

# Use of online payments on consumers

EVA MARIA RAJEEV , RIYA VERNEKAR

*St Joseph's university*

## ABSTRACT

*This following term paper focuses mainly on the introduction of online payments in a country like India where we are able to find people from various age levels traditions ,literate-illiterate etc.How each of them were satisfied or dissatisfied which was found out through a questionnaire.The problem that led to the choosing of this topic for the research paper is also given in explanation.The research methodology here was done through a questionnaire from which survey was taken from upto 100 people who gave their experiences and submissions.The data of these were interpreted through pie charts and graphs which were the best methods to provide the right data.*

## INTRODUCTION

This research paper focuses on the impact of a consumer spending via online payment methods ,use of credit or debit cards by the shift from liquid money.It's main focal point is with regard to the country India ,how various classes of people accepted the fact of the introduction of the unified payments interface ,any kinds of online payments or the usage of credit or debit cards.

In India on 11<sup>th</sup> April 2016 the unified payment interface was introduced.It's main aim was to negotiate a better efficient and effective way of payments in the market.

Other important change that was brought about in India was the demonetisation that took place on the 8<sup>th</sup> of November 2016.This was done by the prime minister of India Mr.Narendra Modi to prevent the illegal currency trafficking that was going on through out the country.It was during this time that there was a clash because of the shortage of the currency and this paved the way for the initiation of the payments via the online platform

India is a very big and vast country where we can find people belonging to various religions ,traditions ,beliefs etc.This term paper will enable us to know how these people belonging to certain classes got affected by it.

Nowadays we are able to see that the use of internet has increased drastically.The consumers that is especially the youth is getting more used to it and is also starting to forget the traditional ways that were followed.The main initiatives likes the following upi apps has helped to improve the system of digital payment in India.

Google pay ,Phonepay ,Paytm, Bhim app etc

The government of India has launched the Digital India program to turn India into a digitally empowered society and knowledge economy. The program aims to make India "Faceless, Paperless, and Cashless." Prime Minister Narendra Modi has encouraged the adoption of cashless transactions, resulting in significant growth in India's digital payment sector since Demonetization in November 2016. Digital wallet companies in India have seen a 271% increase in growth, reaching a total value of US\$2.8 billion or Rs 191 crores. According to a Google-BCG report, the digital payment industry in India was expected to grow to US\$500 billion by 2020.

## STATEMENT OF PROBLEM

India being a developing country mostly all the people will be very new to the world of technology ,with different age groups of people finding it difficult to catch up with the changing trends.The older traditional system of payment is getting restored in India.Our level of literacy being only at a mere 6.5% no one was expecting such a big success of online payments in India.

In the case of the small shopkeepers ,if they are introduced to this They would have a very hard time to get used to the change from the usage of liquid money.They having very less technical knowledge.Also another thing that should be kept in mind is the amount of tax that the online payment apps like google pay ,Paytm and Amazon pay etc implies, this will result in a subsequent amount of loss for them as shopkeepers only earn a small amount of cash daily.Also the goods and service tax being introduced ,so 5% tax is levied on the basis of cgst and sgst on the total bill.This gst tax which was implemented from 1<sup>st</sup> July 2017 actually reduces the service cost much lower than the actual cost for the consumer.

During the times of COVID-19 which was very recent the consumers had no other chance to go directly to the shops they were mostly using the method of online payments to make the transactions.This made it more wider and more available all around the country.The small and the medium selling shopkeepers were the ones that were most hit during this outbreak having very low level of earning and this being the online mode to prevent the virus spread.If looking from the point of view of the shop keepers they have no or very less access to technology and it also gives them not a very steady level of cash flow to invest in their business.Other problems that everyone faces is not having internet access,security and privacy issues.Also the demonetisation that was implemented along with many other challenges that should be looked upon.

## REVIEW OF LITERATURE

(Huang, 2017) This research paper focuses on the impact of digital payments on the countries like China and US. It gives off the major level of concern to QR code payments and also online banking. There is a very high level of advancement in the lifestyle of people and it has led to development in the platform of online shopping.Mobile payments seem to be the most effective and efficient one as nowadays mostly every person carries one every time with them .Each country will prefer a type of payment depending upon their situations where China mostly acquired the method of Qr payment and the United States of America goes with the nfc's and credit card system whichever the people find mostly useful.

