

PAPER NAME

Digital Payment Correction (1) (1).pdf

WORD COUNT

3550 Words

CHARACTER COUNT

18947 Characters

PAGE COUNT

13 Pages

FILE SIZE

568.6KB

SUBMISSION DATE

Jun 29, 2023 9:21 PM GMT+5:30

REPORT DATE

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A STUDY ON CONSUMER ADOPTION OF DIGITAL PAYMENTS WITH SPECIAL REFERENCE TO EMPLOYEES OF IT SECTOR IN COIMBATORE CITY

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ABSTRACT:

The purpose of the study Because of the government's Demonetisation policy, people in India became more aware of the benefits of digital payments. But still, people are not aware of the variety of services that it provides. The securities, identity theft, and payment delay should be reduced, which will automatically increase the adoption of digital payment. Apart from the issues, the convenience, accessibility, and ease of use of digital payments have gained credit. As the youth population adapts quickly to the latest technology, digital payment service providers must consider their needs.

Key Words: Digital Payment, IT sector, Consumer Adoption.

INTRODUCTION:

In today's world, a smart phone has become an important part of life. The number of smart phone users has increased dramatically as they have become more affordable. Besides providing the basic functions of communication, a smart phone provides plenty of other services. Its functions of storing and paying currency are identical to those of a traditional leather wallet, with the exception of performing the same digitally and with a greater number of parties directly or indirectly involved in performing the same on a digital platform.

HISTORY OF DIGITAL PAYMENT:

The roots of electronic payment can be traced back to 1871, when Western Union debuted the electronic fund transfer (EFT) in the U.S., it was the first time when people could pay for goods and services without having to be present during the transaction process. Forms of payment continue to transform since then, including the launch of the first modern-day credit card by the Bank of America in 1958. However, it was not until the 1960s when the America advanced Projects Agency Network was launched. The Platform lay the foundation for the internet that we're familiar with today, paving the way for the next evolution of payment methods.

DIGITAL PAYMENT IN INDIA:

One of the first online payment systems in the country dates back 1996, where the Industrial Credit and Investment Corporation of India began to offer clients online banking services in their retail branches. History of digital payment in India 2008, the National Payments Corporation of India started to create a more established payment and settlement infrastructure in the country. That has since given birth to various products and Services, including India's unique digital identity system Aadhaar in 2010 and many more.

DIGITAL PAYMENT MODES IN INDIA:

- USSD (Unstructured Supplementary Service Data)
- UPI (United Payment Interface Service Data)
- AEPS (Aadhaar Enabled Payment System)
- Mobile wallets
- Point of Sale Machines (PoS)
- Mobile Banking
- Internet Banking

CONTRIBUTION OF IT SECTOR TO INDIA'S GROWTH:

Information Technology – based services are vital organization to increase productivity, make business process flow easily, and grow efficiently and economically in this competitive world. The IT industry has not only impacted the economic growth of India, but it also made the government more accessible and component. Information technology

has made access to government-related services and information easier and inexpensive. IT has made the management and delivery of government services like health care services, education information, consumer rights, and services, etc. seamless with enhanced transparency. The IT industry is essential for our economy to prosper exponentially and to generate millions of job opportunities. The exponential growth of the IT companies in India for the past two decades has played an important role changing how the world views India. The liberalization policies such as reducing the trade barriers and eradicating the import duties on technology products by the Government of India are instrumental in the evolution of the IT industry. In recent times, economies have been hit hard by the pandemic. But the technology stood by our side as a true enabler. The IT industry has extended its unrelenting support, with most activities and businesses moving online.

REVIEW OF THE LITERATURE:

Mahesh & Bhat (2022), According to the study, India's digital payment segment has seen tremendous success since the implementation of UPI by the National Payment Corporation of India (NPCI) in 2016. The government's Direct Benefit Transfer (DBT) program enabled the country to achieve financial inclusion of all citizens having access to banking services. Government legislation, regulator intent, social behavior, increased Smartphone usage, lower internet costs, and others significantly impacted the growth of the digital payment industry by ensuring secure, faster, cost-effective, and secure payment solutions. This study examines the digital payment industry in India using the PESTEL methodology, which allows us to see the industry from all sides.

