

A STUDY OF CHALLENGES IN USAGE AND GROWTH OF DIGITAL PAYMENT SERVICES AMONG RURAL AND URBAN CUSTOMERS OF RAJASTHAN

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ABSTRACT

The present study focuses on the usage of digital payment services among the rural and urban customers of Rajasthan. The major objectives of the study are to understand the concept of digital payments and to study the challenges being faced by rural and urban customers of Rajasthan in usage of digital payment services. The paper tried to find out any association between socio-economic factors and usage of digital payment services among the users. The study was empirical in nature. Structured questionnaire and convenience sampling method were used. Chi square test was performed to test the hypothesis. The result of the study revealed the rejection of null hypothesis. It is concluded that challenges in usage of digital payment services amongst the rural and urban customers of Rajasthan acts as hindrance and are to be taken care of. Further, it is recommended that technology driven risks need to be addressed on priority and security issues should be sorted out to promote trust and confidence among the people. And more emphasis on digital literacy and awareness is needed to avoid the digital payment frauds.

KEYWORDS: *Digitalization, Technology, Digital Literacy, Security, Payment Gateway.*

Introduction

In recent decade the economy has witnessed a significant growth in technological innovations. The demonetization drive in the country has contributed in transforming the cash economy to a digital economy. With this there has been a rapid shift from traditional methods of payments to digital payments. The payment banks have played a vital role in this transformation. These have adopted new technology to align with innovative financial online operations to provide quality digital payment services to the potential customers. And for success of digital payment services customer trust is essential. Therefore the main emphasis is on achievement of customer confidence in the digital payment system. The digital payment modes include Mobile

Banking, USSD, AEPS, UPI, Mobile Wallets, Banks Prepaid Card, POS, Internet Banking and Micro ATMs. These digital modes are convenient, faster, safer, easier, secure and time efficient. These provide the customers with flexibility to make payments from anywhere and at any time. In usage and growth of digital payment services, digital literacy plays a vital role. Moreover it is necessary for the identification and avoidance of the digital payment frauds. Digital literacy helps in digital inclusion and leads to enhance customer's confidence in the system.

The digital payment services are used widely. It include Banking payments & transfers, Transportation services - tolls, cabs & tickets, Utility bills- electricity & water, Education- fee & challans, Entertainment facility- movie tickets, Shopping- purchases, Tourism- entry fee & bookings, Tax payments- IT & GST, Fuel- Payments, Recharge- mobile & DTH and many more. The digital payment services are time efficient, faster and secure. But due to rise in consumer frauds regarding digital payments during and post pandemic period, the customer feels unprotected in digital surroundings. And this has created an environment of insecurity and lack of trust in digital payment mechanism. Hence these problems are to be addressed on priority to protect customer confidence and trust in digital environment.

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Review of Literature

David Campbell and Dr C B Singh (2017) investigated the impact of customer innovativeness on the acceptance of Mobile wallets in India using Perceived usefulness and Perceived ease of use from Technology Acceptance Model. The sample size was 100. 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 and Perceived usefulness. They recommended that government should intervene and provide solutions for certain issues as discussed in the paper.

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

Dr M Sumathy and K P Vipin (2017) studied the urban consumer's aptitude and perception towards Digital Payment System in detail. The Study was based on 100 urban respondents and convenient sampling method was used. The tools used were Percentage, One way ANOVA, Independent Sample T-test and Ranking method. Results revealed acceptance of null hypothesis. It was concluded that usage of Digital payment System in rural areas has gained momentum due to many advantages.

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

K Vinitha and S Vasantha (2017) studied and analyzed the decision factors influencing digital payments. They suggested that in order to strengthen the e-payment system consumer awareness, convenience, security, availability of e- payment tools, intensive and legal framework are the factors which can fillip the usage.

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

Prof. V P Singh, Afroz Jahan & Altaf Ahmad Mathu (2017) identified the factors which affect the customers to use the Mobile wallets. Convenience sampling method was used and sample size was 300. The study concluded with emphasizing five factors which affect consumers for using Mobile wallets.

Singhraul, Dr Budheshwar Prasad and Garwal Y S (2018) have examined the status of India in usage of digital currency in comparison to other developed countries and study of challenges and opportunities associated with cashless transactions in India. The study was based on secondary data. Percentage was used 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 India is in its virtual stage towards this system. The recommendations included formulation of new policies for digital transactions.

