

A STUDY ON FACTORS INFLUENCING CONSUMERS' PERCEPTION OF DIGITAL PAYMENT IN INDIA

Abstract

This study aims at analyzing the factors influencing consumers' perception of digital payment in India. It entails the impact and importance of digital payment applications on consumers. The study includes a detailed study of five major payment applications that are used in India that is Google pay, Phonepe, Paytm, Amazon, and Bhim Upi. The study was conducted in the Chennai region and the survey was collected through a structured questionnaire. A description study was concluded with 150 sample respondents. Percentage method, Chi – square test, t-test, ANOVA test, and Kruskal Wallis test were adopted to analyze the data, most of the respondents preferred digital payment over cash because it is accepted everywhere, with no need to carry the amount, safe, and security, privacy, and ease to use. Retail shops are also accepting digital payments. Digital fraud and network issues did not have any significant impact on consumers' perceptions of digital payments. Our study indicates digital payments application has a great scope in the long run based on respondents' opinions.

Keywords: Consumers' Perception, Digital Payment.

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I. INTRODUCTION

In the current world one word is common which is digitalization and it is also an enriched trend due to the increase in the use of smartphones by people the same has functional to the financial sectors. The recent growth and development of digital payment have led to considerable improvement in digital technology. Largely smartphone businesses are fulfilling consumer requirements. The digital payment system is increasingly popular in India due to the widespread of the Internet for shopping and banking services. This conversion towards digital payments benefits in more transparency in a transaction which empowers the Indian economy.

II. REVIEW OF LITERATURE

Gaurav Tyagi, Hrishikesh Jagadale, and Nilesh Anute (2022) conducted a study to examine whether the user base of UPI apps is increasing due to various benefits such as ease of use, two-factor authentication, and the lack of need to carry cash. Their study reported that most people preferred online payment over cash because carrying cash also carries the risk of losing it.

Aniket Ashokbhai Maisuria (2021) analyzed the usage rate of digital payment during the COVID-19 period, and their study concludes that more and more people are getting into the digital payment system because of its ease of use, time-saving, cashless, no banking hours, and safety measures. After COVID-19, every single shop has adopted a digital payment system for receiving and paying money.

Manisha Kakkar, Laxmi Narayana Yadava, Dr. Mini Amit Arrawatia, and Dr. Museer Ahmed (2021) analyzed the key points of government contribution to awareness of digital payment in society concerning MSME, and their study highlights that going digital is not a wrong choice for merchants; it helps them reach out to more customers and expand their customer base.

K. Suma Vally and K. Hema Divya (2018) tried to examine the factors that influence digital payment adoption. Their study concludes that the deployment of technology for digital payment has improved the performance of the banking sector and enabled it to achieve the goal of a cashless country.

Ashish Baghla (2018) measures the attitude of people toward the adoption of digital payments. Their study shows that the effort by the government to make India a cashless economy is going rightly, but it will take time for India to become completely cashless as there are various challenges with which the government has to deal with digital payment in India.

Priyanka S. Kotecha (2018) evaluates the growth of mobile wallets in India, and their study found that mobile wallets are growing rapidly mainly because of convenience in transactions, and various local shoppers are also demanding mobile payment, because of which mobile wallets are growing in the upcoming years.

Dr. Hema Shweta Rathore (2016) focused on the factors that influence customer decisions about using digital modes of payment, and they concluded that digital wallets will quickly become a popular mode of payment as they are convenient and will gain widespread acceptance in the market.

III. OBJECTIVES OF THE STUDY

1. To analyze the factor which influences the consumer's adoption of digital payment.
2. To analyze the impact of consumer income status on the usage of digital payments.
3. To analyze the problems faced by consumers while using digital payments.
4. To analyze the experience of digital payment fraud.

IV. RESEARCH METHODOLOGY

- The study is conducted by using the **descriptive** type of research methodology.
- The study primarily depends on **Primary Data**

1. Data Collection: The survey method was used to collect the primary data. The survey is conducted using a well-structured questionnaire. Totally **150** questionnaires were distributed and collected.

