



## A Study of Consumer Perceptions on Digital Payment System in India with Special Reference to Mysuru District

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**Abstract:** India's digital programme is a government initiative with the main goal of transforming India into a knowledge economy and a digital society. There are several digital payment options available as part of the effort to promote cashless transactions and make India a country with less cash. Demonetization had changed the nation's economic structure. In the modern world, notes and coins would no longer be used for payment; instead, contactless cards, mobile phone applications, and other electronic ways will be used exclusively. The main aim of the study is to find out the consumer perceptions regarding Digital Payment Systems. Consumer perceptions has been defined with the help of four variables such as, Transaction speed and security system of DPS, Usefulness, Compatibility and Convenience of DPS, Trust and Connectivity of DPS, and Social influence and Cost and Benefits of DPS. Primary data was collected through Google Form with the help of structured questionnaire, 110 responses were considered from the survey for Analysis. Data was analysed with the help of descriptive statics, t-test and ANOVA. The findings of the study revealed that, there is a significant difference between age and perception of consumers on digital payment Systems, and it also proved that, there is no significant difference between gender, educational qualification and perception of consumers on digital payment systems.

**Key Words:** Digital Payment Systems, Transactions Speed, Security System, Social Influence, Compatibility, Convenience and Connectivity.

### 1. INTRODUCTION:

The world is becoming more digitalized today, whether it is through the digitization of documents (Digi Locker), the direct deposit of government benefits into individual bank accounts, or the use of mobile wallets in place of physical currency. Honourable PM, Shri Narendra Modi launched the "Digital India" campaign in July 2015, the digitalization received a significant boost. The ideal thought behind the introduction of 'Digital India' is Fearless, Paperless, and Cashless.

The world is at the cusp of the advanced upset as computerized innovations are changing the way the business and profession being carried out. Digitalisation has worked with a quicker recuperation of financial movement from the pandemic and will stay critical for nations to fabricate strength later on. G20 Computerized Economy Improvement and Participation Drive (2016), recognized digitalization as a driver of worldwide comprehensive monetary development, upgrading efficiency of existing businesses. Besides, favourable to dynamic arrangement support for quicker reception of wilderness technologies is picking up speed to high speed the development interaction.

As the effect of computerized labour and products on a country's monetary development is by all accounts developing, especially after the pandemic shock, it is critical to foster a vigorous structure, particularly for a nation like India, where the advanced economy is consistently infiltrating all areas of the economy. The unstable development of mechanical empowering agents in India throughout the past one decade, including telecom and cell phone entrance, quick and minimal expense internet providers, innovation worked with admittance to credit, and proficient and comprehensive instalment frameworks, make it essential to grasp the advancement of digitalization comparative with the general economy and its effect on monetary action and business.

This study had been focused on exploring the perception of consumers of different digital payment systems. The study had limited to the consumers who are located in and around Mysuru District. Consumer perceptions had been collected regarding four important variables they are;

1. Transaction speed and security system of DPS,



2. Usefulness, Compatibility and Convenience of DPS,
3. Trust and Connectivity of DPS, and
4. Social influence and Cost and Benefits of DPS.

## 2. LITERATURE REVIEW:

**Suma & Hema (2018)** the researcher investigated the positive impact that Digitization of payment system, and study also emphasis analysed the adoption level of various digital payment systems by customers. The results indicate that the deployment of technology for digital payments have improved the performance of banking sector and able to achieve the motive cash less country. The study gives emphasis to the percentage of awareness on maximum utilization of technology. Banks should take effective measures in creating awareness towards the effective usage of technology and security

**Prakash (2022)** the study investigated customer’s perception towards Digital payments. The study revealed that the majority of the respondents were aware about digital payment systems and they opined that digital payment systems was their part of life and it saved their time in standing long queue in the banks. The study also pointed that Demonetizations had drastically impacted on usage of digital payments as it is safe and distances issues.