(Singh & Rana, 2018)This research study analyses the impact of digital payments from the customers point of view in the state of Delhi.Like it was mentioned in the above paragraph's ,it was with the introduction of the demonetisation that most of the consumers got used to online payments or digital wallets, which was a sudden shift from using the liquid money directly at the shop .If looking at the companies like google pay ,Paytm this was the time of immense growth for them .Even for the foreign Investors and travellers from abroad india became more attractive as they started accepting this payment method . Demographic changes and the customers perception of it are the main factors that are looked upon when coming here.By the survey that was taken from upto 150-200 people it was found out that it was equally perceived by the people belonging to different age group or either the rich or the poor.The main thing that mattered was their literacy rate or their level of education

(Credit Suisse, 2018).Here they are talking based on the bank-Axis bank who has seen a growth of upto increase by 8 times in the level of transactions that were done.When various messaging apps will enter into this platform there will be a much higher amount of increase in the above said times.They had done a forecasting that by 2023 this will increase upto the Level of 1billion will the help of infrastructures like Aadhar and unified payments interface.They say that as there are very high number of bank accounts linked to a single phone number -the level of success fullness will always depend the bank.

(Zandi, Koropecjy, Singh, & Matsiras, 2016).According to this research paper, there has been an increase in the amount of online payments done from a study that was done from the years 2011-2017.The main factors that are being looked upon here are the gross domestic product and the growth of the economy. Even for the people of a daily wage warning we could see a significant level of improvement in their standard of living and their spending.Some factors that are concerning are the privacy or the security of the users bank account as there are many hackers all around and also people have experienced this.

Thus decisions should be taken where both the bank and the customers will get their benefits.

(M bogo, 2010)This paper was done by Marian M bogo and was based on his findings from Kenya ,where even being a country of low income earning people there was a significant high amount of online payment users which was based on the model of technology Acceptance.He had conducted a survey from about 500 small businesses and their review was taken on how everyone or each of them had accepted their new style of payment and issues

that were concerning were also noted down from them. They were also given information on how they could use this to make their lives much easier.

Tiwari, Pooja, Vikas Greg, and Abhishek Singhal. (2019). India being a developing country people should abide to newly changing technology and make changes accordingly for the positive growth of the society. A very inventive product that was introduced to enable people to do this was through a digital wallet. The digital wallet refers to an electronic device or service provided to persons enabling them to conduct electronic transactions. The main example that can be stated about here is online shopping and the apps which can help the consumers here are google pay, Paytm which is common in India and in countries like USA it will be Apple Pay, Venmo etc. When coming to talking about shopping nowadays people prefer online shopping rather window shopping with its list of benefits like-anytime 24/7 access and anywhere shopping (like even sitting home comfortably we will be able to do it).

### **OBJECTIVES:**

- 1.) How different age people from the society accepted the introduction of online payments in India
- 2.) The problems or the concerns they had to face -illiterate
- 3.) The find out the knowledge of e-payment systems in India

### **Limitations:**

- 1.) This research paper is based on the studies from India thus a comparative study cannot be done by looking at the data
- 2.) As many more people will abide to using the online payments, the currency will slowly lose its value.
- 3.) Many threats can be caused as we are giving to the Internet browser all the information about the bank accounts, which can be hacked thus causing security and privacy issues, technical problems or low connectivity issues
- 4.) As the reviews are taken in total form the people, it would be harder to get to know what problem each person belonging to a certain level from the economy is facing.
- 5.) Giving more value to the need based expenses other than the want based expenses as people's annual expenditure and how much they consume are also based on their choices.

### **SCOPE :**

- 1.) This research paper will help us know the issues customers face when doing their online transactions.
- 2.) How the demonetisation (when the used currency of India was withdrawn by the prime minister in 2017 to avoid the currency trafficking) gave a much more bigger great leap to the growth of online payments.
- 3.) The payment apps that are very famous and prevalent in India and based on reviews taken from people how their personal issues can be solved.
- 4.) How the consumers adopted or accepted it at the beginning or the time of its introduction.
- 5.) To study the growth of the apps talked about.

### **RESEARCH METHODOLOGY**

A survey was conducted which was passed through the people of Bangalore and their responses were taken about their opinions and experiences.

Upto 100 people gave the survey which was in this form of a questionnaire.

There were people who belonged to the working class above the age of 18, who are regular users of the online payment apps.

