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Customer Awareness and Usage Towards Digital Payment System in Pollachi Taluk

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A B S T R A C T

The rapid growth of technology and the government's drive towards a cashless economy, digital payment systems have gained significant grip in recent years. However, it is essential to understand how consumers perceive and adopt these systems to ensure their widespread acceptance and usage. This paper aims to provide an overview of the socio-economic profile that is; it investigates the impact of demographics, including age, income, and education level and to know the awareness, and usage level of consumer towards digital payment systems. The study was based on primary and secondary data. A sample of 75 respondents was selected for the study on the basis of convenience sampling and analyzed with the help of percentage analysis, chi-square and Garrett ranking. Finally, the study concludes that there is a significant association between awareness and satisfaction of the users towards digital payment system and it had been found that UPI is considered as the highest usage instrument for transaction purpose by the users

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INTRODUCTION

In today's fast-paced and interconnected world, traditional methods of payment are rapidly being replaced by digital payment systems. The rise of technology has revolutionized the way we conduct financial transactions, making it easier, more secure, and more convenient than ever before. Gone are the days where physical checks or bank transfers to receive payment for their work. With the advent of digital payment systems everyone can transfer funds electronically, enabling a smoother and more efficient process.

In the last decade, India has rapidly digitized its payment systems and promises huge potential in the area. Digital payments recorded an increase of 46.5%in total volume in FY19on top of an increase of 60.6% in FY18. The Unified Payments Interface (UPI), a payment system that was launched in 2016, has surpassed the milestone of a billion transactions per month. The progress in digitization has been driven by a healthy mix of technological innovation, policy interventions, and expansion and strengthening of existing infrastructure onthe SupplySide, coupled with an increasing proportion of the population adopting financial and digital instruments on the demand side. The government of India and the RBI has been working in synergy to push for policy and regulatory reforms. Demonetization and Goods and Service Tax have brought people closer to technology and banks. Recently, NEFT (National Electronic Funds Transfer) was made operational for 24 hours on all days of the week, and RTGS (Real Time Gross Settlement) is expected to follow soon. The launch of UPI, along with already available digital payment modes like NEFT, IMPS, cards and Prepaid Payment Instruments (PPIs) has increased the options available to the consumer.

LITERATURE REVIEW

Khando Khando, Sirajul Islam and Shang Gao (2023), had conducted a study on, "The Emerging Technologies of Digital Payments and Associated Challenges: A Systematic Literature Review". The main aim of the study is to provide a comprehensive literature review on the emerging digital payment technologies and associated challenges and also present key challenges in digital payment technologies categorized into broad themes: social, economic, technical, awareness and legal. The findings of the study states that, the majority of the studies (39%) covered technical challenges. The technical issues of privacy, security and 'lack of technical infrastructure' were the main challenges associated with the emerging digital payment technologies.

Siddharth Jain (2023) made a study on "A Study on Digital Payment system and its Future Feasibility in India". The main aim of the study is to bring out the theoretical analysis on the topics pertaining to internet banking, mobile banking, mobile wallets, card payments, electronic and mobile payment systems, etc. and to cover the literature review about the digital payment adoption. Finally, the author states that the previous studies focused on the adoption of digital payment systems and factors affecting usage of digital payment systems and most of the studies were limited to either one or two aspects of digital payment systems.

Amit Verma, Ambika Sharma (2022), had conducted a study on "Online Digital Payment- Journey from Awareness to Satisfaction". The main aim of the research is to determine the preferences of customer among Digital payment and to determine the level of satisfaction of customers in Digital payment. It was found that digital payment is used by the 32 percent of respondents and 78 percent respondents preferred cash or your digital payments and also found that there is satisfaction among consumers with the digital payment methods, were rank 1 had been given to Phone Pay, followed by PayTm, NEFT, RTGS etc

Rashi Singhal (2021), had made a study entitled, "Impact and importance of digital payment in India". The main purpose of the study is to find out whether India going cashless has helped our citizens and to see if India will end up being an effective credit only economy and also to analyze the impact of digital payment system in India. The findings states that the installment framework Activities taken by the Government and also, RBI have brought about more noteworthy acknowledgment and more profound entrance of non-money installment modes and also found that Government's activities, for example, the presentation of GST, demonetization and so on is probably going to extend the expense net and expand the conventional economy.

Statement of the Problem

The current scenario of Indian economy shows the tendency of movement from cash to digital transactions. There are so many efforts have been taken by the government in order to convert the face of Indian economy into a new one. Now a day every transaction is going digital. In order to accelerate the execution of the concept of digital economy there are number of digital payment systems were introduced. These payment systems can make changes in the economic life of people. Literacy is also another factor affecting the awareness level especially towards the digital payment system. The study aims to know about the socio-economic profile of respondents, the most used transaction instrument for digital payment and awareness index. The findings of the study will highlight not only the potential for widespread adoption to drive economic efficiency and financial inclusion but also the imperative for policymakers and stakeholders to address barriers such as digital literacy and cybersecurity concerns to ensure access and benefit across society.

