

## **DIGITALISATION OF PAYMENTS AND ITS IMPACT ON CUSTOMER SATISFACTION (A REVIEW OF LITERATURE)**

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### **ABSTRACT**

*The digitalisation of payments is a dynamic step towards innovations and technological transformation. Digitalisation of payments is the major changing factor in technical shift towards digital economy. It has promoted digital inclusion in the country and led to innovative banking and financial solutions. Also, it has boosted our payment mechanism to meet the global requirements. Digitalisation of payments offers various benefits to the customers as transparency, convenience, privacy, security, time effectiveness and many more. These add up to customer satisfaction through safety and security. Customer satisfaction is the primary factor for success of digital payment system. Thus customer satisfaction is very important. Although the demonetisation drive has led to vast opportunities and scope for digital transactions in the economy but the digital payment frauds have been a big challenge and caused dissatisfaction among the customers. These problems have created an environment of insecurity and lack of trust in digital payment system. The government is taking various steps for providing digital security and safety to the customers. The present study will focus on customer awareness and study of digital payment Mechanism in light of customer satisfaction.*

**KEYWORDS:** *E-channel, Digital Payment Services, Digital Infrastructure, Digitalisation.*

### **Introduction**

The demonetisation drive has boosted the electronic payments path & technical inclusion and highlighted the importance of digital payment services in today's era. The Digital India campaign has promoted the digitalisation of payments process and boosted digital inclusion in digital economy. Various initiatives have been taken to make digital payments affordable and interoperable to benefit the end consumer, business and trade. The government has taken various initiatives to have safe transactions and healthy environment to adopt and promote digital payment services in the economy. As per studies major transactions are taking place through digital platforms in present scenario.

Many new digital payment modes have been introduced in addition to the existing modes to popularize and speed up the digital payments. These include Internet Banking, Mobile Banking, Banking Cards, Mobile Wallets, Bank's Prepaid Card & Micro ATMs. The digital modes are convenient to use, faster, easier, safe, secure & time efficient. These provide the customers with the flexibility to make payments from anywhere and at any time. This technological inclusion in payment transactions will enhance the customer's confidence.

### **Digital Payment Modes**

- **USSD** (Unstructured Supplementary Service Data) \*99# is used with USSD channel. This allows mobile transactions through basic feature mobile phone without having mobile internet data.

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- **AEPS** (Aadhaar Enabled Payment System) A bank led model that allows online interoperable financial transactions at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank using the Aadhaar authentication.
- **UPI** (Unified Payments Interface) A system that powers multiple bank accounts into a single mobile application merging several features, seamless fund routing & merchant payments into one hood.
- **IMPS** (Immediate Payment Service) offers instant 24\*7, interbank electronic fund transfer service through mobile phones.
- **Internet banking** is an e payment system that enables customers to conduct a range of financial transactions through website.
- **Mobile wallet** is a way to carry cash in digital format. The examples of mobile wallets are Paytm, Freecharge, Mobikwik, Oxigen, mRuppee, Bhim app, Airtel Money, Jio Money, SBI Buddy, itz Cash, Citrus Pay, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, SpeedPay and many more.
- **Banking cards** offer consumers more security, flexibility and convenience. These include credit, debit and prepaid cards. These cards provide two factor authentications for secure payments.
- **POS** (point of sale) a place where sales are made. It may be a mall, a market or a checkout counter.
- **Mobile banking** is a service provided by a bank for conducting financial transactions through a mobile phone or a tablet.
- **Micro ATM** a device used by a Business Correspondents (BC) for delivering basic services and conducting instant transactions.

The digital payment services have wide variety of uses in different aspects. The use of digital payments is done in various fields by the customers due to easiness and convenience. The usage of digital payment services in different areas include Banking- payments & transfers, Transportation- tolls, cabs & tickets, Utility bills- electricity & water, Education-fee & challans, Entertainment- movie tickets, Shopping- purchases, Tourism- entry fee & bookings, Tax payments- IT & GST, Fuel- Payments, Recharge- mobile & DTH, E-governance & e-administration, E-retail and in many more areas. For promoting digital payment services in the country through various modes, some motivational factors act as inspiration in usage and promotion of digital payments. These motivational factors attract new customers to join the digital payment system and avail the benefits. These motivational factors are discounts, cashbacks, waivers, rewards and payback points.

#### **Advantages of Digital Payment Mechanism**

The digital payment system offers various advantages to the customers. These assist the customer to use digital payment mechanism with ease and safety. It also builds customer trust and confidence in the digital payment network. The advantages of digital payment services are:

- Faster, easier and convenient
- Transparency
- Privacy
- Safe and secure
- Time and cost efficient
- Digital record

#### **Challenges in Usage of Digital Payment Mechanism**

There are certain challenges which are being faced by the customers which cause hindrance in its growth and progress. These challenges reduce the customer confidence in digital payment mechanism. These are:

- Poor internet network
- Lack of technological knowhow
- Lack of digital infrastructure
- Add on costs
- Merchant non-acceptance
- High processing fee
- Fear of digital payment frauds

**Research Gap**

Technology had pushed the economy towards digitalisation. This major transformation demanded in-depth understanding of digital payment mechanism and study of awareness level of customers towards digital payment services. Customer satisfaction is the primary factor towards success of digital payment system. Thus evaluation of customer satisfaction is needed.

