Annals of R.S.C.B., ISSN:1583-6258, Vol. 25, Issue 2, 2021, Pages. 3542 - 3551
Received 20 January 2021; Accepted 08 February 2021.

A Study on Customers' Perception towards Digital Payment System with Special Reference to Coimbatore City

Dr. P. V. RAJESWARI,[1]Assistant Professor of Commerce,
Jairam Arts and Science College, Salem – 8.
Dr. P. PIRAKATHEESWARI,[2]Assistant Professor of B Com – PA,
Sri Ramakrishna College of Arts and Science, Coimbatore.
&
Prof. M. VADIVEL,[3]Assistant Professor of B Com – PA,
Sri Ramakrishna College of Arts and Science, Coimbatore.

ABSTRACT

The last decade has seen tremendous growth in use of internet and mobile phone in India. Increasing use of internet, mobile penetration and government initiative such as Digital India are acting as catalyst which leads to exponential growth in use of digital payment. Electronics Consumer transaction made at point of sale (POS) for services and products either through internet banking or mobile banking using smart phone or card payment are called as digital payment. The consumer perception of digital payment has a significant and positive impact on adoption of digital payment. Digital payments are the trend of the day. In a mixed economy like ours, this is a great boon for all the users around the world. Digital payment system completely changes the traditional system of making and receiving payment throughout the world. It saves time, energy and resources. The present study is to analyse the awareness level and purpose of usage of digital payment systems. The results show that the respondents are highly aware about debit cards and digital payment system is used highly for utility payments.

Keywords :Cashless Transactions Consumer Perception; Digital Payment; Digital Wallets, Mixed Economy.

INTRODUCTION

Digital payments are the trend of the day. In a mixed economy like ours, this is a great boon for all the users all around the world. Digital payment system completely changes the traditional system of making and receiving payment throughout the world. Further it saves time, energy, resources and has many positives with it. The parties involved in a monetary transaction are of two types namely payer and payee. Payer is the one who pays for the transaction and Payee is the person who receives the money or money's worth thereby. The parties will be using the electronic modes for making and receiving the payments at both ends of transactions. No party is required to hold hard cash in hand for the sake of transactions

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rather everything is made in electronic form through online. High end technology is used for the execution of transactions and it will be very much convenient for everyone to handle these kind of electronic mode transactions.

The cash payment system is a time consuming one whereby one need to withdraw cash from bank and ATM, exchange it for goods or services with the vendor, followed by vendor's visit to the bank and ATM for depositing it and so on. Hereby these digital payment system helps everyone to save time, energy, etc. and more convenient cum instant money transfers all across the world for any kind of transactions. Further, there are many types of digital payment systems available at present which includes unified payment interface, aadhaar enabled payment service, unstructured supplementary service data, card payments and electronic wallets. These different modes of digital payment systems are being used all across the world based on the requirements and suitability of the users' transactions.

STATEMENT OF THE PROBLEM

India is a developing economy characterised by middle class population, emerging standard of living, young population with huge opportunities for employment and entrepreneurship. The development of Indian demographics is resulting in high demand for all types of financial and non-financial services across the world. Presently, the "Digital India" initiative of the government has given a tremendous boost to the usage of digital payment systems throughout the country. Coimbatore is a dynamic city with impressive demographics and the city is going digital and is on the path to embrace technology in all its spheres. The present study is therefore undertaken to identify the awareness and purpose of usage of digital payment systems in Coimbatore city.

OBJECTIVES OF THE STUDY

1. To know the profile of the respondents.
2. To analyse the awareness level of the respondents towards the types of digital payment systems.
3. To identify the purpose and various attributes of digital payment systems.

RESEARCH METHODOLOGY

1. **Sampling**

   Data has been collected from 250 respondents using random sampling technique.

2. **Statistical tools used in the study**

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- Percentage analysis
- Descriptive Analysis
- Chi-square test

LIMITATIONS OF THE STUDY

The study has the following limitations

- ❖ The study is limited to Coimbatore city so the findings cannot be generalized.
- ❖ The findings of the study are entirely based on primary data. So, the results are subject to limitations of primary data.

REVIEW OF LITERATURE

Jayakumar and Vincent Sahayaraj(2016) in their article have comprehended the factors that make a customer a happy customer. The article shows that the customers prefer online banking, ATM etc. but some factors like alertness and consistency have consequence on their level of satisfaction. The customer satisfaction increases towards the use of current banking services if the bank provides more consistent services with value as promised and on time. SBI has been successful in implementing substantial factors like modern equipment, infrastructural amenities, quality of equipment used. They have been flourishing in achieving an agreeable relationship with customers. Most of the respondents of the article felt that the employees of the SBI are very intense to satisfy their customers.

Alhaj (2012) has made a study to investigate the factors that manipulate the consumer adoption of Electronic banking in Nigeria. The article examines the relationship between Electronic banking adoption and the determining factors for critical success of Electronic Banking in Nigeria. The results show that the factors that determine the adoption of Electronic banking in Nigeria are awareness, ease of use, security, cost, reluctance to change and accessibility. The results of this study show that the perceived ease of use and reluctant to change are found to be insignificant in determining its adoption.

