

**USER PREFERENCE AND AWARENESS ON DIGITAL PAYMENT SYSTEMS WITH
SPECIAL REFERENCE TO DIGITAL INDIA PROGRAMME**

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Abstract

Digital India Programme is a flagship of Indian Government programme to transform the country into a digitally strengthened economy and knowledgeable. The focus of this missionary programme is to provide high speed internet facility, mobile and bank facility, digital identity, Easy access to the digital services through service centres and most importantly in offering safety and security in the cyber space. It is all about ensuring that the citizens of India in every nook and corner availing the services offered by the Government of India in order to achieve its target of converting India into a Digital India by making the citizens to make their financial transactions digitally. Hence the present study focuses on identifying the users' preference and awareness on the digital payment modes especially in a rural background. A sample of 200 respondents are taken for the present study through convenient sampling technique. Simple percentage analysis, ranking technique and Chi-Square analysis are the tools incorporated to analysis the collected responses from the samples. The preference and lacking areas of awareness are identified through the analysis and suitable suggestions for the government and the people are offered to strengthen the digital economy in India.

Keywords: Digital India, Digital Payment, Digital Economy, Digital Services.

Introduction

Digital India is a Programme introduced to transform India into a digital economy by reducing the usage of hard cash. Conversion of the hard cash transactions into digital cash transaction is the main motto behind it. This helps in increasing transparency among the financial transactions. Cashless Economy is a position, where the cash flows throughout the country is in the form of digital currency in various forms like debit and credit cards, electronic payments like NEFT/RTGS, IMPS, UPI and so on. Earlier, it was difficult for a country like India to adapt to electronic format but the process of demonetisation that took place recently during 2016 forced people to make themselves prepared to make their financial transactions in digital mode. This slowly has made the changes in normal flow of hard cash which has been used lesser than early to demonetisation. Approximately 45% of the Indian population still doesn't have internet access and approximately 20% of the population does not have access to a bank account. There is a lot of ground to be covered for India to become completely cashless and steps need to be taken to increase the penetration in both these areas (<https://www.businesstoday.in/>). Hence this study focuses on identifying the preferences of the users and awareness of those uses on the digital payment systems.

Review of Literature

Many studies were taken based on the cashless economy both in India as well as abroad and the review of literature deals with the earlier studies relating to the present research topic made by various researchers in India and other foreign countries.

Abdlkadir Kirobo, et.al. (2022) attempts a research about Adopting Cashless Economy in the World with the motivations on finding out the extent in usage of cashless payment modes in the world, recent methods and challenges and benefits from going cashless economy. The results of the study are there are theories for adoption of new technic like Unified Theory of Acceptance and Use of Technology (UTAUT) and Technology Acceptance Model (TAM) which would help the users by directing them to use the new technology which is based on the variables such as age, gender and the experience in using the technology and the financial institutions should focus on such demographic classifications as young ones are the first to adopt to change faster than old age groups.

Josep Maria Raya and Claudia Vargas (2022), surveys on Cashless Economy and the Determinants in Eliminating Cash and it has been found from the study that to convince the public with positive outcomes about the cashless economy, the evolution of fraud and tax evasion on cashless instruments are to be made which helps in increasing the cashless society to become a potential economy among the other countries and compete with the International Markets with making availability of good financial institutions and availability of necessary data on time.

Jeremy Srouji (2020), evaluates the Digital Payments, Cashless Economy and Financial Inclusions in United Arab Emirates and finds that the cashless economy hits a wall regardless of the greatest efforts made by the monetary authorities, banks and other financial institutions. 67% in UAE and 64% in Saudi Arabia are still cash reliant highly due to various reasons such as lack of infrastructure facilities, security lacking and higher transaction costs. It does not mean that these countries should renounce plans to become cashless economy, but it needs the initiation of financial inclusions.

Ms. Rashi Singhal (2021), made a research based on the objectives such as Whether India's going cashless economic concept help the citizens of India, end up with an effective credit only economy, impact of digital payment system in India and the consequences of digital system. It has been identified from the research that with the help of younger generations who are technically expertise and with the protection of digital payment users from cybercrimes and network hackers, the implementation of digital economy in India would be easier. Hence it has been concluded from the study that by providing necessary facilities and security from the government side to the public, the implementation of digital economy would be possible which helps in transparency in spending and cash flow from person to person reducing black money movement.

Problem of the Study

The transformation of the country towards digital cash is becoming mandatory slowly especially after the process of demonetisation happened during the recent years. It helps in transparency in terms of financial transactions, so that it becomes easy to identify or prohibit the movement of hidden black currency among the country and transfer to overseas. But still implementation of digital transactions among the public, specifically among the rural people. So it becomes important to identify the people's preference and awareness in using digital payment modes in their routines. The problems are to identify whether the rural public are aware of digital payment modes and what are their preferences among the various digital modes are to be identified.

