



## A Study On Customer Perception Towards Digital Payment System With Rural Area's Special Reference To Annavasal

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**ABSTRACT:** The digital economy, electronic commerce, and electronic banking are now being used by new technologies and the wider global network, especially the Internet, within and outwardly. Increasing use of the internet, electronic devices, and government initiatives such as digital India with a vision to transform India into a digital society by cashless transaction. After demonetization in India, the digital payment system emerged tremendously. In recent days many changes have taken place in the payment system like digital wallets, UPI, AEPS, QR codes, and BHIM apps for the smooth shift to digital payments. The study investigates a customer's perception of Digital payments. The structured questionnaire was used as a research tool for understanding consumer perception of digital payment. Primary data was collected from respondents in Annavasal. Keywords: Cashless transactions, Consumer perception, Digital payment, and Demonetization.

### INTRODUCTION:

The Government of India has been taking several measures to promote and encourage digital payments in the country. As part of the "Digital India" campaign, the Government aims to create a "Digitally Empowered" economy that is "Faceless, Paperless, Cashless". There are various types and modes of digital payments. Some of these include the use of Debit / Credit cards, Internet banking, Mobile wallets, Digital payment apps, Mobile banking, Aadhaar Enabled Payment System (AEPS), etc...

One of the biggest challenges is access to technology. Many people in rural areas do not have access to the internet or smartphones, which are essential for using digital payment systems. Additionally, there may be a lack of awareness about these systems, or people may be hesitant to use them due to security concerns. Despite these

challenges, there are a number of reasons why digital payment systems could be beneficial for rural communities. They can help to reduce the use of cash, which can be risky and inconvenient to carry around. Additionally, they can make it easier for people to make payments online, which can be important for accessing goods and services that are not available locally. There are a number of things that can be done to encourage the adoption of digital payment systems in rural areas. One is to improve access to technology, by providing subsidies for smartphones and internet access. Additionally, it is important to raise awareness about these systems and their benefits. Finally, it is important to address security concerns by ensuring that digital payment systems are safe and secure.

Overall, digital payment systems have the potential to offer a number of benefits for rural communities. However, there are a number of challenges that need to be addressed in order to encourage their uptake. By improving access to technology, raising awareness, and addressing security concerns, it is possible to make digital payment systems more accessible and beneficial for rural communities.

### LITERATURE REVIEW

(Ghosh, 2021) reviewed various papers and noted that digital payment is far more convenient and time-saving as compared to traditional means of paper currency. He also emphasized that such payment transactions can be done round-the-clock by any individual who possesses an internet connection; they don't have to wait in lines to make transactions. The researcher suggests that people are using and accepting digital payment systems as it is a faster mode of payment that also offers rewards or cash back. The researcher also talked about the digital payment system post-demonetization and how the government took an initiative to make India a cashless country. The researcher noted that post-



COVID-19, we are all making the most use of the digital payment system. All ecommerce, all online grocery, or other necessary online commerce do not accept cash. They all accept prepaid payment, which can be done through various digital payment systems.

**Dr. K. A. Rajanna (2018):** “A cashless economy is a situation in which the financial transactions are made by digital currencies. In India, too much of transactions are made through cash. Less than 5% of total payments happen through electronically. Financial literacy and awareness about cashless transactions is paramount in India. Banks and financial institutions offering discounts on purchases with credit/debit cards and online wallets offering attractive deals for payments have made Indians comfortable with paperless transactions”

#### STATEMENT OF A PROBLEM:

Digital Payments are growing at the highest rate. Having a card has become a necessity for individuals in this era of advanced technology, as cash faces increasing competition from electronic money. In addition, individuals have a preference for virtual wallets due to the various advantages they offer over traditional payment systems such as innovative ideas, reliable technology, effective business practices, smart marketing, good usability, time-saving user-friendly, convenient, etc. Therefore, there is a need to explore and understand consumer perception towards digital payment systems to identify the challenges and barriers to their widespread adoption and to develop strategies to address these concerns. The present study aims to know the awareness, perception, and satisfaction of respondents regarding the use of Digital Payment System within the area of Annavasal. It is also aimed to know the level of acceptance of Digital Payment, therefore the researcher has taken research on the topic a study on consumer perception towards digital payment system with rural area's special reference to (Annavasal)

#### OBJECTIVES:

- ✓ To study the socio-economic profiles of respondents.
- ✓ To examine the perception of respondents regarding digital payment system on the basis of their demographic profile.
- ✓ To measure which factors influence more for not using the digital payment system.

✓ To assess which factors influence more for adopting the digital payment system.

✓ To know the association between Education Qualification and the use of a digital payment system.

