

A CASE STUDY ON PERCEPTION TOWARDS ONLINE PAYMENT SYSTEMS AMONG URBAN AND RURAL CUSTOMERS

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ABSTRACT

Online payment system is an electronic medium through which consumers make e-commerce transactions. Digitalization is most important aspect for the future economy. In India the development of the electronic payment is anticipated to be done by e-payment service providers, effective banking regulatory mechanism and experience of consumers and these are also growth enhancing factors for online payment in India. Consumers have medium awareness on the e-payment systems and the importance of these systems has been risen up to a greater extent in the past few years the past few years. Knowing about these systems will make the consumers to opt these payment systems with ease and efficient. The present study focuses on Urban and Rural consumers perception towards e-payment systems used in current business world.

Keywords: *Digital Currencies, e-Payments, Online Payment, Perception, e-Commerce.*

Introduction

The present scenario of the Indian economy is showing an increase in cashless transactions. Indian government is putting more efforts to change the face of the economy from cash to cashless transactions. Many awareness programs are conducted by government and other organizations to create the awareness on the cashless transactions. To increase the usage of this method of transactions various e- payment systems have been introduced to make necessary changes in the economic life of people. India economy is in phase of transforming the cash into cashless and it is considered as a milestone in the Indian economy. The growth of the E-payments mechanism is depended to be driven by various trends and this may show an impact on the industries accepts. Regulatory environment, next generation service providers and improvised consumer experience are the four drivers contributed to the growth of Indian online payment systems.

The vision of Digital India program is to transform the country into a completely cashless society and knowledge economy. Faceless, Paperless, Cashless are few major changes in the concept of digitalization. Government of India has initiated various programs and came up with several discounts programs to get the implementation of digital transactions. It is on 15th Aug 2014 when the idea of transforming India to cashless has enlighten. It is on the same day when there was opening of the Jandhan accounts by Prime Minister of India so that poor and unbanked areas can get the facilities availed under the financial inclusion. After that 9th November, 2016 Prime Minister Mr. Narendra Modi implemented demonetization in India.

The online money-based transactions have increased up by 250% in the recent few months compared to the recent years this is due to the demonetisation effect. Cashless options as Debit cards, Credit cards, Paytm etc are used by the people in an increased amount. The payments done through online modes are considered as the e-payments transactions in this both the payer and payee can be able to use the online modes for sending and receiving of the money. Hard cash is completely involved in the online payments. This mode of transaction is considered as an easy, instant and convenient mode of

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the transactions. The complete process of cash transactions involves few steps the first is to withdraw money from the account, then utilize this for shopping or grocery etc as per the individuals need and then the shopkeeper should deposit the money into his account all these will be the basic few steps and lot of time is consumed in cash transactions. But if we observe in online mode of transactions the money from us is directly transferred to the required person account and it is automatic, instant and done in less time.

These payment methods are more convenient methods than compared to transactions which involve hard cash. It involves transparency, accountability, reduced transactions costs. As in the economy it is considered as main accept which includes these key points such as There is no additional cost in printing the cash for example in the demonetization phase RBI has spent 7900 crores (approx.) to print the cash. These cashless transactions save money as well as time where as cash transactions leads to black money and fake currency.

Review of Literature

Dr. R. Gokilavani (2018) in this study revealed that half of customers have low perception towards online payment. The superiority, efficiency, safe and secured, convenient, cost and time savings, user friendly, easiness and protection of privacy of online payment have positive and effect on the rate of adoption of online payment of consumers.

K. Suma Vally (2018) in her study revealed that the effect of online payments adoption and its impact on customers in the banking industry. The overall results imply importance of the policies adhering to the cashless payments. It also indicates the implementation of the technology of the online payments which improves the overall performance of the banking sector.

V. Rengarajan & V. Vijayanand (2018) in their study revealed that the customers mostly prefer the private banks on the whole and these Private Banks play a healthy role in introducing the online payments compared to the public sector banks. For each and every variable the Private bank has a positive reply from the customer as compared to the public sector.

ArpitaPandey (2018) in their study revealed that effect and significance of online payment in India. According to Government of India the online payment will increase the employment, reduces risk related to cash like corruption, robbery, and carrying of large volume of cash and makes all the transactions are done digitalized in which the transfer of money is done with security.

Prof. Pushpa (2018) the author in their study revealed that introduction of online payment is a unique initiation and as an alternative for cash for the customer. This cashless economy will help to fight against the black money, fake currency, reduces robbery related to hard cash etc., thus helps in country's economic growth.

DhaniShanker Chaubey (2017) in their study revealed that the online payment had given relief and force to learn digital transaction after demonetization. People adopted technology slowly, but don't wanted to pay extra for digital transaction. However, people of India face money problems during demonetization they suffer with no cash.