Ranjith et al. (2021), Digital transactions are taking over most of the transactions in the world and India is no exception. Various studies have proved that efficient payment system will speed up the liquidity flow of an economy. In the era of digitization, transactions using technology is the best way of being agile and giving better service to consumers. The study is about understanding consumers 'perceptions with respect to online and digital payments and safety of these transactions in this world of connected technologies. It is important for marketers to know the perception of consumers towards cashless methods of transactions and this study helps in this. The study is qualitative in nature and uses literature reviews to analyses the concept of digital transactions. The reviews delve insights into the various challenges and advantages of using digital transactions. The findings reveal that digital transactions are accepted in India and usage is increasing year by year. The study finds

the advantages and challenges which is faced by consumers while adopting digital payment. The study will help future researchers for formulating conceptual models and deriving more stimulating insights into the topic.

Rashi (2021), Digital Banking is the new worldview that offers significant advantages to banks as far as expanding benefit and efficiency just as to its clients regarding simplicity of payments and admittance to the banking administrations 24*7. It is cultivated by utilizing condition of - the-workmanship innovation foundation to achieve changes in interior cycles and outside interfaces. Gone are the days when individuals used to remain in long queues of bank trusting that their turn will pull out cash or to store money in banks. Presently, individuals can approach bank without remaining in long queues according to their benefit without agonizing over the financial hours. On the prior, when digital payment present, individuals hesitant to change their exchange propensities yet after demonetization, they are left with no decision to do their exchanges with digital payment. Expanding utilization of web, versatile entrance and government activity, for example, Digital India are going about as an impetus which prompts dramatic development being used of digital payment. The shopper impression of digital payment has a critical and positive effect on appropriation of digital payment. Business banks give unrivaled customer administration as one of the greatest suppliers of banking and monetary administrations in our metropolitan and country hinterland. Steadfast customer base must be made through conveying Customer Delight. Yet, the essence of the issue is that to accomplish better execution, the Indian banks, both private and public, necessities to offer support quality. This research paper highlights the usage and importance of digital payment services in India.

Babulal (2019), India is going to become cashless. Indian government launched digital India Campaign to reduce dependency of Indian economy on cash and prevent from money laundering. To making cashless India and increasing trends in using digital payment system various Payment methods are emerging and developing. India is developing country and maximum area is rural and shocking is computer literacy is only 6.5% then question arises that implementation of digital payment system. The research paper is making focus on the problems of digital payment system in India and effects of the system in people and economic system of India. The research is paper also trying to explain the future scope of the Digital payment system.

STATEMENT OF THE PROBLEM:

Digital payments are becoming more compatible for the Indian economy guided by smart phone pivotal internet utilization. India presently has around Rs. 12.98 lakh crore unique active mobile wallet users in 2023. Out of all the transactions through digital payments the higher percentage is done by Indian Youth. Though lot of research work has been conducted on the use of digital payments, minuscule amount of research has been done on Socio economic condition, problems and factors influencing the consumer on adoption of Digital payments. This research study is an attempt in this direction to know the Socio economic, problems and factors influencing the consumer on adoption of Digital payments.

OBJECTIVES OF THE STUDY:

- ❖ To study the Socio-economic conditions of Digital Payment users in IT sectors.
- ❖ To analyse the factors influencing the consumers to adoption of Digital payments in IT Sector.
- ❖ To identify the problems faced by users of Digital payment in IT Sector.

DATA SOURCES AND METHODOLOGY:

The study aims to understand, A Study on Consumer Adoption of Digital Payments with Special Reference to Employees of IT Sector in Coimbatore City. Hence the study is both Analytical and Descriptive in nature. There are 7,000 employees working in IT Sector in Coimbatore City. Based on the cost and time constraint the data was collected only from 70 employees from the IT Sector using Stratified Random Sampling. The present study is based on Primary Data and it was collected from the IT sector employees through Interview Schedule. Statistical tools like Percentage, Garrett Ranking Technique and Likert Scale were used to analyse the data. The study covers the consumer adoption of digital payments with special reference to employees of IT sector in Coimbatore City.

RESULT AND DISCUSSION:

The term “Socio-Demographic” refers to a group defined by its sociology and demographic characteristics. Demographic characteristics can refer to Age, Gender, Religion, Education, Marital Status, and Type of Family. Age is an important demographic variable,

which identifies the independent (i.e., economically active population) and dependent (i.e., economically inactive population).

