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A STUDY ON DIGITAL PAYMENT SYSTEM AMONG RURAL CUSTOMERS IN MALAPPURAM DISTRICT

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ABSTRACT

A payment made through digital methods is referred to as a digital payment. In digital payments, both the payer and the payee transfer and receive money digitally. The digital payment system has emerged as a preferred payment method all over the world, including India. The Indian government has taken various measures to promote and encourage digital payments in the country. Most of India's economy depends on the rural economy, and only when digital payment methods become an integral part of rural economic development could digital initiatives be considered successful. The present study is thus an attempt to determine customers' satisfaction level with digital payment systems and the problems they face while using them.

KEYWORDS: Internet, Digital Payment System, Rural Economy, Customer Satisfaction.

Introduction

The term "digital payment" refers to paying for services and goods electronically rather than in cash or by cheque. It's also referred to as an electronic payment system or e-payment. On November 8, 2016, Prime Minister Narendra Modi declared demonetization, which created a significant opportunity for digital payments in India. The demonetization created a new platform for Indian customers to accept digital payments as a cash substitute. As part of the "Digital India" project, the government intends to create a "digitally empowered" economy that is "faceless, paperless, and cashless". Both rural and urban population shapes the Indian economy. According to India's 2011 Census, 83.3 crore people live in rural areas and 37.7 crore in cities, released by Union Home Secretary RK Singh.

Rural India plays a major factor in the country's economic growth and the rural population will account for around half of all internet users in the country. To ensure that more people can benefit from the technology, especially in rural areas, State Finance Minister Anurag Singh Thakur said on July 26, 2019, through Direct Benefit Transfer (DBT) and Aadhar Linked Payments (ALP), the government has reduced payroll delays, curbed corruption and stopped any leaks in the system. He said that to ensure digital literacy in every household, the government has started the Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) to reach 60 million digitally literate adults in rural India, of which more than 10 million are already been trained.

Digital payment options are often easier to implement, more convenient, and allow customers to make payments from anywhere and at any time. They are an excellent alternative to traditional payment systems; there are numerous types and techniques of digital payment. These include the use of debit and credit cards, online banking, mobile wallets, digital payment applications, unified payment interface service (UPI), unstructured supplemental service data (USSD), prepaid bank cards, mobile banking services, and so on.

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Literature Review

K Kamatchi Eswaran (2019), studied "Consumer Perception towards Digital Payment Mode with special reference to Digital Wallets". The study aimed to determine how socioeconomic factors influence how consumers perceive and adopt digital payment methods. This study indicated that customers' education level influences the usage of digital payments, with greater acceptance rates in highly educated areas/regions. This study seeks to examine the disparities in customer sentiment towards cash and cashless payment methods by comparing and contrasting the socio-demographic characteristics of India with individual perspectives that have attained varying degrees of digitisation.

Arshveer Kaur (2018), conducted a study on "The Cashless Society: Consumer Perception of Payment Methods". This study seeks to examine the disparities in customer sentiment towards cash and cashless payment methods by comparing and contrasting the socio-demographic characteristics of India with individual perspectives that have attained varying degrees of digitization. This study suggested that making payments using a debit card, or credit card is one of the best and easiest ways to make payments. It saves time as you need not withdraw cash from an ATM or Bank, and can easily keep track of the payments made and individuals, bank customers should be aware that bill payments and premium payments can be made using electronic wallets and one can safely maintain money in e-wallets and use it as and when required.

Ashish Baghla (2018) conducted a study titled "The Future of Digital Payments in India". This paper examines people's attitudes towards using online transactions for transparency and identifies the reasons for adoption in India. It also explores the challenges they face when making digital payments. According to this analysis, it will take time for India to fully transition to a cashless economy. People must provide full support and promote awareness and information. To increase the number of digital transactions, it is essential to address the issue of education and digital literacy.

K. Suma Vally and Hema Divya (2018), studied "A Study on Digital Payments in India with Perspective of Consumer's Adoption". This research explores the positive impact of digitising payment processes. This article examines how customers use digital payment systems. The study found that implementing digital payment systems increased the banking sector's performance and helped achieve the goal of being a cashless country.

Sanghita Roy, and Indrajit Sinha (2014), studied "Determinants of Customer's Acceptance of Electronic Payment System in Indian Banking Sector ". The study aims to identify the most influential elements affecting customers' adoption of electronic payment services in India, as well as the most popular electronic payment system among several possibilities. The hypothesis tests included five independent variables (PEOU, PU, PC, PR, and CUAT) and one dependent variable (USE). The study indicated that the most significant predictor was perceived ease of use (PEOU). Customer attitude has the least significant effect on e-payment uptake.

Statement of the Problem

The digital payment system has emerged as a preferred payment method all over the world, including India. The Indian government has encouraged digitalisation through "Digital India" and demonetisation. These initiatives have been the subject of much appreciation and criticism in the early stages. Most of the criticism comes from the rural population which is made up of low-income people with poor financial and IT skills. The Indian government has taken several measures to promote and support digital payments throughout the country. Customers can make purchases from anywhere and at any time using digital payment methods, which are generally easier to use and more convenient. It is a feasible alternative to traditional payment systems. The importance of the study is to investigate the satisfaction of rural customers with the digital payment system and also the problems they face when using this system. **Objectives of the Study**

- To determine the level of customer satisfaction with digital payment systems.
- To understand the issues that customers confront while using a digital payment system.