2. Data Analysis: The primary data were analyzed using the **Data tab** statistical software.

V. STATISTICAL TOOLS

- Percentage Method
- Che – Square Test
- T-Test
- ANOVA Test
- Kruskal Wallis Test
- Data Analysis

Table 1: Demographic and Socio-Economic Characteristics of Customers

Gender	No. of Respondents	%
Male	73	48.67
Female	77	51.33
Total	150	100
Age Intervals	No. of Respondents	%
Below - 20	39	26
21 – 30	29	19.33
31 – 40	28	18.67
41 -50	28	18.67
Above - 50	26	17.33
Total	150	100
Educational Status	No. of Respondents	%
Elementary Level	34	22.67

High School Level	33	22
Diploma	29	19.33
UG	28	18.67
PG	26	17.33
Total	150	100
Occupational Status	No. of Respondents	%
Private Employee	36	24
Government Employee	26	17.33
Daily Worker	26	17.33
Retired Person	22	14.67
Student	20	13.33
Home Maker	10	6.67
Unemployed	10	6.67
Total	150	100
Marital Status	No. of Respondents	%
Single	87	58
Married	63	42
Total	150	100
Monthly Income	No. of Respondents	%
Less than Rs. 20,000	39	26
Rs. 20,001 – 30,000	22	14.67
Rs. 30,001 – 40,000	31	20.67
Rs. 40,001 – 50,000	26	17.33
Above Rs. 50,001	32	21.33
Total	150	100
Payment Option	No. of Respondents	%
Debit card and Credit card	10	6.67
Cash	7	4.67
Cheque	7	4.67
Online	126	84
Total	150	100
Smartphones used by a customer	No. of Respondents	%
Male	73	73
Female	77	77
Total	150	100
Digital Payment Application used by a customer	No. of Respondents	%
Google pay	39	26
Phone pe	33	22
Paytm	29	19.33
Amazon pay	26	17.33
Bhim UPI	23	15.33
Total	150	100
Sources of Awareness	No. of Respondents	%
News Paper	33	22
TV/ Radio	33	22

Social Media	30	20
Family	27	18
Bank	25	16.67
Total	150	100
Frequency of using Digital payment on (Weekly basis)	No. of Respondents	%
0 – 5	41	27.33
6– 10	39	26
11 – 15	34	22.67
More than 15	36	24
Total	150	100
Shop will Accept Digital Payment	No. of Respondents	%
Yes	127	84.67
No	23	15.33
Total	150	100
To Get Help from	No. of Respondents	%
Friends	36	24
Family Members	30	20
Customer service executives	28	18.67
Social Media	28	18.67
None	28	18.67
Total	150	100

Inference: It is noted from the above table that, compared to male respondents, 51.33% of female respondents preferred digital pay, and respondents in the below-20 age group preferred digital pay. 22.67% of Elementary school-qualified respondents, 24% of private sector respondents, 58% of single respondents, and 26% of respondents earning below Rs. 20,000 prefer digital pay. 84% of respondents prefer to pay for transactions online. 77% of female respondents used smartphones. Compared to other digital applications 26% of respondents prefer the Google Pay digital application; 22% of respondents get awareness from newspapers, TV, and radio; and 27.33% of respondents the weekly frequency of using digital payments is 0-5, 84.67% of shops in India will accept digital payments, and 24% of respondents get help from friends to make a digital payment.

To find out the relationship between Gender and experience with Digital Fraud in digital payment;

H₀: There is no association between gender and experience with digital fraud in digital payments.

H₁: There is an association between gender and experience with digital fraud in digital payments.

Table 2: Gender and Experience with Digital Fraud in Digital Payments

Gender	Experience with Digital Frauds (Call, Mail, and Text)		Total	Chi-Square Value	P value
	I have Received but Carefully Avoided	I have not Received			

Male	38	35	73	0.42	0.516
Female	36	41	77		
Total	74	76	150		

Inference: Table 2 indicates that the P value (0.516.) is greater than 0.05 at a 5% level of significance and hence the null hypothesis is accepted. It is inferred that there is no association between gender and experience with digital fraud in digital payments.

To find out the relationship between age and problems faced by customers making digital payments;

H₀: There is no association between age and problems faced by customers making digital payments.

H₁: There is an association between age and problems faced by customers making digital payments.

Table 3: Age and Problems Faced by Customers Making Digital Payments

Age Group in Years	Problems faced by customers making Digital payments			
	Mean	S. D	F- Value	P Value
Below – 20	3.03	1.71	0.06	0.994
21 – 30	3.10	1.86		
31 – 40	3.07	1.76		
41 – 50	3.14	1.63		
Above - 51	3.23	1.92		

Inference: Table 3 indicates that the P value (0.994.) is greater than 0.05 at a 5% level of significance and hence the null hypothesis is accepted. It is inferred that there is no association between age and problems faced by customers making digital payments.