Objective

The present study has been undertaken with the following objective.

- To know the awareness level of consumers towards digital payment system.
- To know the level of usage of transaction instruments by customers.

METHODOLOGY

Data and Source of Data

The study was based on primary and secondary data that are collected from the respondents by way of questionnaire and interview method.

Sample and Sampling Method

A sample of 75 respondents was selected in Pollachi area for the study on the basis of convenience sampling method.

Framework of Analysis:

The gathered data have been appraised using appropriate statistical tools, (a) Percentage analysis (b) Chi-square (c) Garrett ranking

RESULT AND DISCUSSION

Significance of the Study:

The significance of studying customer awareness and level of usage towards digital payment systems is crucial for several reasons. It provides valuable insights into the factors influencing adoption and usage patterns, guiding businesses and policymakers in effectively promoting these technologies. Understanding customer experiences with digital payments, including usability, convenience, and security concerns, helps in improving system design and functionality. Moreover, findings from this study can act as a proof that can inform regulatory and policy frameworks aimed to frame a secure and inclusive digital financial ecosystem, ultimately promoting financial inclusion and economic efficiency across society.

Percentage Analysis:

Table 1. Socio Economic Profile

Factors	Number of Respondents	Percentage %
Age		
18 to 25 years	44	58.7
26 – 35	19	25.3
36 – 45	5	6.7
Above 45	7	9.3
Residence		
Rural	39	52.0
Urban	36	48.0
Gender		
Male	21	28.0
Female	54	72.0
Marital status		

Married	28	37.3
Unmarried	47	62.7
Educational qualification		
Illiterate	1	1.3
Upto 10^{th}	4	5.3
HSC	1	1.3
UG	26	34.7
PG	32	42.7
Others	11	14.7
Occupation		
Student	26	34.7
Government employee	2	2.7
Private employee	28	37.3
Business	15	20.0
Professionals	4	5.3
Type of family		
Nuclear	58	77.3
Joint	17	22.7
Number of members		
Upto 4	54	72.0
5 & above	21	28.0
Number of earning members		
1	12	16.0
2	44	58.7
Above2	19	25.3
Respondents' monthly income		
Up to 10000	18	24.0
10001 – 20000	22	29.3
20001 – 30000	19	25.3
Above 30001	16	21.3
Family income		

Up to 25000	19	25.3
25001-50000	27	36.0
50001-75000	12	16.0
Above75000	17	22.7

Source: Primary Data

Majority 44(58.7%) respondents belong to the age group between 18-25 years. Majority 39(52.0%) respondents' residences are rural. Majority 54(72.0%) respondents are female. Majority 47(62.7%) respondents are unmarried. Maximum 32(42.7%) respondents' educational qualification is PG. Maximum 28(37.3%) respondents are private employee. Majority 58(77.3%) respondents type of family is nuclear. Majority 54(72.0%) respondents' family had only up to 4 members. Majority 44(58.7%) respondents had 2 earning members in their family. Maximum 22(29.3%) respondents' monthly income is 10000 - 20000. Maximum 27(36.0) respondent family income is 25001 – 50000.

Usage of Transaction Instruments:

The following table points out the usage of different transaction instruments by the consumers with the help of the Garrett Ranking Technique. In this method the consumers are asked to rank the different instruments used for digital payment according to their usage. The different instruments are listed to the users and asked to rank from 1-9.

The ranking was converted into score value with the help of following formula:

Percent Position= 100(Rij-0.5)/Nj

- Where, Rij = Rank given for ith item by the jth consumers
- Nj = number of items ranked by jth consumers

Table 2. Usage of Transaction Instruments Garrett Ranking Technique

Payment services	Total Score	Mean Score	Rank
UPI	4702	62.69	1
Mobile banking	4362	58.16	2
Internet banking	4169	55.58	3
Mobile wallet	3695	49.26	4
Credit card	3658	48.77	5
NEFT	3109	41.45	6
Debit card	2754	36.72	7
RTGS	2311	30.81	8
Aadhar Enabled Payment System (AEPS)	2205	29.40	9

The above table 2 explains the usage of different digital payment instruments. In case of usage, UPI (62.69), which is ranked first, followed by mobile banking (58.16), which is ranked second. The next choice is Internet banking (55.58), ranked third, Mobile wallet (49.26), as a fourth choice. Credit card (48.77) has been ranked fifth. For NEFT (41.45), Debit card (36.72) rank sixth and seventh, respectively. The least level of usage has been given to RTGS (30.81), AEPS (29.4) which stand at eighth and ninth position. It can be concluded that UPI (62.69) have been ranked first by the respondents on the basis of usage of different digital payment instrument listed.

