CONSUMER PERCEPTION TOWARDS DIGITAL PAYMENT MODE WITH SPECIAL REFERENCE TO DIGITAL WALLETS

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Abstract

The demonetization resulted in unprecedented growth in digital payment. By February this year, digital wallet companies had shown a growth of 271 percent for a total value of US$2.8 billion (Rs. 191 crores), Indian government and private sector companies such as Paytm, Freecharge and Mobikwik had been aggressively pushing several digital payment applications, including the Aadhaar Payment app, the UPI app, and the National Payments Corporation of India (NPCI) developed the Bharat Interface for Money (BHIM) app. Digital transfers using apps has brought behavioural change and helped in the adoption of digital payment. This has resulted in ease of transfer of money in rural areas which was not touched earlier by the digital payment method.

Keywords: Demonetization, Consumer Perception, Digital Payment, Digital Wallet.

Introduction

It has been said that every disruption creates opportunities and one such disruption was the announcement of demonetization by Prime Minister Mr.NarenderModi on 08 November 2016. Demonetization created huge growth opportunity for digital payment in India and the digital wallet companies garbed the opportunities with both the hands to expand their market share. Demonetization has presented a unique platform for adoption of digital payment, as an alternative to cash for Indian consumers.

Adoption of cashless transaction has been significantly pushed by Prime Minister Mr.NarenderModi as part of government reforms after demonetization of high value currency of Rs. 500 and 1000 (86% of cash circulation). The demonetization resulted in unprecedented growth in digital payment. By February this year, digital wallet companies had shown a growth of 271 percent for a total value of US$2.8 billion (Rs. 191 crores), Indian government and private sector companies such as Paytm, Freecharge and Mobikwik had been aggressively pushing several digital payment applications, including the Aadhaar Payment app, the UPI app, and the National Payments Corporation of India (NPCI) developed the Bharat Interface for Money(BHIM) app. Digital transfers using apps has brought behavioural change and helped in

the adoption of digital payment. This has resulted in ease of transfer of money in rural areas which was not touched earlier by the digital payment method. Now many foreign investors want to invest in digital payment industry which is new attractive destinations because of scope of tremendous expansion in India.

There are number of facilitators which are leading to the growth of digital payment and transition from cash economy to less cash economy. These facilitators include penetration of internet connectivity on smart phones, non-banking financial institution facilitating digital payment, one touch payment, rise of financial technology sector and push by Government either by giving incentives or tax breaks. These all factors are creating positive atmosphere for growth of digital payment in India.

Digital Payment Modes in India

There are several mode of digital payment available in India. These are:

*Digital or mobile wallets***:** They are used via the internet and through smartphoneapplications. Money can be stored on the app via recharge by debit or credit cards or net-banking. Consumer wallet limit is Rs. 20,000 per month and the merchant wallet limit is Rs. 50,000 per month after self-declaration and Rs. 100,000 after KYC verification.

*Prepaid credit cards***:** Pre-loaded toindividual'sbank account. It is similar to a giftcard; customers can make purchases using funds available on the card -and not on borrowed credit from the bank. Can be recharged like a mobile phone recharge, up to a prescribed limit.

*Debit/RuPay cards***:** These are linked to anindividual'sbank account. Can be usedat shops, ATMs, online wallets, micro-ATMs, and for e-commerce purchases. Debit cards have overtaken credit cards in India.

*AEPS***:** The Aadhaar Enabled Payment System uses the 12-digit unique Aadhaaridentification number to allow bank-to-bank transactions at PoS. AEPS services include balance enquiry, cash withdrawal, cash deposit, and Aadhaar to Aadhaar fund transfers.

*USSD***:** Stands for Unstructured Supplementary Service Data based mobile banking.It is linked to merchant's bank account and used via mobile phone on GSM network for payments up to Rs. 5,000 per day per customer.

*UPI***:** The United Payments Interface (UPI) envisages being a system that powersmultiple bank accounts onto a single mobile application platform (of any participating bank). Merges multiple banking features, ensures seamless fund routing, and merchant payments. It facilitates P2P fund transfers.

Digital payments in India have been experiencing exponential growth and with growth of internet and mobile penetration, in coming years the country is ready to witness a huge rush in the adoption of digital payments. According to RatanWatal, principal advisor NitiAayog and former finance secretary, digital payments grew 55% by volume and 24.2% by value in 2016-17 over the previous year. Data from the Reserve Bank of India (RBI) indicates that the rate of adoption of digital payments had accelerated following demonetization last year but has slowed in recent months of 2017. Total digital transactions in April 2017 of Rs109.58 trillion are 26.78 lower from Rs149.58 trillion in March2017.

