of the respondents regarding, different purpose of using the digital payment and the mode of payment used for digital payment, this study also examines the factors which are influencing the users to opt for digital payment. In addition to this the researcher has attempted to evaluate the problems faced by the digital payment users and their level of satisfaction about the digital payment services provided by the companies.

### **Mehodology**

The study is an empirical study based on primary data and secondary data. Questionnaire was developed for this purpose. It also presents the type of data used, selection of samples, tools of analysis, period of study and other related outcomes from the study.

### **Primary and Secondary Data**

Primary data were collected through a structured questionnaire distributed to the users or the purpose of collecting the required data. The respondents were interviewed at their purchase place for the collection of data.

Secondary source of data consists of existing information collected by the researcher from different sources. The external sources include RBI reports, magazines, research journals, websites of digital payment activity and other

internet sources. The researcher has collected the required secondary sources of data to understand the digital payment services initiated in India.

### **Selection of the Samples**

Selection of the sample is an important part of the research work. The researcher has selected 80 respondents for this research work through convenient sampling method. The respondents were selected at the door steps of the bazaar street shops after their purchases and clarified of the type of payment system followed. Having found them potential respondents the structured questionnaire was distributed for the collection of the required data for the research.

### **Statistical Tools Used**

The collected data has been processed with the help of appropriate statistical tools. The statistical tools are used on the basis of the objectives of the study and also the nature of data included in the analysis. The details of statistical tools and its relevance of application are summarized below:

1. Garrett's Ranking Technique
2. Weighted average method
3. Percentage Analysis
4. Factor analysis

### **Period of the Study**

This study was done by the researcher for a period of 6 months from August 2017 to January 2018.

### **Limitations of the Study**

1. The researcher has conducted the survey in Tiruchirappalli only.
2. The researcher collected data from the digital payment users only.
3. The time available for this research is very limited. The study is conducted on a small scale.
4. The sample size is limited to 80 respondents chosen for collecting data which is less in number and hence there is no possibility for more accurate results.

### **Summary of Findings**

The structured interview schedule helped the researcher to collect the data required for the study. The collected data were analyzed with the help of statistical tool Garrett ranking and weighted average method. Based on the inferences the following findings were drawn.

1. Out of 80 respondents considered for the study a maximum of 57.5 percent of the respondents are female.
2. Majority of 61.25 percent of the respondents are using digital payment in the age group of 21 to 31 years which is found to be techno literate of the society.
3. Majority of 55 percent of unmarried respondents are using digital payment activity.

4. Majority of 46.25 percent of the respondents are qualified with PG degree.
5. Majority of 41.25 percent of the respondents are residing in rural areas.
6. Majority of 65 percent of the respondents belong to the family size of 3 to 4 members.
7. Majority of 36.25 percent of the respondents belong to the family income of above Rs.50,000/-.
8. Majority of 42.5 percent of the respondents are earning more than Rs.20,000/-.
9. Majority of 61.25 percent of the respondents are using digital payment on their own.
10. Majority of 38.75 percent of the respondents are using mobile phones for digital payment activity.
11. Majority of 32.5 percent of the respondents are using digital payment once in a month.
12. Majority of 31.25 percent of the respondents are spending below 1,000 for digital payment activity.
13. Majority of the respondents are using e-banking/internet banking mode of payment for digital payment activity.
14. Majority of the respondents are highly motivated with the factor of time saving for using digital payment activity.
15. Majority of the respondents are facing the problem of lack of awareness about the digital payment activity.

**Suggestions:**

Suggestions are given to strengthen the digital payment:

1. Awareness should be created towards digital payment system invariability of the gender, age, marital status, education level and the area of residence.
2. Small size families are found to use digital payment system in large numbers. Large families also try to use the digital payment system in all their financial transaction.
3. The use of mobile way digital payment appears to be less which needs to be encouraged.
4. Nowadays the banker's apps are very famous among young people. It is very useful for online shopping. The customer has inability to adopt mobile apps to access digital payment. Failure to understand exactly where and sensitive account data is stored and transmitted can prevent organizations from clearly defining and implementing data protection solutions.
5. Sometimes the bank website server does not accept final submission for money transaction at the registration time and the registration process took long time to finish the submission. This is frustrating the customer. At the time, they do not know whether the process is completed or not. This is the big issue in the registration.



6. The rural area customers do not know about digital payment. Even the urban area customers also do not have the awareness about digital payment. So the concern banker should teach the customer how to use the digital payment. Pamphlet may be circulated regarding this or awareness programme may be conducted in the leading institutions, government office.
7. If the customer wants the refund of money, it takes a long time to get back the refund. The bankers should take an action against this issue. Customer does not know exactly how much fund will be refund and when the fund will be refunded.
8. The customer faces problems regarding low internet speed especially during the peak hours. Some bankers do not have the capability to withstand the overload process. This leads to the customer to think about not use internet. Customer fears about the low internet speed and they may doubt whether the digital payment would be complete or not. So the customer needs high internet speed from the provider.

### **Conclusion**

Digital payment provides the greater freedom to individuals in paying their taxes, license fees, fines and purchases at any locations and at any time of 365 days. Success of digital payment system also depends on the customer preferences, ease of use, cost, authorization, security, accessibility and reliability etc. Based on our review of these findings, it is clear that the internet is playing a more and more important role in the field of digital payment. By this study we came to know various strengths of digital payment system such as quality, customer service, greater reach, time saving, customer loyalty and easy access to information, 24 hours availability, reduce paper work and no need to carry any cash.

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