Level of Awareness Index

The user's awareness index has been measured by giving score to the questions related to the awareness level based on their usage. For this purpose, we have used 9 questions. The answer to the question has been rated on five-point scale, which ranges from one to five. Thus, the maximum score was 45. The score obtained by each individual is called "Awareness Index". This has been done by dividing the actual score by 45 and multiply it with 100. Based on the index, the respondents have been grouped into three. Users of digital payment ranging up to index value arrived by deducting Standard deviation (SD) from mean ($\overline{X}$) (88.41-10.05) are termed with 78.36 'Low level of satisfaction index', those with index ranging between ($\overline{X}$-SD) and ($\overline{X}$+ SD) 78.37- 98.45 are those with 'Medium level of satisfaction index' and those ranging above the value ($\overline{X}$+ SD) 98.46 are called 'High level of satisfaction index'.

Table 3. Variables Associated with Level of Awareness

VARIABLES	CALCULATED VALUE	DF	TABLE VALUE	ASSOCIATED/NOT ASSOCIATED
Age	13.743	6	12.592	**Associated**
Area	6.617	2	5.991	**Associated**
Gender	1.401	2	5.991	Not associated
Marital status	2.439	2	5.991	Not associated
Educational qualification	19.411	10	18.307	**Associated**
Occupation	10.610	8	15.507	Not associated
Type of family	1.67	2	5.991	Not associated
No. of members	1.001	2	5.991	Not associated
Earning members	6.467	4	9.488	Not associated
Respondents' income	12.653	6	12.592	**Associated**
Family income	11.015	6	12.592	Not associated

Age

The calculated chi-square value is 13.743 with 6 degrees of freedom, which is greater than the table value of 12.592. This indicates a significant association between Age and the outcome, suggesting that variations in age are meaningfully related to the outcome in question.

Area: The chi-square value is 6.617 with 2 degrees of freedom, exceeding the table value of 5.991. This suggests a significant association between Area and the outcome, implying that differences in area are significantly related to the outcome.

Gender

The calculated chi-square value is 1.401 with 2 degrees of freedom, which is less than the table value of 5.991. This indicates no significant association between Gender and the outcome, meaning that gender does not have a meaningful impact on the outcome.

Marital Status

With a chi-square value of 2.439 and 2 degrees of freedom, which is below the table value of 5.991, there is no significant association between Marital Status and the outcome. This suggests that marital status does not significantly influence the outcome.

Educational Qualification

The chi-square value is 19.411 with 10 degrees of freedom, surpassing the table value of 18.307. This indicates a significant association between Educational Qualification and the outcome, implying that variations in educational qualifications are significantly related to the outcome.

Occupation

The calculated chi-square value is 10.610 with 8 degrees of freedom, which is less than the table value of 15.507. This suggests no significant association between Occupation and the outcome, indicating that occupation does not significantly impact the outcome.

Type of Family

The chi-square value is 1.67 with 2 degrees of freedom, falling short of the table value of 5.991. This indicates no significant association between Type of Family and the outcome, meaning that the type of family does not significantly affect the outcome.

Number of Members

With a chi-square value of 1.001 and 2 degrees of freedom, which is lower than the table value of 5.991, there is no significant association between the Number of Members and the outcome. This suggests that the number of household members does not significantly influence the outcome.

Earning Members

The chi-square value is 6.467 with 4 degrees of freedom, which is below the table value of 9.488. This indicates no significant association between the number of Earning Members and the outcome, suggesting that the presence or number of earning members does not have a meaningful impact on the outcome.

Respondents' Income: The calculated chi-square value is 12.653 with 6 degrees of freedom, slightly exceeding the table value of 12.592. This suggests a significant association between Respondents' Income and the outcome, implying that variations in income among respondents are meaningfully related to the outcome.

Family Income

The chi-square value is 11.015 with 6 degrees of freedom, which is less than the table value of 12.592. This indicates no significant association between Family Income and the outcome, meaning that variations in family income do not significantly affect the outcome.

In summary, significant associations are observed for Age, Area, Educational Qualification, and Respondents' Income, while no significant associations are found for Gender, Marital Status, Occupation, Type of Family, Number of Members, Earning Members, and Family Income.

CONCLUSIONS AND RECOMMENDATIONS

Suggestions

Here are some of the suggestions to the digital payment providers:

- Launch comprehensive educational campaign.
- Train merchants and small business owners on the benefits of digital payment system.
- Government should invest in infrastructure development, such as reliable internet connectivity.
- Conduct public awareness campaigns to educate citizens about the benefits, safety measures.

Due to revolution in the telecommunication sector number of users of the internet are increased in the recent time and consumer are using the internet for mobile payment applications, but still some portion of the population is not using digital payment applications. Respondents prefer mobile payments due to various motives like cash back and discounts, convenience, saves times, detailed records of spending, and reduced theft risk, and creating a cashless economy. Some barriers behind the usage of mobile payment applications on a large scale like they don't know how to use, worried about transactions charges,, don't have trust. To conclude, digital payment has a greater scope in upcoming era.

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