#### III. RESEARCH METHODOLOGY:

The study is analytical in nature and based on primary data. Primary data have been collected through the structured questionnaire. For the collection of primary data, one structured questionnaire has been prepared (Directly collected & Google form) is also used for the circulation and collection of data. Moreover, the researcher directly contacted the respondents and received a good response from them. The type of questions that were included were close-ended questions. Close-ended questions include multiple choice questions, respondent has to choose out of the options given in it. The Questionnaire is prepared in two parts. The first part of the questionnaire is for those who use digital payment system. The second part of the questionnaire is for those who do not use digital payment system. In this study, 374 samples have been taken as per the Convenient Sampling Method which is a part of Non-Probability Sampling. It is a very useful method of collecting samples of respondents rapidly and it is also a time-saving method.

The commonly used statistical tools for analysis of collected data are

- Mann-Whitney Test,
- Kruskal-Wallis Test,
- Chi-Square Test

#### Mann-Whitney Test

The Mann-Whitney U Test, on the other hand, is a nonparametric test used to compare the differences between two independent groups. It is often used when the dependent variable is either ordinal or continuous, but not normally distributed. This test can be used to determine if there is a statistically significant difference between the two groups on the dependent variable.

#### Kruskal-Wallis Test

The Kruskal-Wallis Test is a statistical method that can be used as an alternative to the one-way ANOVA when analyzing the differences between three or more groups on a dependent variable that is measured on at least an ordinal level. It is a nonparametric test, meaning it does not require the data to follow a specific distribution.



### Chi-Square Test

The chi-square statistic is used to test the statistical significance of the observed association in a cross-tabulation. It assists in determining whether a systematic association exists between the two variables.

### LIMITATIONS :

Despite of the fact that very reliable results that may also be generalized have been arrived at the researcher would like to point out some unavoidable limitations that have entered into

the study. They are stated below. The primary data collected for this study is based on the information provided by the respondents. The accuracy of the data depends on the respondents' understanding of the questions and their willingness to provide accurate information. Due to these limitations, the objectivity of the findings is naturally limited. It is possible that respondents may have hidden certain facts, despite efforts to elicit authentic information. However, all possible efforts have been made to minimize such biases and ensure that the data is as accurate as possible.

## IV. DATA ANALYSIS AND INTERPRETATIONS

### Mann-Whitney Test – On the basis of the Education

#### Influence of Education on Factor for not using Digital Payment System

H0: There is no difference in opinion of education on Factors for not using the Digital Payment System

H1: There is a difference in opinion of education on factors for not using the Digital Payment System

Test Statistics - Mann-Whitney Test

| Test Statistics <sup>a</sup>                     |                |            |        |                        |
|--|----------------|------------|--------|------------------------|
| Factors for not using the Digital Payment System | Mann-Whitney U | Wilcoxon W | Z      | Asymp. Sig. (2-tailed) |
| Difficult to Access                              | 469.500        | 1459.500   | -.495  | .621                   |
| Security   | 489.00         | 1570.000   | -.233  | .816                   |
| Lack of Operational Knowledge                    | 443.000        | 1389.000   | -.434  | .664                   |
| Privacy  | 346.000        | 622.000    | -.2198 | .028                   |
| Hidden Cost                                      | 284.000        | 537.000    | -.2599 | .009                   |
| No Internet Connectivity                         | 447.500        | 700.500    | -.369  | .712                   |
| Satisfied with the Traditional Banking           | 368.000        | 621.000    | -1.640 | .101                   |
| Not Trustworthiness                              | 383.000        | 6736.000   | -1.422 | .155                   |
| Insufficient Awareness                           |                | 4.500      | -.177  | .860                   |

The **P-Value** in relation for not using the digital payment system for the factor “Hidden cost which is less than 0.05, it means the null hypothesis has been rejected at a 5% level of significance for not using the digital payment system which means that there is a difference in opinion of education on factor for not using the digital payment system.

### Kruskal-Wallis Test – On the basis of Age

### Influence of Age of Respondents on Factor for not using digital payment system

H0: There is no difference in opinion of the Age of respondents on Factors for not using the Digital Payment System

H1: There is a difference in opinion of the age of Respondents on Factors for not using the Digital Payment System



**Test Statistics -Kruskal-Wallis Test**

| The factor for not using the digital payment system | Kruskal-Wallis H | df | Asymp. Sig. |
|---|------------------|----|-------------|
| Difficult to Access                                 | 6.636            | 1  | .010        |
| Security  | 6.242            | 1  | .012        |
| Lack of Operational Knowledge                       | 3.554            | 1  | .059        |
| Privacy   | 1.329            | 1  | .249        |
| Hidden Cost   | .557             | 1  | .455        |
| No Internet Connectivity                            | 1.463            | 1  | .226        |
| Satisfied with the Traditional Banking              | .081             | 1  | .776        |
| Not Trustworthiness                                 | 2.095            | 1  | .148        |
| Insufficient Awareness                              | 5.528            | 1  | .019        |

(Source Data: Primary Data)

The above table indicates the result of the Kruskal-Wallis Test based on the Age of respondents regarding the factor for not using digital payment systems

**P-Values** in relation to factors for not using the digital payment system, “Difficult to Access” and “Insufficient Awareness ” are .010 and .019 respectively which are less than 0.05, so the null hypothesis has been rejected at a 5% level of significance for these two factors which means that there is a difference in opinion of Age of

respondents on factor for not using the digital payment system.