Vishal Mahajan (2018) has studied the Satisfaction level and Impact of Mobile banking and Cashless banking of Contractual and Private Engineering Faculty working In Gurdaspur District, Rajasthan. The sample size was 50 with random sampling method. He used percentage and frequency for analysis. The results revealed that the Contractual and Private Faculty members of colleges founded it difficult to adapt to mobile banking, cashless facility and digital payments. However they are moving toward this now.

Objectives of the Study

- To study the concept of digital payment services
- To find out the association between socio-economic factors and usage of digital payment services
- To study the most important feature for usage of digital payment services among the rural and urban customers of Rajasthan
- To study the challenges being faced by rural and urban customers of Rajasthan

Testing of Hypothesis

Ho₁: There is no significant association between socio-economic factors and usage of digital payment services.

Ha₁: There is significant association between socio-economic factors and usage of digital payment services.

Research Methodology

The study is empirical in nature. The sample size is 66 respondents. The study is done in Rajasthan state. Out of the total respondents of Rajasthan, 33 respondents are from Jaipur and 33 respondents are from Kota. Sample is selected on the basis of convenience sampling. Structured questionnaire was used for primary data collection. It was pre tested for reliability and necessary amendments have been done as per requirement. The collected data is tabulated as per requirement of the study. Tools for analysis were percentage and Chi square Test. The period of study was year 2020.

Limitations of the Study

- The study is restricted to Rajasthan only.
- The sample size is small.
- The limitations of primary data are also applicable.

Analysis**Demographic Factors: Table 1-4****Table 1: Gender**

Gender	Frequency	Percentage (%)
Male	36	54.55
Female	30	45.45
Total	66	100

Table 2: Age

Age	Frequency	Percentage (%)
18-30	18	27.27
30-45	24	36.36
45-60	15	22.72
60 and above	09	13.63
Total	66	100

Table 3: Education

Education	Frequency	Percentage (%)
Secondary	16	24.24
Higher Secondary	18	27.27
Graduation	20	30.30
Post Graduate	12	18.18
Total	66	100

Table 4: Occupation

Occupation	Frequency	Percentage (%)
Employed	24	36.36
Self – employed	30	45.45
Not working	12	18.18
Total	66	100

Source: Primary Data

Socio-Economic Factors: Table 5-7**Table 5: Marital Status**

Marital Status	Frequency	Percentage (%)
Married	39	59.09
Un-married	27	40.91
Total	66	100

Table 6: Income Level

Income Level (Monthly)	Frequency	Percentage (%)
Below 20000	22	33.33
20000-50000	24	36.36
Above 50000	20	30.31
Total	66	100

Table 7: Residential Area

Area of Residence	Frequency	Percentage (%)
Rural	33	50
Urban	33	50
Total	66	100

Source: Primary Data

Table 8: Usage of Digital Payment Services by Rural and Urban Customers

Using Digital Payment Services	Rural		Urban	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Yes	18	54.54	30	90.9
No	15	45.45	03	9.09
Total	33	100	33	100

Source: Primary Data

Interpretation

Out of 33 rural respondents, 18 respondents are using Digital payment services and 15 respondents are not using Digital payment services. Out of 33 urban respondents, 30 respondents are using Digital payment services and 03 respondents are not using Digital payment services.

Table 9: Most Important Feature for usage of Digital Payment Services

Area of residence	Rural		Urban	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Most important feature				
Time saving	02	6.06	08	24.24
24*7 Access	03	9.09	04	12.12
Convenient	01	3.03	03	9.09
Easy to use	01	3.03	04	12.12
Faster	02	6.06	02	6.06
Secure	01	3.03	02	6.06
Any where access	06	18.18	01	3.03
Avoidance of queue	02	6.06	06	18.18
(Not using)	(15)	45.45	(03)	9.09
Total	33	100	33	100

Source: Primary Data

Interpretation

Amongst the rural respondents the most important feature for usage of Digital payment services is any where access, as they do not have enough transportation and other facilities.

Whereas, amongst the urban respondents the most important feature for usage of Digital payment services is time saving factor.

Table 10: Challenges being faced by rural and urban customers of Rajasthan

Area of Residence	Rural		Urban	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Challenges				
Lack of Trust	11	33.33	--	--
Fear of digital payment Frauds	05	15.15	09	27.27
Poor Internet Network	04	12.12	12	36.36
Security Issues	--	--	06	18.18
Add on costs & charges	03	9.09	04	12.12

Complex transaction process	01	3.03	--	--
Lack of digital literacy	03	9.09	02	6.06
Non availability of digital Infrastructure	02	6.06	--	--
Lack of technological knowhow	01	3.03	--	--
Local language constraints	01	3.03	--	--
Merchant non acceptance	01	3.03	--	--
Lack of personal contact	01	3.03	--	--
Total	33	100	33	100

Source: Primary Data

Interpretation

The challenges faced by rural customers of Rajasthan include lack of trust, fear of digital payment frauds, poor internet network, add on costs & charges, complex transaction process, lack of digital literacy, non availability of digital Infrastructure, lack of technological knowhow, local language constraints, merchant non acceptance and lack of personal contact.

