

## **Adoption of Digital Payment Methods in Rural Areas of Ramanathapuram District**

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### **ABSTRACT**

Cashless Economy is the main mantra in digital reforms that have set an impact recently and changed the consumer's payment method completely. Digital Payments an easy means of transacting money with no physical exchange of money or hard cash but with virtual mode. There are many methods adopted by which an individual or corporate can make payments without using cash, for example, Debit or Credit card, Internet Banking, Mobile Banking, Mobile Wallets, UPI, etc., With the help and support of these payment methods, people can make ease of transactions with a single click. Though there are many advantages in using digital payment methods people have to face many challenges and difficulties also, so to make it more successful the Government has to ensure the possibility of using the Internet, connectivity, and technical support, especially in rural areas. The focus of this study mainly depicts the perspective of consumers towards digital payments in rural areas, especially in the Ramanathapuram district, and also studies the preferable mode and factors influencing digital payments.

### **Keywords**

Cashless Economy, digital reforms, cash, transactions, digital payments

### **INTRODUCTION**

The adoption of Digital payment methods in various sectors is well-known as E-payment, a trendsetter that has become the replacement of cash recently. Currency and coin's importance is gradually decreasing, and the work of plastic money and contactless payments have been increasing over the years and changing the country into a cashless society. There are different payment strategies engaged with digital payments some of them are, Debit/Credit Card, Internet Banking, Mobile Banking, UPI (Unified Payment Interface), and Mobile Wallets. These sorts of methods can be utilized through Smartphones as it becomes inevitable in recent times. In India 70 per cent of the population subsist in rural areas, and they contribute a major part in the growth of the Indian economy (Dr.Vijayakumar AB&Harishkumar M (2021)) moreover rural internet access in India in 2019, there were 264 million internet users when compared to 310 million urban internet users (Statista report) through Smartphones and other gadgets. Numerous fintech companies have evolved in this digital era to give monetary assistance like paying monthly utility bills, recharging mobiles prepaid bills, etc., even Banking processes are also involved. Even though there are huge strategies included, adjusting these patterns is the greatest test for rural individuals as their utilization is fundamentally founded on cash. Acceleration of digital payments is of utmost importance in rural areas because distance plays a major role, rural people have to travel to the Talukas, and some main areas for small banking related queries or utility payments also. Transformation to a digitalized society requires more initiatives and steps by the Government to make it conceivable predominantly in rural areas. To break the urban and rural differentiation and convert rural to a cashless society numerous executions and activities through

volunteers are taken however, the awareness is still low in rural areas of Ramanathapuram District.

### OBJECTIVE OF THE STUDY

- To know the respondent's preferable mode in using Digital Payments.
- To disclose the factors in using Digital Payments.

### METHODOLOGY

To know the adoption of digital payment methods in rural areas of Ramanathapuram District, a Simple random method was chosen and Primary data was collected from 100 respondents in the rural areas of Ramanathapuram district through the questionnaire method. Secondary data was collected from various sources like Journals, Magazines, Books, and the Internet. To make the study more effective the data are reviewed through statistical tools like Garrett ranking and Factor analysis.

### REVIEW OF LITERATURE

**Prasad RajendraByakod et al(2018)** according to their study the decisive components are improved straightforwardness, corporate administration, and confining the parallel money is achievable with rural India by adopting the computerized payment system, and highly developed exchanges. Enhanced securities of transactions need to make sure with the usage of Digital payment system. Their analysis identifies the lack of training on the use of Digital payment systems.

**UmadeviR(2019)** studied India towards a cashless economy: an analysis stated that the business landscape has changed. The government moved to a cashless society with the coordination of other institutions and digital transactions bring improved transparency, scalability, and accountability. The demerits were discussed as still many rural people do not have a Bank account and are not educated about the digital mode of payments.

**KotianRoopashree Ashok et al (2019)** studied Perception towards Digital payments stating that the adoption of digital payments leads to the development. It reveals that digital transactions are secured when compared to cash transactions. Through digital payments, the black money will be under control.