**Chi-square on the basis of education  
 Chi-Square Education and Use of Digital Payment System:**

H0: There is no association between Education and the Use of a Digital payment system

H1: There is an association between Education and the Use of a Digital payment system

**Education and Use of a Digital Payment System**

| Education           |       | Do you use Digital Payment System? |       | Total |
|---------------------|-------|------------------------------------|-------|-------|
|                     |       | Yes                                | No    |       |
| Diploma             | Count | 48                                 | 6     | 53    |
|                     | %     | 88.9%                              | 11.1% | 100%  |
| Graduate            | Count | 108                                | 10    | 117   |
|                     | %     | 91.5%                              | 8.5%  | 100%  |
| Post Graduate       | Count | 78                                 | 1     | 76    |
|                     | %     | 68.6%                              | 10.4% | 100%  |
| Professional Degree | Count | 14                                 | 1     | 15    |
|                     | %     | 93.3%                              | 6.7%  | 100%  |
| 12th or below       | Count | 77                                 | 31    | 107   |
|                     | %     | 71.3%                              | 28.7% | 100%  |
| Total               | Count | 322                                | 46    | 368   |
|                     | %     | 100%                               | 100%  |       |



As per the above table, 71.3% of the respondents are 12<sup>th</sup> passed or below respondents who are using digital payment system. 88.9% of the respondents are Diploma holders who are using digital payment system, 91.5% of the respondents are graduates who are using digital payment system, 68.6% of

respondents are post-graduates who are using digital payment system and 93.3% of respondents are having professional degrees who are using digital payment system. Overall, 69.1% of respondents are using digital payment system.

**Chi-square test - Education and Use of Digital Payment System**

|                              | Value               | df | Asymp. Sig. (2sided) |
|------------------------------|---------------------|----|----------------------|
| Pearson Chi-Square           | 35.764 <sup>a</sup> | 4  | .000                 |
| Likelihood Ratio             | 36.734              | 4  | .000                 |
| Linear-by-Linear Association | 18.258              | 1  | .000                 |
| N of Valid Cases             | 374                 |    |                      |

As per the above table the **P- value** is .000 which is less than 0.05, we rejected the null hypothesis at a 5% level of significance which means that there is an association between Education and the Use of Digital payment system.



## V. SUGGESTION, CONCLUSION, SUGGESTION

- Consumers should be aware of the rules and regulations of digital payment systems and Consumers should keep themselves updated on the various amendments made in the arena of digital payment system.
- Consumers keep up-to-date with the latest news and developments in the digital payment industry.
- Consumers should only use trusted and reputable digital payment providers to minimize the risk of fraud and cyber threats. Consumers should do research and read reviews before choosing a payment provider.
- Many digital payment systems offer discounts, cash-back rewards, and other incentives to encourage users to make digital payments. Consumers should take the of it.
- Consumers can protect their personal financial information and avoid falling victim to phishing scams or other types of online fraud. Consumer needs to follow some tips like Don't click on suspicious links, Don't share personal information (like Aadhar Numer, Bank Account Number or PAN Card Number), Using secure website (Like <https://>), Keep antivirus software updated and verify the source of message or call.

### CONCLUSION

#### **Influence of Education on Factor for not using Digital Payment System**

According to Mann-Whitney Test for Education, there are three reasons for not using the digital payment system, “**Difficult to Access**”, “**Security**” and “**Lack of Operational Knowledge**”. This suggests that Diploma, graduate, post graduate, professional and 12<sup>th</sup> or below have different opinions and attitudes towards the use of digital payment systems, and these opinions may be influenced by factors such as difficulty to access, security, and lack of operational knowledge.

#### **Influence of Age of Respondents on Factor for not using digital payment system**

“**No Internet Connectivity**” and “**Not Trust Worthiness**” are the main factors that affect the opinion of the different Age groups of the respondent on factors for not using Digital Payment System. It concluded that people of different age groups have different concerns and barriers when it comes to adopting digital payment systems. For younger age groups, who are more likely to be

comfortable with technology and using digital devices, the lack of internet connectivity may be a major barrier as they may rely heavily on internet services to conduct transactions. In contrast, older age groups may be more concerned about the trustworthiness and security of digital payment systems as they may have less familiarity with the technology and may have had negative experiences with fraud or scams in the past.

#### **Chi-Square Test- Education and Use of Digital Payment System:**

While conducting a chi-square analysis, there is an association between respondents' Education and the Use of Digital payment system, which means that there is a significant association between these two variables. Education qualification affects the use of digital payment system significantly. This indicates that individuals with a higher educational attainment are more inclined to utilize digital payment systems as compared to those with lower educational levels.

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