Research Methodology

This study uses a descriptive research design. This study is primarily based on primary data acquired through the use of a well-structured questionnaire. Also, secondary data were collected from websites, journals, publications, and articles. The study utilizes a simple random sampling technique, with a sample of 66 respondents from Malappuram District in Kerala. For data analysis, methods such as percentage analysis, weighted average method, and One-way ANOVA were employed.

Data Analysis and Interpretation

Table: Satisfaction Level of Customers of Digital Payment System

Statements	Mean value	Simple Rank
Time factor	4.20	1
Speed of transaction	4.14	2
Safety and security	3.88	3
Cost of transaction	3.83	4

Interpretation

The table above displays the amount of consumer satisfaction with the digital payment method. The highest rank belongs to the time factor which is the time required for payment which means the respondents are more satisfied with the time factor.

One Way Anova - Hypothesis

- **H**⁰: There is no significant difference between the satisfaction level of the digital payment system and the period of usage.
- H¹: There is a significant difference between the satisfaction level of the digital payment system and the period of usage.

Table: Satisfaction Level of Customers of Digital Payment System

Particulars	F	DF	Significance
Between groups	0.666	3	0.576
Within groups		62	

Interpretation

We can accept the null hypothesis at the 5% level of significance as the significant value, as shown in the table, is 0.576, which is higher than 0.05. That is, there is no significant difference between the satisfaction level of the digital payment system and the period of usage.

Table: Problems Encounter when	Using Digital	Payment 3	System
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Problems	Mean Value	Simple Rank
Poor internet connection	3.97	1
Lack of computer literacy	3.64	2
Lack of infrastructural facilities	3.58	3
Insufficient safety and security features	3.50	4
Charges for online transactions	3.33	5
The risk of data theft	3.05	6

Interpretation

The above table shows the problems faced by customers when using digital payment systems. The tool used for analysis is the weighted average method. The highest rank belongs to poor internet connection which means it is the most suffering problem and the least suffering problem is the risk of data theft.

Table: Factors Influ	uencina the A	doption of Diait	al Pavment Svstem

Factors	Mean Value	Rank
Convenience or ease of use	4.21	1
Speed	3.85	2
Time and cost	3.06	3
Trust	2.26	4
Security	1.59	5

Interpretation

The above table shows the factors influencing the adoption of digital payment systems and considering the ranks given, the most influencing factor is convenience or ease of use and the least influencing factor is security as per the weighted average method.

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Mode of Digital Payment	No. of Respondents	Percentage
Banking cards	30	45.5
UPI apps	32	48.5
E-wallets	0	0
Unstructured Supplementary Service Data (USSD)	1	1.5
Aadhar Enabled Payment System (AEPS)	2	3
Others	1	1.5
Total	66	100

Table: Mode of Digital Payment System Adopted by Customers

Interpretation

Table 4 shows the mode of digital payment system adopted by customers, 48.5% of the respondents use UPI apps for making payments and no one uses E-wallets. Data was analyzed by using percentage analysis.

Findings of the Study

- This study reveals that the period of usage of the digital payment system of the respondents had no significant difference in their satisfaction level of using digital payment systems.
- Cost of online transactions is the major factor that creates dissatisfaction among rural customers when they use digital payment methods.
- The most important problems faced by the respondents are a poor internet connection and lack of computer literacy ranked 1 and 2 respectively.
- Charges for online transactions and the risk of data theft are the least encountered problems while using digital payment methods.
- The most influencing factor for the adoption of digital payment systems is convenience or ease of use.
- The elements that have the least impact on the adoption of digital payment systems are trust and security.
- UPI apps and banking cards are the most used digital payment mode that is 48.5% and 45.5% respectively.
- Unstructured Supplementary Service Data (USSD) and Aadhar Enabled Payment System (AEPS) are the least popular methods of digital payment among rural customers.

Suggestions of the Study

- The Government and service providers should provide more infrastructural facilities and ensure good internet speed in rural areas which will encourage a vast majority to opt for digital payment methods over traditional payment methods.
- The government should conduct digital literacy awareness classes and programs to educate rural customers about digital payment systems and to avoid a lack of computer literacy among them.
- The government should conduct more programs to create awareness about unfamiliar digital payment methods among the rural population.
- Develop a more safe and secure environment for digital transactions.
- Reduce unnecessary charges for online transactions which will result in growth in the number of customers using digital payment methods.
- The Government and service providers should take corrective measures to avoid the risk of data theft of the customers.

Conclusion

Digitalisation has become more than just a part of our lives; it is now a top priority. Future payments will be digital ones. This study deals with how digital payment systems satisfy the customers in Malappuram District. It also finds how digital payment systems differ from traditional payment systems what are the benefits of digital payment systems, which is the most used digital payment mode, what are

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the problems encountered by customers while they use digital payment options, etc. The majority of India's economy relies on the rural sector, and digital payment systems can only be deemed successful when they are fully integrated into rural economic development. Therefore, the government should take more initiatives to improve digital literacy among the rural population and should take corrective actions for every problem. So that we can make India go digital, that is a "cashless economy".

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