Whereas the challenges faced by urban customers of Rajasthan include fear of digital payment frauds, poor internet network, security issues, add on costs & charges and lack of digital literacy.

Testing of Hypothesis

Ho₁: There is no significant association between socio-economic factors and usage of digital payment services.

Ha₁: There is significant association between socio-economic factors and usage of digital payment services.

The **chi-square test** is used to determine association between socio-economic factors and usage of digital payment services. Among the socio-economic factors, we have taken only one factor that is area of Residence. The results are as follows:

Table 11: Status of Usage and Non Usage by Rural and Urban Customers

Area of Residence	Usage of Digital Payment Services	Non Usage of Digital Payment Services	Total
Rural	18	15	33
Urban	30	03	33
Total	48	18	66

Source: Primary Data

Table 12: Observed Frequency (fo), Expected Frequency (fe) and Analysis

Area of Residence	Usage of Digital Payment Services	Non Usage of Digital Payment Services	Total
Rural	18 (24) (1.5)	15 (9) (4)	33
Urban	30 (24) (1.5)	03 (9) (4)	33
Total	48	18	66

Source: as calculated from primary data

Chi Square TestChi-square value is $X^2 = (fo-fe)^2/fe$ **Chi-square value** (X^2) = 11

Degree of freedom 1

P-value 0.00091

Test Result

From the above, it is concluded that the calculated value of chi square is 11 where as the table value of chi square X^2 on 5% level of significance at 1degree of freedom is 3.841. It indicates that the calculated value is more than the table value (11 > 3.841). Hence the null hypothesis (Ho₁) is rejected and the alternate hypothesis (Ha₁) is accepted. Thus the chi square test proved that there is significant association between socio-economic factors and usage of digital payment services.

Findings of the Study

- As per the demographic profile of the respondents, Males constitute 54.55% whereas females constitute 45.45% of total.
- Amongst the respondents, the age group (30-45 years) constitute the maximum coverage of 36.36% whereas in age group 60 and above the respondents have least coverage 13.63%.
- In the study, maximum 30.30% coverage is of respondents who are graduates.
- In the study 36.36% respondents are employed, 45.45% are self employed and 18.18 % are not working.
- As per the socio economic factors, 59.09% respondents are married and 40.91% are unmarried.
- Amongst the respondents, 36.36% are in the income level of Rupees 20000-50000 monthly.
- As per the requirement of the study, 50% respondents are rural customers and 50% respondents are urban customers.
- Amongst the rural respondents, 54.54% are using digital payment services whereas amongst the urban respondents, 90.9% are using digital payment services.
- As per the study, the challenges faced by rural customers of Rajasthan include lack of trust, fear of digital payment frauds, poor internet network, add on costs & charges, complex transaction process, lack of digital literacy, non availability of digital Infrastructure, lack of technological knowhow, local language constraints, merchant non acceptance and lack of personal contact. Whereas the challenges faced by urban customers of Rajasthan include fear of digital payment frauds, poor internet network, security issues, add on costs & charges and lack of digital literacy.
- As per the study, amongst the rural respondents the most important feature for usage of digital payment services is any where access, as they do not have enough transportation and other facilities. Whereas, amongst the urban respondents the most important feature for usage of digital payment services is time saving factor.
- The Chi-square test is performed as per the requirement of the study to test the hypothesis and it is concluded that there is a significant association between socio-economic factors and usage of digital payment services.

Conclusion

It is concluded that customer trust, satisfaction and confidence in the innovative channels are the important factors for the success and growth of digital payment services. The rural and urban customers of Rajasthan face many challenges that need to be addressed on priority. The technology driven risks are to be minimized to support the digital drive in both urban and rural areas of Rajasthan. Moreover, digital literacy is to be promoted to have digital inclusion especially in the rural areas. The government and the NGO's have to initiate for digital and financial literacy for the public even in the remote areas and villages. More awareness campaigns are to be organized so as to create awareness in people regarding digital payment frauds in the society and to protect them from any financial loss.

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