**Shinki (2022)** the study made an attempt to analyze how various forms of digital payment evolved in the past and how COVID-19 impacted the digital payment systems in India. The study concludes that digital payments in India recorded a robust growth of 26.2 per cent in terms of volume during 2020-21 on top of the expansion of 44.2 per cent in the previous year. It also observed that after COVID-19 pandemic, people were concerned about health regulations and were afraid of cash transactions which made them switch to this mode, resulting in a rise in the usage of different modes of digital payment systems.

**Vandana & Pradeepta (2021)** this study tried to investigate the reasons resulting to sustainability of digital payments over the period of 2011-12: Q1- 2020-21: Q1. Empirical evidence reveals that national income and economic shocks (demonetisation and pandemic) have significant positive on sustainability of digital payment transactions both in value and volume terms, whereas mobile payments are substitutes and hence negatively affects digital payments. Insights from the results signify impact on development in the direction of growing need for financial exposure by way of financial literacy and rising economic growth using positive shocks to advance digital payments in India.

## 3. OBJECTIVE OF THE STUDY:

1. To study the background of Digital Payment System in India
2. To analyse the impact of demographic factors on usage of digital payment systems

## 4. HYPOTHESIS:

H0: There is no significant difference between demographic factors and perception of consumers on digital payment system

## 5. RESEARCH METHODOLOGY:

Exploratory research method has been employed. Required data has been gathered from secondary sources of research articles and primary data has been collected with the help of structured questionnaire. The reliability test value of the questionnaire is  $0.914 > 0.8$ , It can be comprehended that the statements are reliable to test the hypothesis. The samples selected based on Simple Random Sampling method. The questionnaires were distributed through Google Form. The responses considered were 110 in numbers. Statistical tests which used for the study were standard deviation, frequency, Independent sample t- test and one way ANOVA.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .910             | .914   | 23         |



## 6. RESULTS AND DISCUSSION:

Table No. 1: Showing the Socio Demographic Details of Respondents

| Demographic Variables       |                  | Frequency | Percentage |
|-----------------------------|------------------|-----------|------------|
| Age (in Years)              | Below 20 years   | 27        | 24.5       |
|                             | 21 to 30 years   | 63        | 57.3       |
|                             | Above 30 years   | 20        | 18.2       |
| Gender                      | Male             | 67        | 60.9       |
|                             | Female           | 43        | 39.1       |
| Marital Status              | Single           | 80        | 72.7       |
|                             | Married          | 30        | 27.3       |
| Educational Qualification   | P.U.C.           | 4         | 3.6        |
|                             | Under Graduation | 42        | 38.2       |
|                             | Post-Graduation  | 60        | 54.5       |
|                             | Profession       | 4         | 3.6        |
| Annual Income of the Family | Below 1 Lakh     | 38        | 34.54      |
|                             | 1Lakh – 3 Lakh   | 26        | 23.63      |
|                             | 3 lakh-5 lakh    | 27        | 24.54      |
|                             | above 5 lakh     | 19        | 17.27      |
| Employment Status           | Student          | 31        | 28.18      |
|                             | Government       | 26        | 23.63      |
|                             | Non-Government   | 28        | 25.45      |
|                             | Professional     | 15        | 13.63      |
|                             | Self Employed    | 6         | 5.45       |
|                             | Home maker       | 4         | 3.63       |

### SOURCE: FIELD SURVEY

It was evident from the above table that, majority of the respondents were belong to the age group of 21 years to 30 years(57.3%), it means adults are using more digital payment apps. Majority of the respondent are single(72.7%), who uses digital payment for purchases, payment of college fees and online purchase & booking etc., It was observed that most of the respondents were educated, it implies that, they have awareness about the various online payment systems, and they know the importance to go with cashless transactions. Majority of the respondents were having normal family income, it shows that, their major spending is on purchase of daily needs. Most of the respondents were working (68.16%)