**Objectives of the Study**

- To study the awareness level and preferences regarding digital payment modes
- To analyze the impact of digitalisation of payments on customer satisfaction
- To suggest security measures towards digital payment Mechanism

**Comprehensive Review of Literature**

**A.Indhu (2017)** investigated the awareness regarding e-wallets in people in post demonetization era. The sample size was 200 respondents and questionnaire was used. Simple random sampling was adopted for collecting information and the data was analyzed using frequency descriptive statistics, independent t-test, one way ANOVA and regression analysis. The results revealed that cashless transactions were adapted by people due to various advantages such as convenience, security and cost and demonetization was effective for digital transactions in post demonetization era.

**Adholiya Ashish, Dave Pankaj and Adholiya Shilpa (2012)** studied and evaluated the determinants influencing customer satisfaction for mobile banking services. The study is restricted to 100 respondents using mobile banking services. The tools used were factor analysis, chi-square and correlation analysis. This study revealed that all the factors they have taken such as security & responsiveness, instant connectivity, brand perception were positively correlated with customer satisfaction. They further denoted that customer support for guiding the mobile banking application uses enhanced the customer satisfaction and trust in banks and the applications.

**Adholiya A and Adholiya S (2019)** discussed the cyber security practices and awareness tips for e banking users. The sample size was 200 respondents of both public and private sector banks. The tools used were one way ANOVA test and linear regression analysis. The results revealed that socio economic variables plays vital role in maintaining customer awareness level against cyber security threats. Further the study recommended that more awareness programmes should be proposed by the banks for boosting the awareness level of users.

**Campbell David and Singh Dr. C B (2017)** investigated the impact of customer innovativeness on acceptance of mobile wallets in India by using perceived usefulness and perceived ease of use from Technology Acceptance Model (TAM). The sample size was 100 respondents. The tool used was Partial least square structural equation modeling (PLS-SEM). The study concluded that there was no direct relation between innovativeness of customers & perceived usefulness. They recommended that government should intervene and provide solutions for the issues raised in the research paper.

**Dr. Nagaraju S (2018)** examined the innovative types of Digital payment methods. He studied the importance of digital payments after demonetization as perceived by the people. The sample size was 200. For analysis the tools used were Percentage, Chi-square Test. He concluded that there was significant difference in perception of customers on the Digital Money and Digital Payments.

**Dr. Vasan M and Sentil B (2018)** studied the technological shift in banks from 2007-2017. Trend Analysis was used to analyze. They concluded that the existing payment system needs to be transformed. They suggested minimizing and limiting cyber crimes and security threats.

**Dr. Ravi CS (2017)** studied the positive impact of digitalization of Payment system on development of rural areas in India. He examined the pre and post demonetization trend of digital payments and the challenges of digital payments in rural India. He suggested that Youth clubs, Mahila Mandals and Panchayati Raj institutions should be energized for the propagation of digital rural economy.

**Goyal Vishal, Dr Pandey U S and Batra Sanjay (2012)** emphasized on the benefits of Mobile Banking and legal & ethical issues. They further discussed security issues in mobile banking. They evaluated the perceptions and opinions of urban Mobile banking users. The sample size was 100. The study was carried out in Ghaziabad city. For analysis the tools used were Correlation Analysis, T-test, ANOVA and Percentile Analysis. They concluded that majority customers perceived privacy and security as the critical issues.

**Joshi Mrunal Chetanbhai (2017)** revealed the trend of various modes of digital payments in the last three years i.e. 2014-15 to July 2017. He used Trend Percentage analysis, Line chart and Bar charts. He concluded that people proactively adopted the new modes of digital payments. He stated that demonetization also amplified the Digital Payment Transactions.

**Kumar Piyush and Dr Chaubey Dhani Shankar (2017)** examined the importance of digital payments after demonetization and also studied their trust and confidence in Digital payments. The sample size was 270. They used simple percentages to analyze the responses. They concluded that people adopted the technology at a slow pace but don't wanted to pay extra for digital payments.

**Ligon Ethan, Malick B, Sheth K and Trachtman (2019)** examined the merchant's Payment adoption through micro economic framework. The study was based on 1003 small scale fixed store merchants in Jaipur Rajasthan. They tested the hypothesis that supply side factors are the principal obstacle to digital payments adoption by merchants in Jaipur. The paper identified the reasons for adoption or non adoption of digital payment system. It is suggested that experimental tests of joint incentives for customers and merchants could be an area for future research.

**Mahajan Vishal (2018)** studied the satisfaction level & impact of mobile banking of contractual and private engineering faculty in Gurdaspur District, Rajasthan. The sample size was 50 and the method was random sampling method. He used percentage and frequency method as the tools for analysis. The results revealed that the contractual and private engineering faculty members of colleges found it difficult to adapt to mobile banking, cashless facility and digital payments. However, they are now trying to move towards this innovative method.