The volume of digital transaction has witnessed exponential growth in volume and value whether it is digital wallet, interbank transfer or transaction by debit or credit card. At merchant places the number of card transaction at point of sale (PoS) terminal have witnessed a huge serge which reflects that people have started making payment by debit card instead of withdrawing cash from ATM to make payment. In January 2017 the number of transaction of debit card increased to one billion from 817 million in previous year. It has been observed that ATM transaction are more

or less same at 700 million, the transaction at PoS terminal has increased three times from 109million in January 2016 to 328 million in Jan 2017.

India is heading on the path of a major digital revolution. The future economy will be driven by cashless transaction which will be possible only though digitalization of payment mechanism at different location such as smart phone, internet banking, card transaction etc. The focus of present study is to find how respondents are adopting digital payment. The study collected response from 150 respondents and analyzed their perception, preferences and satisfaction level of digital payment. It further identifies the barriers and challenges to the adoption of digital payment. The Table 1 gives the top five mobile payment wallet of India.

Table 1: Top five digital wallets in India

Wallet Name	Key Features
Paytm	Transferring money instantly to the bank from Paytm account Safe to store customer's CVV number. Paytm has launched an app password feature for Paytm Wallet in order to ensure the money is safe even if the customer lose or misplace his/her phone. A customer can use Paytm even without a Smartphone.
Mobikwik	Introduction of M-Wallet for easy storing and transaction of money. Instant recharge without sign-up. Encrypted and highly secured transactions. User friendly mobile application.
PayUmoney	Auto read of OTP. Picking up the transaction where it dropped. Risk monitoring
Citrus	Fastest among all the digital wallets. Citrus Pay wallet offers and discounts,
Oxigen	Send money to other mobile phones Shows transaction history

Source: http://www.socialbeat.in/2015/09/29/top-10-mobile-wallets-in-india/

Literature Review

Bamasak carried out study in Saudi Arabia found that there is a bright future for m-payment. Security of mobile payment transactions and the unauthorized use of mobile phones to make a payment were found to be of great concerns to the mobile phone users. Security and privacy were the major concerns for the consumers which affect the adoption of digital payment solutions. Doan illustrated the adoption of mobile wallet among consumers in Finland as only at the beginning stages of the Innovation-Decision Process.

Doing payments via mobile phones has been in use for many years and is now set to explode. Also mobiles are increasingly being used by consumers for making payments. "Digital Wallet "has become a part of consumers which are nothing but smart phones which can function as leather wallets. Digital wallet offered many benefits while transferring money such as convenience, security and affordability. Growth in technology has opened many modes of payments through which consumers can do transactions which are more convenient, accessible and acceptable, consumers have an inclination towards mobile payment apps usage. Offering various benefits such as flexi payment digital wallet brands are providing extra convenience to consumers. Major factor in adoption of digital wallet is convenience in buying products online without physically going from one location to another locatio. There has been many studies conducted in past on mobile payment application to find consumer interest and they found consumer has positive inclination for the same.

The factors such as perceived ease of use, expressiveness and trust affect adoption of digital wallet as payment method. These factors are termed as facilitators and plays crucial role in

adoption of digital payment solution. Usage of digital wallet among youth in the state of Punjab was found to be associated with societal influence and usefulness, controllability and security, and need for performance enhancement. Premium pricing, complexity, a lack of critical mass, and perceived risks are the barriers to adoption of digital payment systems.

A comprehensive model 'Payment Mode Influencing Consumer Purchase Model' was proposed by Braga and Mazzon. This model considered factors such as temporal orientation and separation, self-control and pain of payment constructs for digital wallet as a new payment mode. Consumer perspective of mobile payments and mobile payment technologies are two most important factors of mobile payments research. Mallat studied consumer adoption of mobile payments in Finland. Study found that mobile payment is dynamic and its adoption depends on lack of other payments methods and certain situational factors.

Digital wallet payments bring extra convenience to shoppers by offering flexible payment additions and accelerating exchanges. Shin and Ziderman tested a comprehensive model of consumer acceptance in the context of mobile payment. It used the unified theory of acceptance and use of technology (UTAUT) model with constructs of security, trust, social influence, and self-efficacy. The model confirmed the classical role of technology acceptance factors (i.e., perceived to users' attitude), the results also showed that users' attitudes and intentions are influenced by perceived security and trust. In the extended model, the moderating effects of demographics on the relations among the variables were found to be significant. Digital wallets offer the consumers the convenience of payments without swiping their debit or credit cards. Instant Cash availability and renders seamless mobility is also a unique feature of these digital apps, for instance the balance in your Paytm wallet can be very easily transferred to your bank account as and when you want.