Objectives of the Study

Based the problems identified, the following objectives were framed.

1. To identify the rural users' preference on various Digital Payment Systems
2. To find out the rural users' level of awareness on Digital Payment Modes

Interpretation of the Study

Preference and Awareness on Usage of Digital Payment Systems

1. Awareness on Digital Payment Systems

The table below shows the classification of customers based on digital payment modes awareness through different channels.

Table 1 : Awareness on Digital Payment Systems

Awareness through different channels	Number of Customers	Percentage (%)
Banks	66	33
Non-Banks	18	9
News	24	12
Friends/Family/Relatives	54	27
Advertisements	37	18.5
Others(specify)	1	0.5
Total	200	100

Out of 200 respondents, 66 customers are aware of digital payments through banks, 54 through friends/family/relatives, 37 through advertisements about digital payment modes, 24 through news about it, 18 through non-banking sectors and 1 through other modes.

2. Mode Of Payment For Their Financial Transactions

The table below shows the classification of customers based on Mode of payment for their financial transactions.

Table 2
Mode of payment for their financial transactions

Mode of Payment	Number of Customers	Percentage (%)
Only through Cash Mode	46	23
Only through Digital Mode	62	31
Both Cash & Digital Mode	80	40
Cheque	12	6
Total	200	100

Of the total 200 customers, 46 respondents are making payments Only through Cash Mode, 62 are through Digital Mode, 80 are using Both Cash & Digital Mode and the rest 12 are using Cheque for making their financial transactions.

3. Classification Based On Frequency of using Digital Mode Of Payment

The table below shows the classification of customers based on their frequency of using digital payment modes.

Table 3
Digital Mode of Payment

Digital Mode of payment	Number of Customers	Percentage (%)
Often	69	34.5
Sometimes	111	55.5
Rare	20	10
Total	200	100

Of the total 200 customers, 69 are using digital payment mode often for their financial transactions, 111 are using sometimes and the remaining 20 are rare in using it.

4. Classification Based On Most Preferred Mode of Digital Payment for Making Financial Transaction

The table below shows the classification of customers based on their most preferred mode of digital payment for making financial transaction.

Table 4
Most preferred mode of digital payment

Most preferred mode of digital payment	Number of Customers	Percentage (%)
Debit/Credit Card	51	25.5
Net Banking	37	18.5
NEFT/RTGS	12	6
IMPS	12	6
Mobile Banking	32	16

BHIM/UPI	32	16
Prepaid Cards/ Mobile Wallets	19	9.5
Micro ATMs	5	2.5
Others(Specify)	0	0
Total	200	100

Of the total 200 customers, 51 are using Debit/Credit Card, 37 are using Net Banking, 12 are using NEFT/RTGS, 12 are using IMPS, 32 are using Mobile Banking, 31 are using BHIM/UPI, 19 are using Prepaid Cards/ Mobile Wallets, 5 are using Micro ATMs.

5. Purpose of Using Digital Mode of Payments

In order to find out the various purposes for which the public use the digital mode of payments and their most and least purposes are identified using the weighted average ranking and the below table infers the results of it.

Table 5

Purpose of Using Digital Mode of Payments	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	TOTAL	RANK
Money transfer	149	36	27	8	30	12	14	8	45	60	389	I
Bill payments	26	262	54	20	30	18	21	8	27	40	506	II
Shopping	29	140	207	28	25	30	21	24	45	40	589	VIII
Ticket booking	36	170	114	60	25	24	28	40	18	60	575	V
Hotels / taxi/petrol bunks	42	158	129	32	40	30	21	24	18	70	564	IV
Food ordering apps	50	150	102	32	35	30	35	48	36	60	578	VI
Recharges	50	170	84	40	20	24	28	32	27	80	555	III
Groceries	26	212	99	16	30	36	28	32	36	70	585	VII
Account balance checking	44	170	111	12	20	24	14	24	54	120	593	IX
Others	44	202	45	28	20	24	7	32	27	170	599	X

From the above table it has been found that Money transfer ranks first in the purpose of using digital payment modes, followed by Bill Payments as the second rank, Recharges as third, Hotel/Taxi/Petrol bunk bills as fourth rank followed by Ticket booking, Food ordering apps, Groceries, Shopping, Account balance checking and others in their order of ranking.

6. Age and Awareness Level

In order to find out the association between age and the level of awareness among rural public towards digital payment modes, the following null hypothesis has been framed.