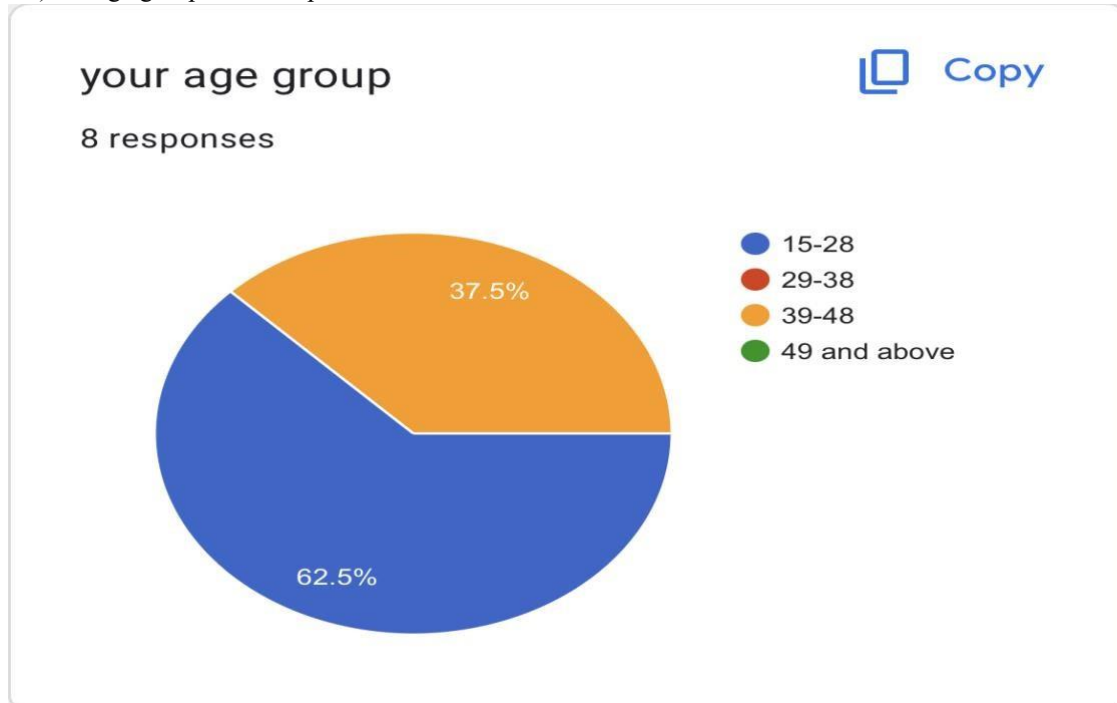
Information was also taken from books, journals and also by a small interview from the people belonging to different sections of the society who had very variant earnings. How they all took in the face of the new major change that was brought about to the people from using liquid money.

The data was taken from a very well made questionnaire which had all the relevant questions relevant to the topic of the impact online payment had on the consumers. The questionnaire was either sent to the respondents throughout the messaging apps present online like WhatsApp or by an interview directly.

**DATA ANALYSIS AND INTERPRETATION**

There was survey that I had conducted using a questionnaire among the people of different age groups asking for their opinion about the topic These are the results that was received:

1.)The age group of the respondents

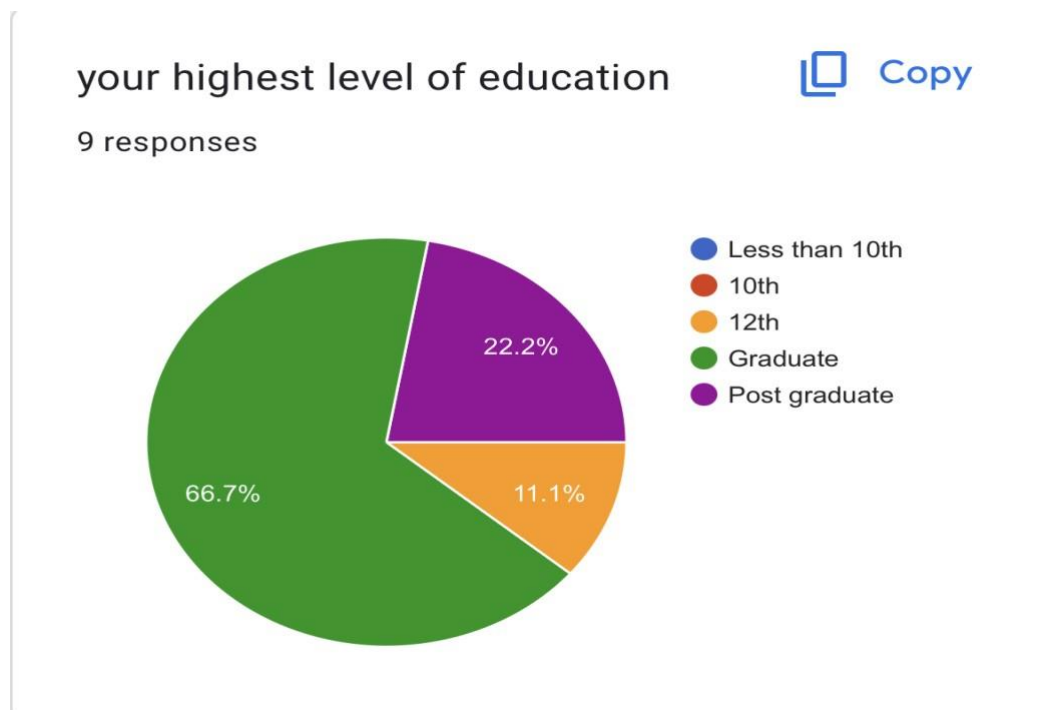


Age	Percentage
15-28	62.5%
29-38	
39-48	37.5
49 and above	
Total	100

INTERPRETATION:From the above table we are able to find out that upto 62.5% of people were from the age group of 15-28 and the rest were 37.5% of people from age group 39-48

Inference :the majority of people are either students or young working class.This maybe because the people of older age found it a bit difficult to cope up with the introduction of these new technological elements.

2.)HIGHEST LEVEL OF EDUCATION

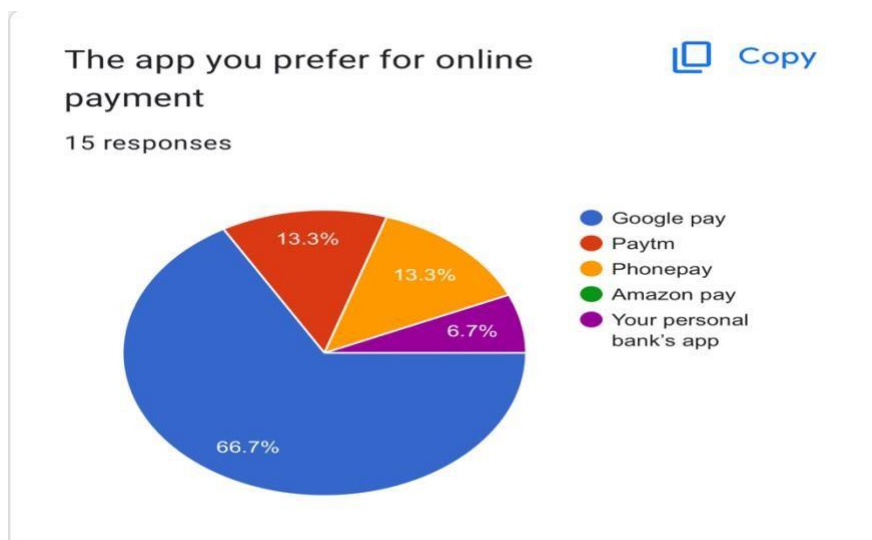


Education	Percentage
Less than 10 10th	
12th	11.1%
Graduate	66.7%
Post graduate	22.2%
<b>Total</b>	<b>100%</b>

INTERPRETATION:From the above table we were able to interpret that there are 11.1% of people who had passed 12<sup>th</sup> grade ,graduates were around 66.7% and post graduate were found out to be of 22.2%