Advantages of Cashless Transactions

- ➢ Convenience
- ➢ Discounts
- ➢ Tracking spends
- ➢ Budget discipline
- ➢ Lower risk
- ➢ Small gains

Objectives and Hypothesis

The objective of the study was to find out the customer perception and impact of demographic factors on adoption of digital mode of payment:

In pursuance of the above objectives, the following hypotheses were formulated for testing:

H_{01}: There is no significant difference is perceived by respondents for variousattributes of digital payment on the basis of gender of respondents.

H_{02}There is no significant difference is perceived by respondents for variousattributes of digital payment on the basis of age of respondents.

H_{03}There is no significant difference is perceived by respondents for variousattributes of digital payment on the basis of education of the respondents.

H_{04}There is no significant difference is perceived by respondents for variousattributes of digital payment on the basis of profession of the respondents.

H_{05}There is no significant difference is perceived by respondents for variousattributes of digital payment on the basis of annual income of the respondents.

Research Methodology

The current study is based on primary data collected from 150 respondents from the different parts of Virudhunagar District. A well-structured questionnaire was designed to collect the information from the respondents the questionnaire was designed to study perception of customer towards adoption

of digital payment mode. Likert five point scales were used for obtaining responses. The responses have been collected by means of face-to-face interviews by authors.

Sampling unit & size: This call is for defining the target population to be surveyed. In thisresearch the sampling unit was the customers who have been using the digital payment modes.In this survey the sample size decided was 150.

Sampling procedure: The researcher adopted Intercept interview method for collection ofprimary data.

Research and Statistical Tools Employed

The research and statistical tools employed in this study are ANOVA and frequency analysis. SPSS 19 was used to perform statistical analysis. Cronbach'sAlpha test was used to find the reliability of the data. Frequency analysis on the main factor under study, indicate overall satisfaction levels of respondents with digital payment mode. ANOVA was carried out to find the variance in the responses and to test the hypothesis.

Results and Discussion

The respondent profile as displayed in Table 2 replicate the population generally engaged in use of digital payment. Most of the respondents are male (70%), employed either in private sector (44%) or government sector (26%), are either graduate (52%) or 10+2 (18%) in the age group of 20-30 years (42%) or 31-40 years (30%). Their annual income is Rs. 7.5 to 10 Lacs (63.3%). This is the ideal profile of digital mode & educated, employed and having decent income

Table 2: Respondents Demographic Profile.

Variable	Characteristics	Frequency	Percentage
Gender	Male	105	70
	Female	45	30
Age group	20-30 yrs	63	42
	31-40 yrs	45	30
	41-50 yrs	24	16
	51 yrs& above	18	12
Education	Post-Graduation	15	10
	Graduation	78	52
	10+2	27	18
	Matriculation or below	30	20
Profession	Student	15	10
	Private Sector Employee	66	44
	Public Sector Employee	39	26
	Self Employed	30	20
Annual Income	Upto 2.5 Lacs	8	5.3
	2.5-5 Lacs	6	4
	5-7.5 Lacs	32	21.3
	7.5-10 Lac	95	63.3
	10Lacs & above	9	6

Hypothesis testing:

ANOVA Computation

In order to test the hypothesis ANOVA was carried out. The results are given below. Table 4 gives the result of ANOVA computation on the basis of gender, age education, profession and annual income of the respondents.

Table 4: Computation of ANOVA.

Characteristics/Attributes	Gender		Age		Education		Profession		Annual Income	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.
Mobile Payment Wallet / Digital payment used	.193	.648	1.109	.345	13.829	.080	3.633	.004	1.038	.371
Frequency of use digital payment to make online payment for bills and purchases	.002	.972	.789	.503	90.432	.000	5.997	.001	.657	.609
Brand Loyalty of Digital payment mode	.979	.314	.923	.460	216.45	.000	2.236	.069	1.903	.103
Convenience in use of digital payment mode	.141	.713	2.142	.080	17.103	.000	1.427	.231	.733	.588
Secured Transaction	1.902	.163	1.009	.402	13.829	.000	2.252	.067	1.828	.118
Time saving through digital payment mode	8.242	.005	2.581	.046	66.488	.000	2.321	.043	1.091	.342
Acceptance Wallet / digital payment mode	.435	.521	1.816	.127	20.513	.000	3.213	.011	.521	.551
Price of Using digital payment mode (service charges etc.,)	.122	.727	.461	.764	61.579	.000	1.507	.203	2.081	.086
Mobile wallets are capable of providing benefits to individual purchase of product	.880	.298	1.003	.460	34.389	.000	2.220	.066	1.762	.103
Using the mobile wallet improves the quality of my decision making for buying products	3.004	.564	3.913	.00	3.2	.007	1.531	.160	.721	.821
Believe mobile wallets are useful in buying products than the traditional methods	.531	.421	3.331	.015	13.219	.000	1.004	.413	.872	.381
Think that using online wallets can offer me a wider range of banking services and Payment options	.990	.309	.883	.460	24.491	.000	2.147	.066	1.681	.110
Interacting with mobile wallet is helpful.	2.758	.099	1.296	.275	89.375	.000	2.096	.084	.947	.439
Trust the service providers of mobile wallet	.421	.614	1.713	.127	12.781	.000	3.399	.011	.458	.700