Table 1: Socio-economic Conditions of IT sector Employees

Variable	Category	Respondents of IT Sector	Percentage
Age	Below 20 Years	0	0
	20-30 Years	68	97
	30-40 Years	2	3
	Above 40 Years	0	0
Marital Status	Married	9	13
	Unmarried	60	86
	Divorced	1	1
	Widow	0	0
Community	BC	31	44
	MBC	18	26
	SC/ST	4	6
	OC	17	24
Religion	Hindu	57	81
	Muslim	7	10
	Christian	6	9

Source: Primary Data

i. Age:

For the purpose of this study, Age of the respondents has been classified into four groups i.e., Below 20 years, 20 to 30 years, 30 to 40 years and Above 40 years. Majority of the respondents belong to the age group of 20 to 30 (97%), followed by 30 to 40 (9%).

ii. Community:

Community of the respondents are classified into four categories. From this majority of the respondents belong to BC category (44%), followed by MBC (26%) and OC (24%) and only (6%) of the respondents belong to SC/ST category.

iii. Religion:

Religion is a particular system of faith and worship. The major religions in India are Hinduism, Islam, Christianity, Buddhism, Jainism, and Confucianism. Our study takes the three types of religions. In our study majority of the respondents were Hindu (81%), followed by Muslim (10%), Christian (9%).

iv. Marital Status:

Marital Status is the distinct option that describe a person's relationship. Married, Unmarried, Divorce, Widow are examples of marital status. In this case study, most of the respondents were unmarried (86%) followed by married (13%) and only (1%) of the respondent is divorced.

Table 2: Factor Influencing the Consumers to adoptions of Digital Payment

Variable	Category	Respondents of IT Sector	Percentage
Information about digital payment	Social media	36	52
	Friends	24	34
	Magazines/ Television	10	14
Considerations of digital payment	Alternative	36	52
	Substitute	10	14
	Supportive	24	34
Awareness of digital payment	Yes	63	90
	No	7	10
Usage period of digital payment	Below 2 years	46	66
	2-4 years	23	33
	Above 4 years	1	1
Amount loaded in Digital payment per month	5000-10,000	49	70
	10,000- 15,000	15	21
	Above 15,000	6	9
Amount spent through digital payment per month	Below 2500	29	41
	2500-5000	30	43
	Above 5000	11	16
Frequency of using digital services	Occasionally	19	27
	Only when needed	37	53
	Impulsive	2	3
	When offer hits	4	6

	Monthly	5	7
	Others	3	4
Payment method used to add money in digital payment	Credit Card	13	19
	Net Banking	25	36
	Debit Card	30	43
	E-Wallet Account	1	1
	Others	1	1

Source: Primary Data

i. Information about digital payment

The different means through which the respondents came to know about digital payment were Social Media (52%), Friends (34%) and Magazines/TV (14%). Considerations of digital payment.

ii. Considerations of digital payment

With records to the study the respondent were asked to state their preference about digital payment as Alternative or Substitute or supportive medium, of which (52%) of respondent consider digital payment as Alternative Medium followed by (34%) as Supportive Medium and (14%) as Substitute Medium.

iii. Awareness of digital payment

Nearly (90%) of the respondents have already used various online payment methods, they are also aware of digital payment. Since (10%) of the respondents had not used any online payment methods and they are unaware of digital payment systems.

iv. Usage period of digital payment

The period usage of digital payment were classified into three categories, i.e., Below 2 years, 2 to 4 years and Above 4 years. Maximum of the respondents used digital payment for Blow 2 years (66%) followed by 2 to 4 years (33%) and above 4 years (1%).

v. Amount loaded in Digital payment per month

The amount loaded in digital payment per month has been classified into three i.e., Rs.5,000-Rs.10,000, Rs.10,000-Rs.15,000and Above Rs.15,000. The classification of the

category has been made because the purpose may differ from each individual. In this way the result observed was Rs.5,000-Rs.10,000 (70%), Rs.10,000-Rs.15,000 (21%) and Above Rs.15,000 (9%).

vi. Amount spent through digital payment per month

The spending habit of each individual based on their income. Hence the study categorise amount spent Below Rs.2,500 (41%), Rs.2,500-Rs.5,000 (43%) and above Rs.5,000 (16%).

vii. Frequency of using digital payment services

The frequency of using digital payment services by the respondents was classified into six broad categories. It result that most of the respondents use digital payment services only when needed (53%), followed by using it for any occasion (27%), as impulsive use (3%), for offers (6%), on monthly basis (7%) and others (4%).

viii. Payment method used to add money in digital payment

The respondents were asked to choose the various modes of payment services they were used before digital payment services; they were cash, cheque, credit/debit card and net banking. The digital payment service amount to be loaded previously into it though various payment modes like Credit card, Net banking, Debit card, E-wallet account and Other Methods. The result obtained was, 43% used Debit cards, Net Banking (36%), Credit card (15%), E-Wallet and Other Method is only (1%).