### DIFFERENT DIGITAL PAYMENT SYSTEMS:

Table No. 2: Showing Different Digital Payment Systems used by the Respondents

| Digital Payment Modes  | Frequency | Percentage |
|--|-----------|------------|
| Credit Cards, Debit Cards  | 54        | 49.1       |
| Online Banking (NEFT,RTGS,IMPS,ECS)                                  | 35        | 31.8%      |
| Mobile Wallets (Apps like Paytm, Mobikwik, Oxigen, Tez, PayU, etc.,) | 47        | 42.7%      |
| Mobile Banking (Apps of various banks)                               | 49        | 44.5%      |
| AEPS (Aadhaar Enables Payment System)                                | 8         | 7.3%       |
| UPI (Unified Payments Interface)                                     | 64        | 58.2%      |
| USSD (Unstructured Supplementary Service Data)                       | 5         | 4.5%       |
| Point-Of-Sale (POS)  | 9         | 8.2%       |
| Micro ATMs   | 17        | 15.5%      |
| BHIM Apps (Bharat Interface for Money)                               | 19        | 17.3%      |
| QR Code Scanning Payment   | 60        | 54.5%      |
| BBPS (Bharat Bill Payment System)                                    | 6         | 5.5%       |

### SOURCE: FIELD SURVEY



The above diagram shows that, the UPI (58.2%), QR code scanning payment (54.5%), and Credit cards, debit cards (49.1%) were three digital payment systems were most commonly used by respondents for their routine payments, as these digital payment systems are common in Shopping malls, online payments and fund transfer. It is also proved that the mobile wallets like Paytm (42.7%), Mobile banking (44.5%) and online banking such as NEFT, RTGS were stood in the next place of customer's preference to do cashless transaction and to operate their bank account. Digital payment applications now a day helps the different customers to avail the banking services with 24/7 and these save the time too. AEPS, USSD, Point-of-sale, Micro ATMs, BHIM Apps and BBPS were few other applications which rarely used for making payments, because these applications have not been popularized among the respondent customers.

H0: There is no significant difference between Age and Perception of consumer on Digital Payment Systems  
 H1: There is a significant difference between Age and Perception of consumers on Digital Payment Systems

Table No3: Showing the Significant Difference between Age and Perception of Consumers on Digital Payment Systems

| Factors of Consumer Perception on Digital Payment System with Age | F Value | Significance |
|---|---------|--------------|
| perceived Transaction speed and security system                   | 1.873   | .159         |
| perceived Usefulness, Compatibility and Convenience               | 1.180   | .311         |
| perceived Trust and Connectivity                                  | 6.549   | .002         |
| perceived Social influence and Cost and Benefits                  | 6.373   | .002         |

Source: Field Survey (ANOVA)

According to the above table, the null hypothesis has been rejected and alternative hypothesis "There is a significant difference between Age and Perceptions of consumer on Digital Payment Systems" has been accepted.

The results shows that there is a significant difference between age and perceived trust and connectivity (F value 6.549 and sig .002<.05) and perceived social influence and cost and benefits (F value 6.373 and sig .002<.05) and the test also depict that, there is no significant difference between age and perceived transaction speed and security system (F value 1.873 and sig .159>.05) and perceived usefulness compatibility and convenience (F value 1.180 and sig .159>.05). It can be comprehended that, the younger generation is completely accepted and adopted the digital payment systems in their life, as digital payment systems are safe as compared to carry cash and it gives them the tracking of their payment and they can have better budgeting their expenditure than it before. Due to rapid development in information and telecommunication and introduction of 4G and 5G technology, it gives easy access to the online payments, and some digital payment applications have been giving discounts, offers and cash back, these encourages the customers to use more than the before. But age old people find it difficult to adjust with the online payments systems. The study also revealed that, all age groups are not satisfied with the speed of transaction process and due to server problem, many payments cancelled and it pose the customer into difficult situation.

H0: There is no significant difference between Gender and Perception of consumer on Digital Payment Systems  
 H1: There is a significant difference between Gender and Perception of consumers on Digital Payment Systems

Table No.4: Showing the Significant Difference between Gender and Perception of Consumers on Digital Payment Systems

| Factors of Consumer Perception on Digital Payment System with Gender | t- Value | Significance (2-tailed) |
|--|----------|-------------------------|
| perceived Transaction speed and security system                      | 0.21     | .983                    |
| perceived Usefulness, Compatibility and Convenience                  | -1.247   | .185                    |
| perceived Trust and Connectivity                                     | -1.374   | .162                    |
| perceived Social influence and Cost and Benefits                     | -2.129   | .024                    |

Source: Field Survey (Independent Sample t-Test)

According to the above table, the null hypothesis "There is no significant difference between Gender and Perception of consumers on Digital Payment Systems" has been accepted.