**Mohammed Shariq (2012)** studied the identifying factors affecting the customers demand for ATM services in Utter Pradesh, India. The sample size was 450 and the tool used was Binary Logistic Regression. He concluded that there was significant positive influence of the socio economic attributes on the use of ATM services.

**Naskar Debasish (2019)** attempted to analyze the Impact and importance of cashless economy and its hurdles in India. He discussed the various modes for cashless transactions and their benefits. His study was based on secondary data. He also studied the various hurdles of cashless economy such as cyber crime, internet shutdowns and inadequate digital infrastructure.

**Nayak Raghuvendra (2018)** studied the various issues and challenges in digitalization of rural banking. He emphasized on need of creating awareness among the students. He concluded that digitalization will help in anti-money laundering and proper collection of Taxes.

**Prasad Miklesh & Dr. Arora Madhu (2018)** examined the problems of E-wallets with Measurement Model. They further examined the satisfaction level in use of E-wallets with different aspects. He has studied 351 respondents and used SPSS for analysis. The study was carried out in Delhi and NCR. The findings concluded that there was significant difference in correlation of solutions in e wallets. It was summarized that negative relation was found in problems and satisfaction in use of e-wallets.

**Prasad Miklesh and Dr Arora Madhu (2018)** studied the factors that affected consumer preference towards mobile wallets. The sample size was 100. For analysis the tools used were ANOVA and Frequency Analysis. He concluded that mobile wallet was considered the most convenient method. He suggested for financial literacy in the country for adopting the changes.

**Rana Shailendra Singh (2017)** studied the preference towards the mobile wallets among the university students in Lucknow City. The respondents were 95 students of Undergraduate, Postgraduate and PH.D. He used statistical tools like descriptive statistics, Pie charts and Chi-square Test. He concluded that queue avoidance, time and place independence purchase and instant payments are the three important factors for the students to opt for mobile wallets.

**Sagayarani Dorothy (2017)** studied the innovative types of digital payment methods. His study was carried out to estimate the status, potential and importance of cashless economy in the country. The no. of respondents was 132. He concluded that there was large population which was outside the scope of Net banking & suggested that financial literacy campaign should be conducted on awareness

**Sarika P and Vasantha S (2019)** discussed that growth of mobile applications and mobile wallets have contributed in economic growth. The various kinds of mobile wallets have been discussed. The paper studied the effect of mobile wallets on cashless transactions.

**Shah Z Ahmad (2017)** carried out a study to find out the availability of infrastructure to support the digital payment services and investigate the problems and prospects. The study was based on secondary data. He concluded that the new technology helped in going digital but the remote areas and informal sector was still cash based.

**Sheera Ved Pal, Singh Dalbir And Kaur Inderpreet (2019)** analysed the influence of consumer innovativeness and personal characteristics on consumer adoption behaviour of online banking. The sample size was 180 & the tool for analysis is Exploratory Factor Analysis. The literature on online banking identified lack of awareness and security concerns as a prime reason for slow adoption of online banking. They suggested that Banks should use social networks to keep their customers update

**Singh Shamsheer and Rana Ravish (2017)** studied that consumer perception of digital payments has a significant and positive impact on adoption of digital payments. The sample size was 150. The study was carried out in Delhi. ANOVA and Frequency Analysis was used to analyze the responses. They summarized that adoption of Digital payments was influenced by the education level of customers. Further, growth of users of smart phone and internet penetration facilitated adoption of digital payments.

**Singhraul Dr. Budheswar Prasad and Garwal Y S (2018)** examined the status of India in usage of digital currency in comparison to other developed countries and also studied the challenges & opportunities associated with cashless transactions in India. The study was based on secondary data. Percentage was used as tool for analysis. The findings of the study showed that India in terms of using digital payment methods is very poor in comparison to other developed countries of the world. Further states that this is the initial phase for digital uses. The recommendations included formulation of new policies for digital transactions in India.

**Sumathy Dr. M and Vipin K P (2017)** studied the urban consumer's attitude & perception towards digital payment system. The study was based on 100 respondents and convenient sampling method was used. The tools used were percentage analysis, one way ANOVA, independent sample T-test and ranking method. Results revealed acceptance of Null hypothesis. The paper concluded that the usage of digital payment system in rural areas has gained momentum due to many advantages.

#### **Conclusion and Future Research**

The technological upgradations have pushed the economy towards digitalisation. The digital economy has led people to move towards digital payment system. This major transformation required a deep understanding of digital payment system and evaluation of awareness level of customers towards digital payment mechanism. Although the demonetisation drive has led to vast opportunities and scope for digital transactions in the country but the digital payment frauds have posed a big challenge. This situation created dissatisfaction, insecurity and feeling of doubt among the customers. This has caused environment of insecurity and lack of trust in digital payment system. Although the government and bank authorities have already issued guidelines and directions in this regard but the matter still needs immediate attention to provide digital security and safety to the customers. Further it is recommended to search possible solutions to prevent digital payment frauds in future to gain public trust and confidence. Thus there is a scope for future research. Also the rural community must be included in this initiative to prove it Digital India.

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