To find out the relationship between marital status and the various spending avenues for customers to make digital payments;

H₀: There is no association between marital status and the various spending avenues for customers to make digital payments.

H₁: There is an association between marital status and the various spending avenues for customers to make digital payments.

Table 4: Martial Status and the Various Spending Avenues for Customers to Make Digital Payments

Martial Status	Spending Pattern of Customers making Digital Payments			
	Mean	S. D	T - Value	P - Value
Single	4.27	1.97	2.14	0.034
Married	3.57	1.96		

Inference: Table 4 indicates that the P value (0.034.) is lesser than 0.05 at a 5% level of significance and hence the null hypothesis is rejected. It is inferred that there is an association between marital status and the various spending avenues for customers to make digital payments.

To find out the relationship between Family income and the frequency of using digital payments;

H₀: There is no association between family income and the frequency of using digital payments.

H₁: There is an association between family income and the frequency of using digital payments.

Table 5: Family Income and the Frequency of using Digital Payments

Family Income	Frequency of using Digital Payments		
	Mean Rank	Chi-Square Value	P -Value
Less than Rs. 20,000	70.08	2.34	0.674
Rs. 20,001 – 30,000	70.86		
Rs. 30,001 – 40,000	77.37		
Rs. 40,001 – 50,000	85.12		
Above Rs. 50,001	75.67		

Inference: Table 4 indicates that the P value (0.674.) is greater than 0.05 at a 5% level of significance and hence the null hypothesis is accepted. It is inferred that there is no association between family income and the frequency of using digital payments.

Table 6: Most Influential and Least Influential Factors for Making Digital Payments

Factors	Mean	Std. Deviation
Time-saving	2.56	1.41
Easy to use	2.95	1.39
Accepted everywhere	2.87	1.49
Safe and security	2.95	1.39
Privacy	3.62	1.28
No need to carry the amount	4.15	0.99
Less costly	3.33	1.53
Offer, rewards, and cash back	2.76	1.25

Inference: It is noted from the above table no need to carry the amount, privacy, less cost, ease to use, safe and security, and acceptance everywhere is the most important factors which influenced the customer to make digital payments.

Table 7: Cross Tabulation Explain the Security Measures Followed by Gender

Security Measures	Male	%	Female	%	Total
Secure Browsing	17	23.29	14	18.18	31
Verify contact	6	8.22	20	25.97	26

Spam Alert	19	26.03	13	16.88	32
Use only the Authentic App	17	23.29	19	24.68	36
Never Reveal Pin to Stranger	14	19.18	11	14.29	25
Total	73	100	77	100	150

Inference: Table 7 shows the percentage and frequency of customers' security measures regarding digital payments. 26.03 % of males follow spam alerts, and 23.29 % of males follow secure browsing and authentic app security measures. 25.97% of females follow verify contact and 24.68% of females follow authentic app security measures.

Table 8: Various Spending Avenues for Customers to Make Digital Payments

Various Spending Avenues	Mean	Std. Deviation
Grocery	2.78	1.65
Online Shopping	2.88	1.45
Other consumables(Footwear, Jewellery & stationery)	2.95	1.28
Bill payment (hotel, electricity & Gas)	2.95	1.32
Mobile Recharge	2.88	1.45
Taxi payment (uber, Ola)	2.65	1.57
Financial transaction	2.61	1.54

Inference: It is noted from the above table that bill payments, retail shopping, online shopping, and mobile recharge are important avenues for customers to make digital payments

Table 9: Shows the Best Digital Payment Application based on Offers, Rewards, and Cash Back

Best Digital Payment Application based on Offers, Rewards, and Cash Back	No. Of Respondents	%
Google pay	33	22
Phone pe	29	19.33
Paytm	31	20.67
Amazon pay	26	17.33
Bhim UPI	31	20.67
Total	150	100

Inference: It is noted from the above table 22% of respondents told Google Pay is the best digital payment application based on offers, rewards, and cash back. 20.67% of respondents referred to Paytm and Bhim Upi as the best digital applications