Mamta, Prof. Hariom Tyagi and Dr. Abhishek Shukla (2016). In this study the authors describe about the challenges and the issues in the payment systems and certain solutions regarding to the quality of e- payments systems. These systems mainly depend upon the security and privacy mainly which are looked up by the customers.

Vidya Shree DV, Yamuna N. and Nitua Shree G (2015) in their study which is entitled as "A Study on new Dynamics in Online payment System – with special reference to Paytm and Pay U Money". The authors mainly described about the effect of the online payments and the problems faced during the transactions. The study found that, people are more aware about the online payments through mobile applications and there is a wider increase in growth rate. The study also found that, Paytm is providing easy payment structures compared to Online payment system.

Statement of the Problem

Digital India programme is an initiation of vision to change the phase of the country from cash to cash less society. Paperless and cashless transactions are the prime agenda of the programme. To implement this government has come up various initiatives towards online payment system for their money transactions. Customers are important for any business especially for the banking industry they play a key major role and to what level they are aware about the uses and the implantation of the cashless transactions. The main aim of this paper is to know the perception of Urban and Rural customers on usage of online payments in their daily life for shopping, bills payments etc., and to study the various modes of online payments, purpose of using online payment systems and overall rating of Online payment Systems.

Objectives

- To study the various modes of online payments.
- To study the awareness on online payment system among the respondents.
- To know the problems faced by the customers in using of online payment Systems.
- To study the number of E-Payment transactions in weekly and monthly.
- To study the purpose of using online payment systems and overall rating of Online payment Systems from the respondents

Methodology

The present study is descriptive in nature and it attempts to know the attitude, perception of the customers in regard to the online payment systems. A sample of 60 Urban and Rural people has been taken for the study. The respondents are selected by using random sampling technique. For the purpose of the study both primary and secondary data were used. The study focuses on extensive study based on secondary data. The secondary data has been collected with help of e-books magazines, research article, newspapers, e-journals research journal, and the primary data collected through well-structured questionnaire through Google form using online source medium.

Analysis and Interpretation

Table 1: Demographic Characteristics of Respondents

Group	Class	No. Respondents	Percentage
Gender	Male	32	56%
	Female	28	47%
Age	Up to 20	15	25%
	21-40	45	75%
Qualification	INTER	10	17%
	DEGREE	30	50%
	PG	20	33%
Monthly Income	UptoRs.10,000	47	78%
	Rs.10,000-Rs.30,000	13	22%
Yearly Income	Upto Rs.1,00,000	44	73%
	Rs.1,00,000-Rs.3,00,000	11	18%
	Above Rs.3,00,000	5	09%
Place	Urban	37	62%
	Rural	23	38%
Occupation	Student	54	90%
	Private Employees	6	10%

Source: Computed from Primary Data

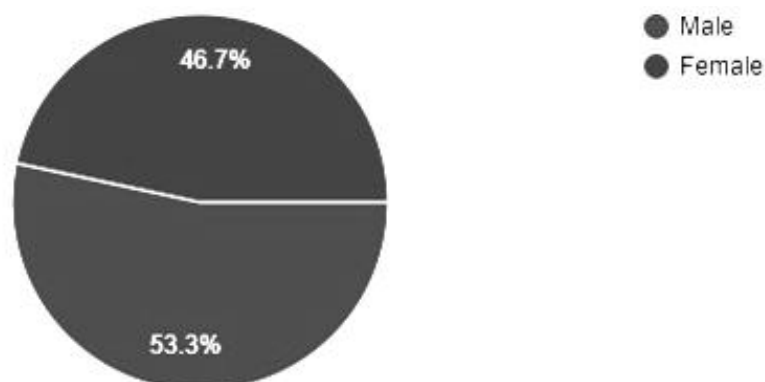


Figure 1: Gender wise respondents

From the figure 1 it shows that the sample were 60 in total out of which 32 are male respondents which equals to 53.3% whereas female respondents is 28 in number which equals to 46.7%. The usage of online payment system more in male but the difference is closer.

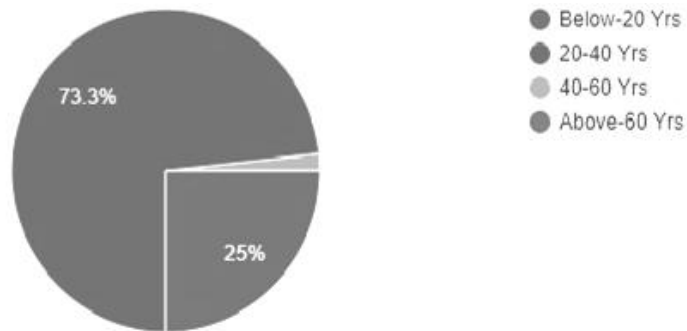


Figure 2: Age Wise Respondents

From the figure 2 it shows that the sample was 60 in that below age group of 20 years 25%, similarly 20-40 years age group 73% and finally 40-60 age group 2%. It says that the more online payment system using age group 20-40 years and next below 20 years age group and further 40-60 age group. It's clearly says that age group between 20-40 year they are more connected the technology and they were aware to use online payment systems