**Dr.VijayakumarA B &Harishkumar M (2021)** stated in their studies on Digital payments that it saves time, and people are slowly moving towards Digital payment methods. In rural areas, fewer not aware of Digital payments and also Digital payments increase the standard of rural people. Due to a lack of awareness, fraud, and security threats, some people are not satisfied. The Digital payment method can be adopted in retail stores and hotels, etc.,

### DATA ANALYSIS AND INTERPRETATION

Data Analysis and interpretation help to review the gathered information, and reach inferences. Data Analysis and interpretation seek to determine whether the variables are connected and how much they are associated.

**Table: 1 Demographic Profile of the Respondents**

<b>Age of the respondents</b>		
	Frequency	Per cent
18-25 Years	30	30
26-33 Years	22	22
34-41 Years	22	22
42-49 Years	14	14
50 and above	12	12
Total	100	100
<b>Gender of the respondents</b>		
Male	52	52
Female	48	48
Total	100	100
<b>Marital status of the respondents</b>		
Married	60	60
Un Married	40	40
Total	100	100
<b>Educational Qualification of the respondents</b>		
Professional	28	28
Post Graduate	32	32
Under Graduate	24	24
Higher Secondary	9	9
Others(Diploma/ITI)	7	7
Total	100	100
<b>Occupation of the respondents</b>		
Business/Profession	34	34
Employee/Salaried	31	30
Homemaker	8	8
Retired	8	8
Student	19	20
Total	100	100
<b>Family income of the respondents(Annual)</b>		
Up to Rs.1,00,000	18	18
Rs.1,00,001 – Rs.2,00,000	30	30
Rs.2,00,001 – Rs.3,00,000	32	32
Above Rs.3,00,000	20	20
Total	100	100

**Source: Primary data**

#### **Inferences:**

The table above depicts the demographic status of the sample respondents. The study reveals that the majority 30 per cent of the respondents were in the age group of 18-25 Years. Male respondents are high with the majority of 52 per cent and Female respondents are 48 per cent. The Majority 60 per cent of the respondents were married. Postgraduate with the majority of 32 per cent is utilizing Digital Payments. Most of the respondents, 35 per cent have a place with

Business or Occupation, and the majority of respondents were in the Annual family income classification of 2, 00,001-3, 00,000.

### **GARRETT RANKING METHOD**

Garrett ranking technique is used to rank the most preferable mode of payments by the Respondents. With the help of the Garrett ranking table, the preferable mode of payment is indicated by the respondents and asked to rank the preferable mode of Digital payment.

**Table 2: Respondents Most Preferable mode of Payment Method**

S.No	Modes	Total	Mean Score	Rank
1	Cash	5360	53.60	IV
2	Debit/Credit	5674	56.74	III
3	Internet Banking	5726	57.26	II
4	Mobile Banking	5288	52.88	V
5	Mobile Wallets	5197	51.97	VI
6.	UPI (Unified payment interface)	5740	57.40	I
7	USSD	3736	37.36	VII
8	AEPS	3179	31.79	VIII

### **Primary Data**

#### **Inference**

The table above outfits Garret's mean score, it is clear that according to ranks derived from the data, UPI (Unified Payment Interface) payment method with the noteworthy rank I, Internet Banking possesses rank II, Debit/Credit card payment gets the position III, and Cash got the position IV, this shows cash is inevitable in the payment method and still plays a significant part in rural areas. Mobile payment and Mobile wallets are in the V and VI positions following that USSD and AEPS got the ranks VII and VIII respectively.

### **Factors Analysis Technique**

The Factor analysis method is used to reduce a numerous variables into fewer factors. Common variance is found through the extraction of maximum common variance from all variables, and this score can be used for further analysis.

**Table 3: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.674
Bartlett's Test of Sphericity	Approx. Chi-Square	492.060
	df	66.000
	Sig.	0.000

To find out the Sampling Adequacy Kaiser-Meye–Olkin Measure is considered. The test value with the help of KMO is 0.674 which is more than 0.5, which can be considered adequate and it is appropriate to conduct a data reduction technique. Barlett's Test of Sphericity helps to decide the results of factor analysis are significant to consider and whether we should continue analyzing the research work. Barlett's Test of Sphericity significant level is <0.001 which shows that there

is a high level of correlation between variables, which makes it, is acceptable to apply factor analysis.