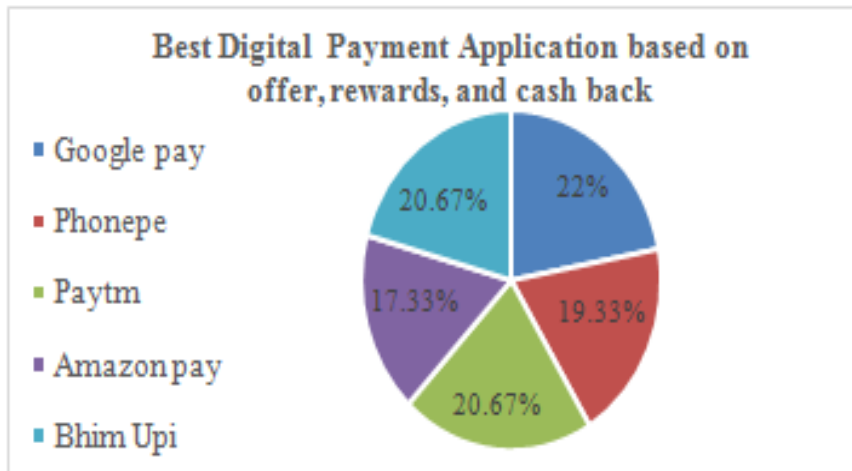
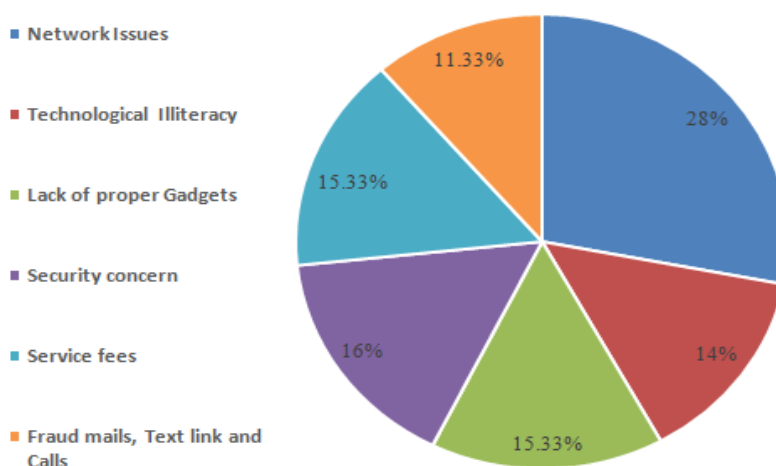


Table 10: Showing the Difficulties Faced by Customers from Digital Payment Systems

Difficulties Faced by Customers from Digital Payments Systems	No. of Respondents	%
Network issues	42	28
Technological illiteracy	21	14
Lack of proper Gadgets	23	15.33
Security concern	24	16
Service Fees	23	15.33
Fraud emails, texts, links, and calls	17	11.33
Total	150	100

Inference: It is noted from the above table 28% of respondents faced network issues problems, 16% of respondents faced security concern problems, and 15.33% of respondents lack of proper gadgets and service fees problems for making a digital payment.

The difficulties faced by customers from digital payment systems.



VI. FINDINGS

- 100% of respondents used smartphones in Chennai city and 84.67% of shops will accept digital payments, 27.33% of respondents' weekly frequency of using digital payments is 0-5.
- The following factors influenced the customer to make digital payments no need to carry the amount, privacy, less cost, easy to use, safe and security, and acceptance everywhere.
- 22% of respondents told Google Pay is the best digital payment application based on offers, rewards, and cash back.
- 28% of respondents faced network issues and problems with making a digital payment. 26.03 % of males follow the spam alerts security procedure and 25.97% of females follow verify contact security procedure.
- Bill payments, retail shopping, online shopping, and mobile recharge are important avenues for customers to make digital payments.
- There is no association between gender and experience with digital fraud in digital payments.
- There is no association between age and problems faced by customers making digital payments.
- There is an association between marital status and the various spending avenues for customers to make digital payments.
- There is no association between family income and the frequency of using digital payments.

VII. CONCLUSION

Nowadays, technology has played a vital role in the hearts of people. In this study, we examined various avenues of spending that are determined by some factors that contribute to digital payment in a cashless economy.

Digital technology mainly deals with using our mobile devices to pay bills and conduct financial transactions. Retail shops are also supporting digital payments. Cashless transactions will help with more secure payment options; there is no need to carry an amount, they are accepted everywhere, and they are also convenient due to their fast processing. However, issues of digital fraud and network issues did not have a significant impact on consumers' perceptions of digital payments.

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