Ashiya(2006)has done the study to find the current offerings and developments provided by electronic payments. The author has evaluated different modes of e-payment such as plastic cards, debit cards, credit cards, smart cards, electronic cheques etc. These electronic ways are an excellent instrument for payment system. The author analysed that security was the main concern among electronic payments and has suggested that E-payment technology could be used as a tool for the improvement of consumer loyalty and business of banks as it has reduced the cost and risk factor and increases the consumer loyalty.

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Jain and Hundal (2006) have described "The importance of mobile banking and barriers in the adoption of mobile banking". The objective of the study was to find the reasons why the people had not fully accepted the technology though it provided much advantage to the banking customers as compared to previous technologies. The study indicated the various barriers, viz. access problems, dissatisfaction and inability of service providers in the adoption of mobile banking services. Finally, the customers got depressed by the complicated function while accessing the mobile banking services which lead to rise in their dissatisfaction level, as no proper guidance was provided to them.

Kumbhar(2012) has done a study on "Reliability Of "E-bank equal Scale: Retesting in Internet Banking Service Settings". The purpose of the article was to test consistency and validity of E-Bank Qual scale. The scale was to develop for the measurement of service quality and customer contentment in e-banking. In the article, the author has conducted an assessment of internet banking users and examined their liability and the validity of E-Bank Qual scale. This scale was tested using Cronbach'salpha reliability test which is a familiar test. Result of the dependability and validity test shows that System accessibility, e-fulfilment, accurateness, Efficiency, Security, Responsiveness, Easy to use, Convenience, Cost Effectiveness, Problem Handling, Compensation, Contact, Brand perception and Perceived value are the most important dimensions of E-Bank Qual Scale and it is reliable and valid for its supplementary use.

FINDINGS OF THE STUDY

The following table shows that the demographic factors of the study

Table 1 – Demographic Variables of the Respondents

Demographic Variables		No. of Respondents	%
Age	Below 25	59	23.6
	26-35	89	35.6
	36-45	61	24.4
	Above 45	41	16.4
Gender	Male	118	47.2
	Female	132	52.8
Marital Status	Married	160	64.0
	Unmarried	90	36.0
Educational Qualification	School level	23	9.2
	Under graduation	111	44.4
	Post-graduation	86	34.4
	Retired	30	12.0
Monthly Family Income	Below Rs.20,000	46	18.4
	Rs.20,001- Rs.30,000	73	29.2
	Rs.30,001- Rs.40,000	58	23.2

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	Rs.40,001- Rs.50,000	58	23.2
	Above Rs.50,000	15	6.0
Occupation	Student	30	12.0
	Employed	51	20.4
	Self employed	70	28.0
	Professional	56	22.4
	Retired	14	5.6
	Home maker	29	11.6
Type of Family	Nuclear family	138	55.2
	Joint family	112	44.8
Total		**250**	**100.0**

It is inferred from the above table 35.6 per cent of the respondents are between 26-35 years of age. 52.8 per cent of the respondents are female, 64.0 per cent of the respondents are married, 44.4 per cent of the respondents have done under graduation, 28.0 per cent of the respondents are self-employed and 29.2 per cent of the respondents' monthly family income is between Rs.20, 001 to Rs.30,000, 55.2 per cent of the respondents live in nuclear family.

DESCRIPTIVE STATISTICS FOR AWARENESS OF DIGITAL PAYMENT SYSTEM

The following table shows the awareness level of the respondents towards the types of digital payment systems.

Table2 - Awareness of Digital Payment System

Types of Cards	Mean	Std. Deviation
Credit card	2.33	.440
Debit card	2.38	.473
Rupay card	1.98	.791
Visa card	1.86	.822
Master card	2.04	.882
Paytm	1.49	.707
Free charge	1.62	.741
Airtel money	1.31	.536
Samsung pay	2.06	.817
Bank Prepaid Cards	1.94	.709
Point of sale	2.24	.749
NEFT	1.62	.758
RTGS	1.63	.718
ECS	2.14	.752
IMS	2.14	.814

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It is inferred from the above table that most of the respondents are aware of debit cards and credit cards followed by point-of-sale transactions.

PURPOSE OF USAGE OF DIGITAL PAYMENT SYSTEM

The following table shows the purpose of usage of digital payment systems.

Table 3 - Purpose of Usage of Digital Payment System

Purpose of Usage	Mean	Std. Deviation
Shopping	1.91	.955
Fund transfer	2.12	.879
Utility payments	2.41	.958
Ticket booking	1.96	.999

It is inferred from the above table that digital payment system is used highly for utility payment purposes. The ease of digital transactions which involves only minimal time, effort and resources may be the reason for the usage of digital payment system for utility payments.

FACTORS INFLUENCING PREFERENCE OF DIGITAL PAYMENT SYSTEM- DESCRIPTIVE STATISTICS

The following table shows the factors influencing preference of digital payment systems.