<b>Table 4:Rotated Component Matrix<sup>a</sup></b>					
Variables	Factors	Component			
		1	2	3	4
V1	Handy & Accessible	0.813			
V2	Resilient in making payments	0.770			
V3	Cost-effective	0.750			
V4	Better than cash	0.680	0.490		
V5	Need Infrastructure support		0.876		
V6	High Cybersecurity risk		0.742		
V7	Transactions can be tracked		0.739		
V8	Affordable Service charge		0.659		-0.441
V9	Difficulty in maintaining Password			0.763	
V10	Often Service Disruption			0.718	
V11	Entails Digital literacy				0.772
V12	Reliability in making payments				0.604

#### Primary Data

#### Inference

Above table 4, shows the Rotated component matrix. The main aim of rotation is to reduce the number of factors that have high loadings. The table shows the loadings of the twelve variables on the four factors (components) extracted. The table was suppressed, with all loadings less than 0.4 to make the reading easier.

<b>Table 4A: Consolidated Rotated Component Matrix</b>					
Factors	Component	Item Description	Rotated Loading	% of Variance	Eigen Value
I	Conducive	Handy & Accessible	0.813	34.558	4.147
		Resilient in making payments	0.770		
		Cost-effective	0.750		
		Better than cash	0.680		
II	Service	Need Infrastructure support	0.876	15.795	1.895
		High Cybersecurity risk	0.742		
		Transactions can be tracked	0.739		
		Affordable Service charge	0.659		
III	Threat	Difficulty in maintaining Password	0.763	10.245	1.229
		Often Service Disruption	0.718		
IV	Requisite	Entails Digital literacy	0.772	9.161	1.099
		Reliability in making payments	0.604		

#### Primary Data

#### Inference

The table 4A denotes consolidated Rotated component matrix, the variables are consolidated and divided into four factors:

**Conducive factor:** Conducive or convenience factor represented by four variables with factor loading from 0.813 to 0.680, they are, handy and accessible, resilient in making payments, cost-effective, and better than cash, with the variance per cent of 34.558 and Eigenvalue 4.147.

**Service factor:** The service factor represents four-factor like, infrastructure support, high cybersecurity risk, transaction tracking, and service charge with factor loading from 0.876 to 0.659, with the variance per cent 15.795 and Eigenvalue of 1.895.

**Threat or Risk Factor:** Threat represents by two variables difficulty in maintaining password and often service disruption with the factor loading 0.763 to 0.718, the variance of 10.245 with Eigenvalue 1.229.

**Requisite Factor:** The required factor-like digital literacy and flexibility with the factor loading 0.772 to 0.604 with variance 9.161 and Eigenvalue 1.099.

## FINDINGS AND SUGGESTIONS

This study examines the adoption of Digital payments in Ramanathapuram District, the following are the suggestions after analyzing the study.

- Digital rules the world, but not rural areas because of lack of digital literacy, language barrier, and awareness in digital payments, so to overcome this Digital literacy kiosk or help desk may be implemented, especially in rural areas.
- USSD (Unstructured Supplementary Service Data) that doesn't require smartphones and AEPS (Aadhar Enabled Payment Service) usage is very low, so these kinds of payment methods can be improved.
- There is a requisite factor of reliability in making payments, lack of trust in making digital payments as people always prefer the payment must be secured because security is the most fundamental factor whenever it comes to payment.
- For the benefit of the retailer and people Pos (Point of sale), MPos (Mobile Point of sale) and Biometric Authentication can be implemented more in rural areas. It helps the rural people stay in the interior of rural areas and away from Talukas of Ramanathapuram district.
- Poor network connectivity in some parts disrupts the transaction that leads to an incomplete transaction, so improvement in the infrastructure facility is required especially in rural areas of Ramanathapuram District.

## CONCLUSIONS

Though cash plays a major role and the preferred mode of payment in rural areas, Digital payment methods are the future trend in payment methods. Language, poor internet connectivity, poor digital literacy that discourages people from using Digital payment methods but cash is still the preferred mode of payment in rural India. The majority of the people in Ramanathapuram District depend on Agriculture, so farmers, workers, and retailers are to be encouraged. Adopting these Digital payments trends and with the help of the Government new Digital innovation in the entire sector can make the rural people lives better and easier.

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