Inference:most of the consumers were people who were graduated which was 66.7%

3.)THE APP PREFERRED BY THE RESPONDENTS FOR ONLINE PAYMENT

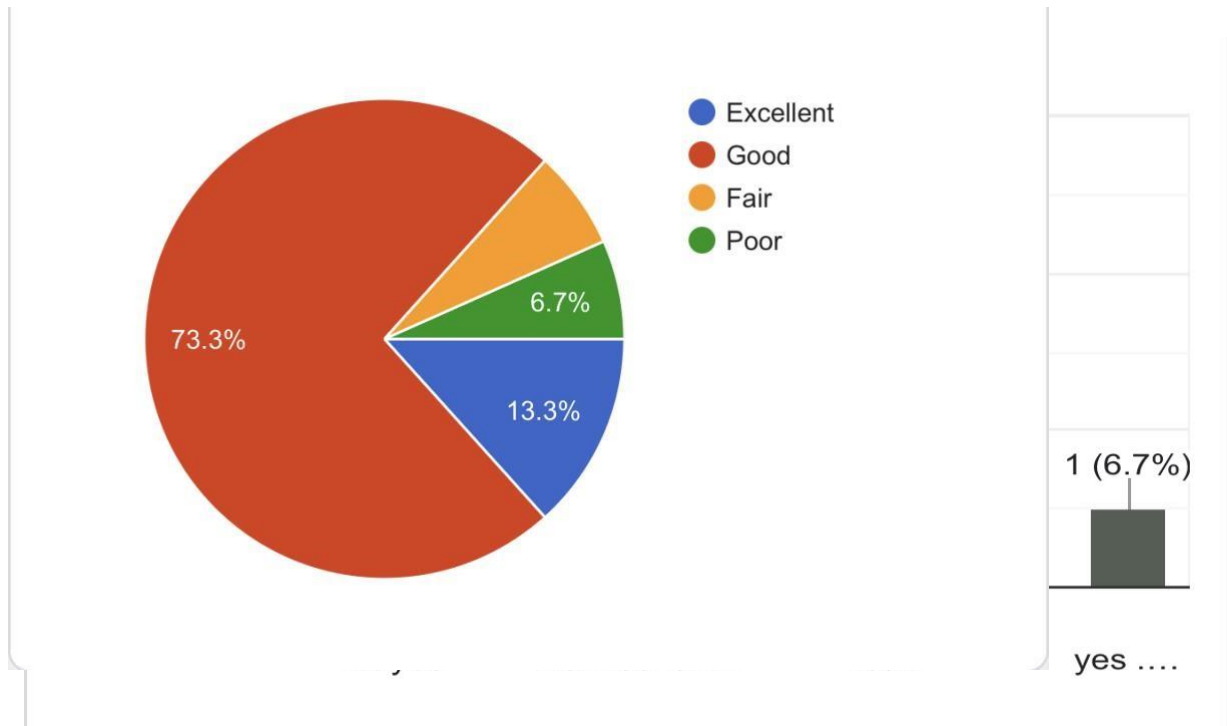


App	Percentage
Google pay	66.7%
Paytm	13.3%
Phonepay	13.3%
Amazon pay	0%
Banks app	6.7%
Total	100%

INTERPRETATION:From the above table we can observe that google pay has 66.7% of users voted for it, phonepay and Paytm has 13.3% consumers ,and the people that use their personal banks app are 6.7%.

INFERENCE:Here we were able to find out that most of the people chose to use the app google pay as in India that was one of the first major app bringing in the change to people as an introduction towards upi payments.

4.)IF THE RESPONDENTS THOUGHT DEMONETISATION COULD BE A REASON THAT LED TOWARDS MORE USAGE OF THE PAYMENT APPS BY THE PEOPLE?



INTERPRETATION:Here most of the people have answered that they are not so sure if they actually know the reason towards demonetisation making people to slant towards online payments rather than liquid money. When demonetisation came into effect in 2016 November 8,there was shortage of notes and people had to stand outside the banks in long queues just to get a glance of the new notes.This led to some of them adopt the new technique of payment that was not very common then. Now from a luxury brand to a street vendor everyone has digital payment options available to make easy transactions then and there.

INFERENCE: All the Respondents gave the answer that they were not so sure or maybe as an answer to this question.This will give us an impression that they had very less familiarity about this topic.