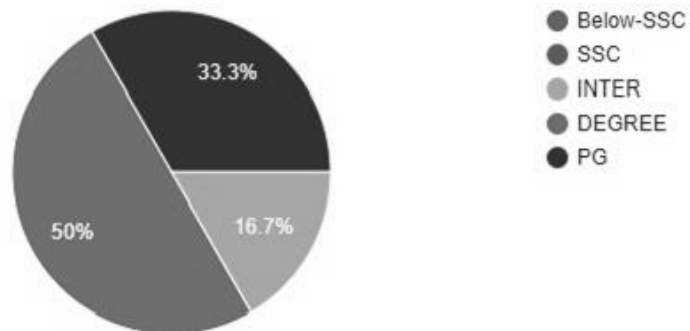


Figure 3: qualification wise respondents

From the figure 3 it shows that the sample were 60 out of which 50% respondents are graduates, 33.3% were post graduates and 16.7% Intermediate respective to their education qualifications. The education background shows more impact on usage of online payment systems because they need to work with technology for that reason in rural the usage percentage in low when compare to urban people, because of lack of education, awareness and training resources.

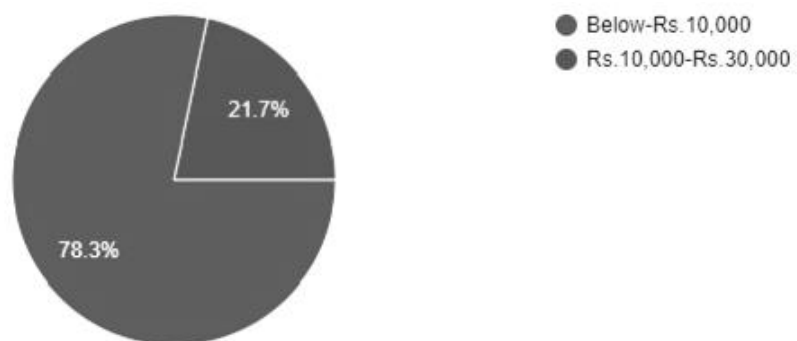


Figure 4: Respondents group based on monthly Income

From the figure 4 it shows that the sample were 60 in that below Rs.10,000 monthly income group 21.7% and monthly income between Rs.10,000 to Rs.30,000 are 78.3%. According to survey conducted Monthly income is also one of the key factor that effects the online payment system because in the survey it clearly states that one form higher income group people are using online payment system majorly when compared to lower income group people.

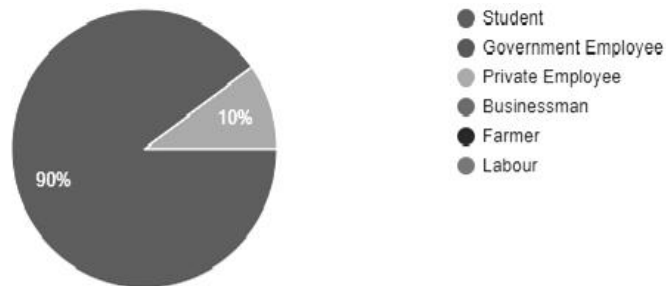


Figure 5: Profession wise respondents

From the figure 5 it shows that sample were 60 in that 90% student's category and remain 10% private employee's category. It indicates that usage of the online payment system is more among the students when compared to other category people. Because they more exposed to technology and outside world, they have change to adopt, learn and they have a necessity to do their day to day life payments in the society.

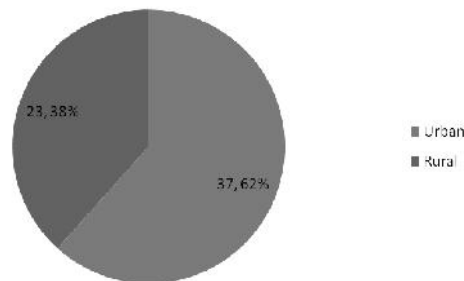


Figure 6: Urban and Rural respondents

From the figure 6 it shows that the sample were 60 out of which 62% of respondents belongs to Urban similarly 38% respondents are from the Rural. It clearly shows that more respondents are from urban which means they are aware about technology and they know what is online payment systems, and because of demonetization and other awareness programmes rural people have been knowing about the online payments systems so the usage of these digital modes have been increasing in these days. That is the reason there is no much large difference among the respondents.