Table 3: Weighted Average Score:

Factors Influencing to use Digital Payment Services:

S.NO	Variables	Extremely Influencing	Very Influencing	Somewhat Influencing	Slightly Influencing	Not Influencing	Weighted Average Score
1	Accessibility	25	23	7	6	2	4
2	Convenience in buying	10	23	25	3	2	4

	products						
3	Security and privacy	9	22	24	7	1	3
4	Technology adoption	20	17	16	9	1	4
5	Budgeting	16	17	14	11	5	3
6	Availability /acceptance of the services at different stores	8	20	17	11	7	3
7	Digital Payment substitute the Physical Payment System	16	29	15	3	0	4
8	Confidentiality of Bank details	12	16	23	11	1	3
9	24*7 customer service	12	18	13	18	2	3

Source: Primary Data

Weighted Average method was applied to analyse the factors influencing digital payment users to use the Digital Payment gateway in Coimbatore City with special reference to IT Employees. The sample respondents were asked to give their opinion about the factors influencing them to use Digital Payment on Five Point Rating Scale. The analysis of the weighted average is shown in the table.

INFLUENCE LEVEL TOWARDS DIGITAL PAYMENT SERVICE

From the above table, the mean value obtain is mostly 3 and 4 which indicates somewhat influencing and tightly influencing respectively. Hence, remarked that, majority of the respondents had very tightly influenced with the factor like Accessibility, convenience in buying products, technology adoption, Digital Payment substitutes the physical payment system and somewhat influenced with security and Privacy, Budgeting, Availability/Acceptance of the services at different stores, confidentiality of bank details, 24*7 customer service.

GARRETT RANKING TECHNIQUE:

The study has observed some of the problems faced by Digital Payment users. The respondents were asked to rank the factors that creates problem in Digital Payment service like time consuming, lengthy procedure, identity theft, security breaches, chances of loop holes, not supported for all payments and some other problems. To find out the most significant problem faced though digital payment, Garrett's ranking technique was used. As per this method, respondents has been asked to assign rank for the problems and outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percentage position} = \frac{100 \times (R_{ij} - 0.50)}{N_j}$$

Here, R_{ij} = Rank given for the i^{th} variable by j^{th} respondents.

N_{ij} = Number of variable ranked by j^{th} respondents.

Table 4: Garrett Ranking Technique:

S NO	PROBLEMS FACED THROUGH DIGITAL PAYMENT	GARRETT SCORE	RANK
1	Time consuming	3275	2
2	Lengthy procedure	2969	6
3	Identity theft	3056	3
4	Security breaches	3484	1
5	Chances of loopholes	2894	7
6	Not supported for all payments	3021	4
7	Low Internet Bandwidth	3010	5

Source: Primary Data

From the above table, the problem faced by the respondents while using digital payments is clearly analyzed. As most of the respondents have adopted security breaches as major problem among others, it is considered as 1st rank followed by 2nd rank for time consuming, 3rd rank for identity theft, 4th rank for not supported for all payments, 5th rank for

Low Internet Bandwidth, 6th rank for lengthy procedure and finally 7th rank for chances of loopholes as that is least rank.

CONCLUSION:

Digital Payment usage awareness was spread among the people in India due to government policy of Demonetisation. But still people are not aware about the varieties of services that it provides. The securities, identity theft, delay in payment should be reduced, which will automatically increase the adoption of Digital Payment. Apart from the issues the convenience, accessibility and ease of use have gained a credit to Digital Payment. As the youth population adapt to latest technology quickly, Digital Payment service providers must consider their needs.

SUGGESTIONS

- ❖ People need to be connected with a formal banking institution in order to mobilize funds, seek credit facility and reduce leakages.
- ❖ The present status of digital payment and settlement systems is a result of so many innovations, and integration of varied technologies.
- ❖ Over the years, several payment systems were 199 consolidated into a nation-wide uniform and standard infrastructure for payment industry.
- ❖ High transaction costs, huge amount of transaction limits, delay in transaction settlements, fixed operating hours, etc., are the bygone matters.
- ❖ The present payment systems are embodied with the features like real time payment service, round the clock services, immediate settlements, instant clearances, unified interface, multiple authentication and authorization credentials, standard security protocols, varied payment instruments, services, secure and robust platforms, biometric authentication, etc.,.

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