5.)EXPERIENCE OF THE RESPONDENTS FROM ONLINE PAYMENTS

Experience	Percentage
Excellent	13.3%
Good	73.3
Fair	
Poor	6.7%
Total	100%

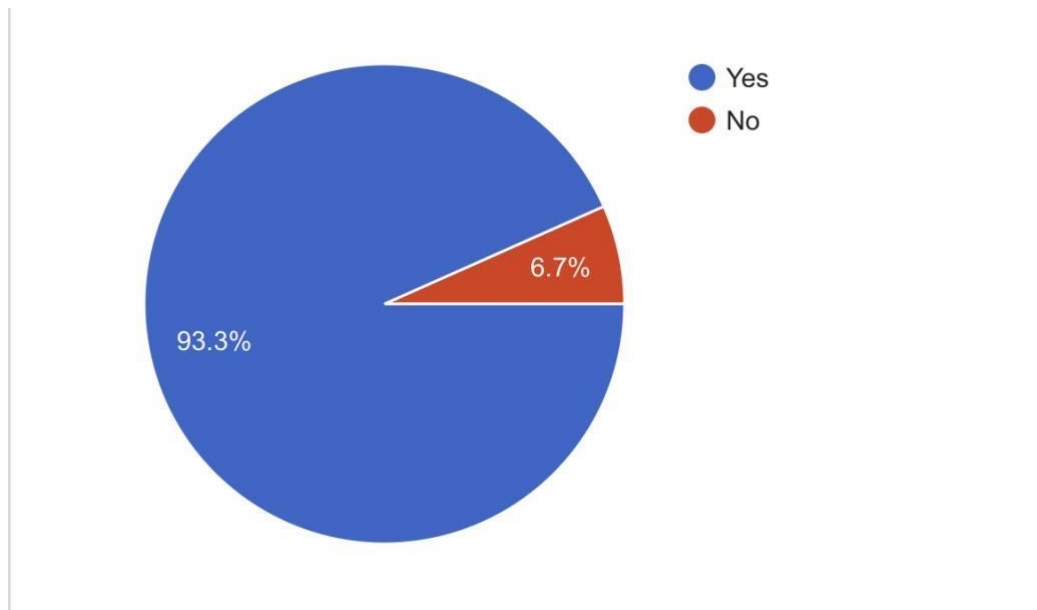
INTERPRETATION:Here 13.3% had an excellent experience from using the online platform for payments that is they had zero or issue they were facing ,good experience for 73.3% and very poor experience for 6.7% of the people.

INFERENCE:Here the 73.3% of people have had good experience from the usage of online apps

From the people who had cherished a bad experience, these could be the reasons

- Bad network connections when they were trying to reach out to make the transaction
- Consumers having less technology knowledge or no one to teach them about this
- For reasons of fraud experiences or their account getting hacked and which can lead to them loosing all the money in their account
- Restricted fund and time for transfer

## 6.)ARE THEY A REGULAR USER OF ONLINE PAYMENT APPS



**INTERPRETATION:**It was a great leap for the people of India being a drastic change from the usage of liquid money or being used to the traditional techniques to using credit or debit cards or even upi to make their payments or transactions.

From this above graph we are able to interpret that most of the people getting their sed to the change they became a regular user of online payments ,so as a yes there is 93.3% and the no has 6.7%,as some people believe that that there is some tax charges that is getting incurred in each payments.

**INFERENCE:**The majority of the respondents gave the answer as a yes which is 93.3%.

## CONCLUSION

In conclusion, the evolution of payment methods from cash to online payment systems has been a significant change in the way transactions are made. Online payment systems like Google Pay, Phone Pe, Paytm, and BHIM app have become increasingly popular for making daily online as well as onsite purchases. The issues associated with online payment, including security concerns and customer adoption, have been discussed in this paper. However, the advancements in technology supporting mobile transactions and making them more convenient and transparent are developing trust among customers who are becoming more comfortable with this mode of payment. This change in customer behaviour is apparent in retailing and banking, and with the availability of mobile devices, online payment systems are here to stay. Despite the challenges and opportunities, the adoption and deployment of several rising technologies carry new opportunities and challenges to the implementation and design of secure online payment systems in the present day as well as in the near future.

## SUGGESTIONS

The following were the suggestions

The government should invest in enhancing the security features of digital payment platforms and also educate people on how to protect themselves from fraud and scams. Transparency and efficiency are also essential in promoting digital payments. The government can encourage more merchants and service providers to accept digital payments by reducing transaction fees and offering incentives. Additionally, simplifying the process of digital payments and making it more user-friendly can encourage more people to adopt this mode of transactions.



Overall, promoting cashless transactions requires a collaborative effort from the government, financial institutions, and the public to build a robust digital payment ecosystem that is safe, reliable, and convenient for all.

## **BIBLIOGRAPHY**

- 1.)references from a research paper jetir.org -impact of digital payments on the consumption
- 2.)IJraset research paper on analysis of benefits of e payment system to customers in a pandemic situation with special reference to Alappuzha.
- 3.)Responses from a survey taken about the topic through questionnaire.
- 4.)International journal of creative research thoughts-A study on usage of online payment apps by customers
- 5.)Research journals and books from libraries
- 6.) Vidya Shree DV, Yamuna N. and Nitua Shree G “A Study on New Dynamics in Digital Payments System-with reference to Paytm and PayUMoney”, International Journal of Applied Research 2015, 1(10):1002-1005.