The result of ANOVA computation shows that no significant differences are perceived by male and female respondents for majority of attributes of digital payment mode/digital wallets. Hence accept the H_{01}. This indicates that both male and female customer perceive digital payment mode/digital wallets in similar way. Similarly the ANOVA computation shows that no significant differences are perceived by the respondents on the basis of age, profession and annual income. This leads to acceptance of H_{02}, H_{04}, and H_{05}. However significant differences are perceived by respondents for majority of attributes of digital payment mode/digital wallets on the basis of their education. Hence the researcher reject the H_{03}. This

indicted that education play a significant role in acceptance of digital payment mode. Educated person are more inclined to use the digital payment modes.

Frequency Analysis

In order to find out respondent's perception and the overall satisfaction, frequency analysis has been carried. The result is presented in the Tables 5 and 6. Highly important and important responses are agreement to the statement which lead to positive perception and slightly respondents and not important is

negative agreement which indicate negative perception. Strongly agree and agree responses are the supporting responses of the statement related to a particular attribute of digital payment and indicates satisfaction of respondents whereas disagree and strongly disagree responses are those which do not support the statement related to particular attribute and indicate no satisfaction . Neutral responses neither support nor oppose the attribute.

Table 5: Frequency Analysis ofRespondent'sPerception.

Statement	Highly Important	Important	Moderately important	Slightly important	Not important	Mean Score
Brand loyalty	72	54	17	6	1	42.6
Convenience in usage	27	71	27	12	13	35.8
Secured transactions	78	53	14	5	0	43.39
Time Saving through digital payment mode	113	20	9	6	2	45.49
Acceptance Wallet/digital payment mode	30	75	26	12	7	37.2
Price of Using digital payment mode (service charges etc.)	05	71	33	11	30	30.66

Majority of respondent said it is important or highly important to associate with time saving through digital payment mode with the mean score of 45.49, followed by secured transactions with mean score of 43.39, brand loyalty with mean score of 42.26 regarding the overall satisfaction of the respondents.

Table 6: Frequency Analysis of Respondents satisfaction.

Characteristics/Attributes	Strongly Agree	Agree	Moderate	Disagree	Strongly Disagree	Mean score
Mobile wallets are capable of providing benefits to individual for purchase of product.	80	42	9	11	8	41.66
Using the mobile wallet improves the quality of my decision making for buying products.	113	24	8	3	2	46.13
Believe mobile wallets are useful in buying products than the traditional methods.	126	24	0	0	0	48.4

Think that using online wallets can offer me a wider range of banking services and Payment options	72	54	15	6	3	43.06
Interacting with mobile wallet is helpful.	138	12	0	0	0	49.2
Trust the service providers of mobile wallet	24	75	30	11	10	36.13

Majority of the respondents agree that interacting with mobile wallet is helpful with the mean score of 49.2, followed by helpful in buying products as compared to traditional methods with the mean score of 48.4, followed by mobile wallet improves the quality of decision making for buying products with mean score of 46.13, regarding the satisfaction in the usage of various attributes of mobile wallets.

Conclusion

Present study has made an attempt to understand customer perception regarding digital payment. It was found that demographic factor except education does not have much impact on the adoption of the digital payment. Anova computation supported this finding as there was no signification difference is perceived by the respondents on the basis of gender age, profession and annual income. It was only education level of the respondents where signification difference is perceived by the respondents. It indicates that adoption of digital payment is influenced by the education level of the customer. If a person has studied beyond matriculation and internet savvy, he or she will be inclined to use the digital payment mode. It was also found that in the areas/region where education level is high, the possibility of acceptance of digital payment is much higher.

Digital transfers using apps has brought behavioral change and helped in the adoption of digital payment. This has resulted in ease of transfer of money in rural areas which was not touched earlier by the digital payment method. Now many foreign investors want to invest in digital payment industry which is new attractive destinations because of scope of tremendous expansions in India.

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