The results shows that there is a significant difference between gender and perceived social influence and cost and benefits (t value 2.129 and sig .024<.05) and there is no significant difference between gender and perceived transaction speed and security system (t value 0.21 and sig .983>.05), perceived usefulness and convenience (t value 1.247 and sig .185>.05) and perceived trust and connectivity (t value 1.374 and sig .162>.05). it can be comprehend that, gender (male and female) respondents are having difference of opinion regarding security systems of DPS. Male respondents are ready to face any kind of challenges, but female respondents afraid to unwanted circumstances in their lives. Pertain to the convenience, connectivity and social influence both male and female are having same opinion.

H0: There is no significant difference between Educational Qualification and Perception of consumer on Digital Payment Systems

H1: There is a significant difference between Educational Qualification and Perception of consumers on Digital Payment Systems

Table No. 5: Showing the Significant Difference between Educational Qualification and Perception of Consumers on Digital Payment Systems

| <b>Factors of Consumer Perception on Digital Payment System with Educational Qualification</b> | <b>F Value</b> | <b>Significance</b> |
|--|----------------|---------------------|
| perceived Transaction speed and security system  | .038           | .990                |
| perceived Usefulness, Compatibility and Convenience  | .244           | .865                |
| perceived Trust and Connectivity   | 1.907          | .133                |
| perceived Social influence and Cost and Benefits   | 2.172          | .046                |

Source: Field Survey (ANOVA)

According to the above table, the null hypothesis “There is no significant difference between Educational Qualification and Perception of consumers on Digital Payment Systems” has been accepted.

The results shows that there is a significant difference between educational qualification and perceived social influence and cost and benefits (F value 2.172 and sig .046<.05) and there is no significant difference between Educational Qualification and perceived transaction speed and security system (F value 0.038 and sig .990>.05), perceived usefulness and convenience (F value 0.244 and sig .865>.05) and perceived trust and connectivity (F value 1.907 and sig .133>.05). it can be comprehend that, respondents from various educational background are thinking differently with regard to the cost and benefits i.e., professional and self-employed people are using various DPS as it saves time of travelling to the banks, fast settlement of business transaction. It is trust worthy and for recording of financial transaction. But others are using DPS because the rewards and benefits which are associated with DPS. all are having same kind of attitude towards convenience, connectivity and security.

## 7. FINDINGS:

- QR code scanning payment, UPI, cards and mobile banking are few types of DPS which have been used massively by large population.
- Some respondents were felt that, the digital payment systems were slow in performance and many a time they face inconvenience. Some respondents opined that the lost money too and there is no proper mechanism to file complaint.
- Majority of the respondents were opine that, the digital payment systems saves travel time and energy as they need not to stand in queue in banks or to pay utility bills.
- Majority of the respondents were influenced by their family members, friends and colleagues to use the digital payment system.
- Different age group respondents were having different opinion regarding DPS frauds. There is a significant difference between age and perceived DPS trust and it transactional frauds.
- People were tensed regarding losing their persona data, when they had to give pass ward and OTP while carrying online payment.



- There is no significant difference between consumer perception on DPS and educational qualification (F value 0.900 and sig .444>.05), annual income of the family (F value 0.723 and sig .541>.05) and employment status (F value 1.075 and sig .378>.05)

## 8. CONCLUSION:

The majority of consumers are rushing for cashless transactions, with possibly limited cash on hand and endless munches in view. The new measure will motivate more businesses to accept electronic cash or digital money. When opposed to making payments with cash withdrawal, cashless means are more practical, simple, and secure. A cashless society is one that can complete the modernization, development, and payment system phases. It promotes accountability and transparency, lowers the cost of transactions, and lessens the scope of the grey or informal economy. But the government required create right mechanisms to resolve complaints and take the necessary actions to increase people's digital literacy. Every digital payment app should include proper cyber security and double-time authentication.

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