H₀ - There is no association between the age and the awareness level among rural public towards digital payment modes.

Table 6

			score			Total
			Low	medium	high	
age	upto 20	Count	0	4	2	6
		% within age	.0%	66.7%	33.3%	100.0%
	21-30	Count	4	43	8	55
		% within age	7.3%	78.2%	14.5%	100.0%
	31-40	Count	3	13	1	17
		% within age	17.6%	76.5%	5.9%	100.0%
	41-50	Count	0	7	2	9
		% within age	.0%	77.8%	22.2%	100.0%
	above 51	Count	0	5	0	5
		% within age	.0%	100.0%	.0%	100.0%
Total		Count	7	72	13	92
		% within age	7.6%	78.3%	14.1%	100.0%

Calculated chi-square value (χ^2) =7.708 Table value at five percent level=15.51
D.f =8

From the above table it has been found that the calculated chi-square value is less than the table value at five per cent level of significance, the null hypothesis is accepted. Hence it has been found that there is no association between the age of the respondents and the level of awareness of them towards digital payment modes.

7. Area of Residence and Level of Awareness

In order to find out the association between area of residence and the level of awareness among rural public towards digital payment modes, the following null hypothesis has been framed.

H₀ – There is no association between the area of residence and the awareness level among rural public towards digital payment modes.

Table 7

			score			Total
			Low	medium	high	
area	Pollachi	Count	12	92	4	108
		% within area	11.1%	85.2%	3.7%	100.0%
	Nearby Pollachi	Count	14	60	18	92
		% within area	15.2%	65.2%	19.6%	100.0%
Total		Count	26	152	22	200
		% within area	13.0%	76.0%	11.0%	100.0%

Calculated chi-square value (χ^2) =14.613 Table value at five percent level=5.99
D.f =2

From the above table it has been found that the calculated chi-square value is greater than the table value at five per cent level of significance, the null hypothesis is rejected. Hence it has been found that there is association between the area of residence and the level of awareness of them towards digital payment modes.

Findings of the Study

1. Majority of the respondents (66) came to know about the digital payment modes through their banks.
2. Most of the respondents (80) are using both cash and digital mode of payments for their financial transactions.
3. Highest number of respondents (111) are using digital mode of payments in the frequency of sometimes category for making their monetary transactions.
4. Mainstream of respondents' (51) most frequently used mode of payment method is by using debit/credit cards.
5. Greatest number of respondents purpose of using digital payment modes were for their money transfer which is ranked first, followed by bill payments and recharges in the second and third positions of ranking.
6. Maximum number of respondents (78) belong to the age group of 21-30 years of age.
7. Furthestmost respondents (108) are living in the locality of urban Pollachi.
8. Regarding age and level of awareness of rural people among digital payment modes, it has been found that there is no association between them.
9. In case of area of residence and level of awareness, there exists significant association between them.

Suggestions of the Study

1. The Government can arrange for awareness camps and educate digitally the public to increase the usage of digital cash.
2. Flawless flow of internet connection helps rural areas to use digital payments conveniently. The funds may be allocated and properly used for providing rural area with internet.
3. It has been found from the present study that most of the respondents of the study area are using digital as well as cash mode and their frequency of using digital mode is only sometimes and not often. Steps may be taken to strengthen their trust by providing secured environment for digital transactions with simple and convenient procedures to increase and convert people to use digital cash.
4. The purpose of using digital cash is lesser in areas like shopping, grocery, ticket booking, and food ordering apps and so on. Offers, discount vouchers may be provided to increase the usage of the above said areas of digital payments too.

Conclusion

The present study focuses in identifying the users' preference and awareness in various digital payment modes. With the help of the interpretations made from the analysis, appropriate suggestions has been given to improvise the digital payment modes' usage. Hence by increasing the awareness level, providing digital literacy, flawless internet connection, increasing the level of trust through a good secured payment system, the Digital India Programme's vision could be fulfilled in a successful manner and convert the rural public into digital payment mode citizens and improve our country digitally to compete with the global economy.

Acknowledgement

The author acknowledges the receipt of funding seed money from the management of Nallamuthu Gounder Mahalingam College, Pollachi for this research work and thank the management for this financial support.

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सत्यं शिवं सुन्दरम्
Estd. 1949

Journal of
The Maharaja Sayajirao University of Baroda

Certificate of Publication

Certificate of publication for the article titled:

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Volume No .56 No.1(XI) 2022

Approved in Journal

Journal of The Maharaja Sayajirao University of Baroda

ISSN : 0025-0422

(UGC CARE Group I Journal)



Journal MSU of Baroda