Table 4 - Factors Influencing Preference of Digital Payment System

Factors	Mean	Std. Deviation
Ease to transaction	3.96	1.722
Transaction charges	4.11	1.633
Convenience	3.24	1.690
Time saving	3.17	1.716
24*7 service	2.68	1.459
Security	3.46	1.645

It is inferred from the above table that transaction charges are the main influencing factor for the preference of digital payment system.

RELIABILITY AND VALIDITY

Table 5 shows the result of reliability analysis- Cronbach's Alpha Value. This test measured the consistency between the survey scales. The Cronbach's Alpha score of 1.0 indicate 100 percent reliability. Cronbach's Alpha scores were all greater than the

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Nunnaly'sgenerally accepted score of 0.7. In this case, the score was 0.769 for the digital payment modes used by the respondents.

Table 5 - Reliability Analysis-Scale (ALPHA)

Products/ Services	Number of Cases	Number of Items	Alpha Value
Digital Payment Mode	250	13	0.769

HYPOTHESIS TESTING: ANOVA COMPUTATION

In order to test the hypothesis ANOVA was carried out. The results are given below. **Table 6** gives the result of ANOVA computation on the basis of gender, age education, profession and annual income of the respondents.

Table 6 - 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	.199	.656	1.110	.354	13.929	.080	3.741	.006	1.046	.386
Frequency of use digital payment to make online payment for bills and purchases	.002	.963	.821	.514	90.536	.000	5.109	.001	.665	.617
Brand Loyalty of Digital Payment mode	.987	.322	.910	.460	216.450	.000	2.252	.066	1.919	.110
Convenience in Use of digital payment mode	.141	.708	2.131	.080	17.094	.000	1.418	.231	.714	.583
Secured Transaction	1.914	.169	1.015	.402	13.929	.000	2.283	.063	1.836	.125
Time Saving through digital payment mode	8.266	.005	2.572	.040	67.566	.000	2.527	.043	1.087	.365
Acceptance Wallet/digital payment mode	.446	.505	1.826	.127	22.713	.000	3.399	.011	.550	.700
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 for purchase of product.	.987	.322	.910	.460	34.412	.000	2.252	.066	1.919	.110
Using the mobile	.291	.590	3.705	.007	3.656	.007	1.670	.160	.619	.650

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wallet improves the quality of my decision making for buying products.										
Believe mobile wallets are useful in buying products than the traditional methods.	.614	.434	3.204	.015	14.138	.000	1.004	.408	.890	.472
Think that using online wallets can offer me a wider range of banking services and Payment options	.987	.322	.910	.460	26.591	.000	2.252	.066	1.919	.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	.446	.505	1.826	.127	13.805	.000	3.399	.011	.550	.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, we accept the H_{01}. This indicates that both male and female customer perceive digital payment mode/digital wallets in similar way. Similarly, we find that 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, we 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 7 and 8**. 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

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statement related to particular attribute and indicate no satisfaction. Neutral responses neither support nor oppose the attribute.

Table 7 - Frequency Analysis of Respondent's Perception

Statement	Highly Important	Important	Moderately important	Slightly important	Not important
Brand loyalty	48	36	11	4	1
Convenience in usage	18	47	18	8	9
Secured transactions	52	35	9	3	1
Time Saving through digital payment mode	75	13	6	4	2
Acceptance Wallet/digital payment mode	20	50	17	8	5
Price of Using digital payment mode (service charges etc.)	03	47	22	7	2

Table 8 - Frequency Analysis of Respondents Satisfaction

Characteristics/Attributes	Strongly Agree	Agree	Moderate	Disagree	Strongly Disagree
Mobile wallets are capable of providing benefits to individual for purchase of product.	53	28	6	7	4
Using the mobile wallet improves the quality of my decision making for buying products.	75	16	5	2	2
Believe mobile wallets are useful in buying products than the traditional methods.	84	16	0	0	0
Think that using online wallets can offer me a wider range of banking services and Payment options	48	36	10	4	2
Interacting with mobile wallet is helpful.	88	12	0	0	0
Trust the service providers of mobile wallet	16	50	20	7	5

Majority of respondent said it is important or highly important to associate with brand, convenient in use, secured transactions, save time, acceptance of digital wallets at different stores and pricing of transaction (transaction cost, service fee etc.)

Majority of the respondents agree that mobile wallet/digital payment provides benefits to individual for purchase of products, improve the quality of decision, helpful in buying

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products as compared to traditional methods, they offer a wide range of banking services and payment options. They also agree that interaction with mobile wallet is helpful and that they trust the service providers.

CONCLUSION

Digital payment system in India, has shown tremendous growth, but still has lot to be done to increase its usage. 24*7 service, time saving, convenience and security factors contribute to strengthen the digital payment system. Digital transactions and mobile wallets, with more secured features, reduced cost of managing and ease of transaction in digital payments are the probable developments in digital payments all over the world. There is a fewer problem for the public to use cashless digital methods at present. But the government's efforts to create awareness, build trust, provide cyber security framework and necessary infrastructure will make it possible for faster acceptance among the public to adapt towards digital payment systems.The growth of users of Smartphone and internet penetration in such area also facilitated the adoption of digital payment.

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