To Study the Various Modes of Online Payments

- **Banking Cards:** This are considered are the most reliable, convenient, flexible methods than other payment methods. It includes debit cards, credit cards, cash etc. Two types of authentications were done during the process in any of these transaction methods they are PIN and OTP. Visa, master cards, Rupay cards are examples of this payment systems.
- **Unstructured Supplementary Service Data (USSD):** This is an innovative service which allows the mobile banking transaction which uses the basic feature in the phone it does not require internet facility.
- **Aadhaar Enabled Payment System (AEPS):** It allows the online transactions such as Point of sale, Micro ATM in which authentication of Aadhaar card is a must.
- **Unified Payments Interface (UPI):** In this type of payment methods single mobile application is used for the multiple bank accounts. It has several banking features. Each Bank provides its own UPI App for Android, Windows and iOS mobile platform(s).
- **Mobile Wallets:** In this mode we can carry cash in the wallet in digital format. We can link the account details, debit card information or the credit card information the app to make the transaction. We can pay or make purchases in the stores with these kinds of wallets. A bank account is a must to be linked with app to load the amount. Examples of mobile wallets are Paytm, Airtel money etc.
- **Banks Pre-Paid Cards:** These are subjected to regulatory limits and they load money by using internet banking.

- **Point of Sale:** In this type of methods sales are made and it may be a mall, a market in a macro level and in micro level retailer is considered as PoS.
- **Internet Banking:** It is also called as online banking, e banking and virtual banking. It is a type of e-payment system in which customers of the bank make the transactions form the institutional website.
- **Mobile Banking:** In this the customers are allowed to make the financial transactions by mobiles or a tab even from a remote location. It uses the different types software according to the banks, and each bank has its own mobile apps for Android, Windows platforms.
- **Micro ATMs:** It is to do the basic banking services. This will enable to perform the instant transactions

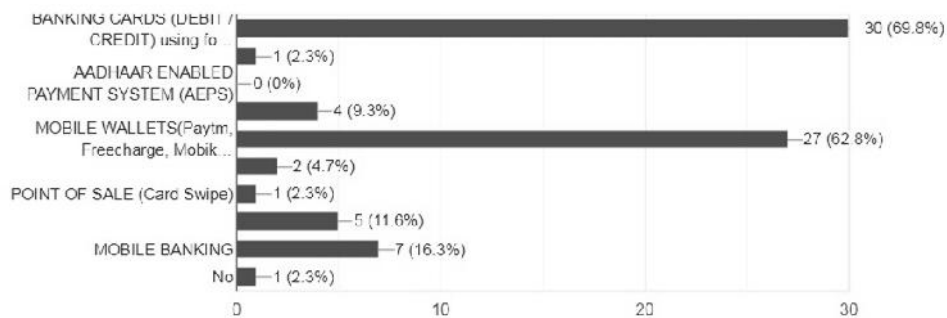


Figure 7: Number of customers Using E-payment option

From the figure 7 it shows that the sample were 60 out of which 69.8% respondents are using the Banking Cards (Debit/Credit), the next preference for online payment respondents are using Mobile Wallets i.e.62.8% it means 27 members out of 60 and Mobile banking also using for online payment purpose i.e. 16.3%.The study shows that online payment system purpose the respondents majorly depending on Banking Cards, Mobile wallets and Mobile banking etc.

To Study the Awareness on Online Payment System among the Respondents

Table 2: Digital Awareness among Respondents

Are you aware about Online payment Systems / E-Payments	Yes	53	88%	Male	30	57%
				Female	23	43%
	No	7	12%	Male	2	29%
				Female	5	71%

Source: Computed from Primary Data

Table No.2 shows that the digital awareness among the respondents out of 60 members 53 members says that they are aware about online payment system which is 88% and similarly 7 respondents say that are unaware about online payment system. Coming to gender wise, out of 88% male are 57% and 43% are female who are aware about online payment systems / E-payment system and it says that female genders are now showing interest on shop online and make payment using online payment modes.

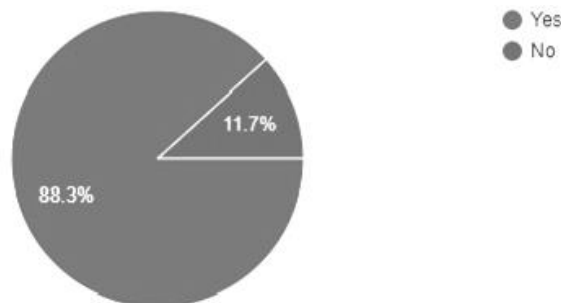


Figure 8: Digital / E-Payments respondents' awareness

Form the figure 8 it shows that the sample were 60 out of which 83.3 % respondents says that they are aware about Digital and E-payment system and only 11.7% says that they are unaware about digital and E-payment system. It shows that majority of people are now aware about online payment system because it is now needed in every one's daily life and demonetization has given more awareness about e-payment systems.

To know the Problems Faced by the Customers in using of Online Payment Systems

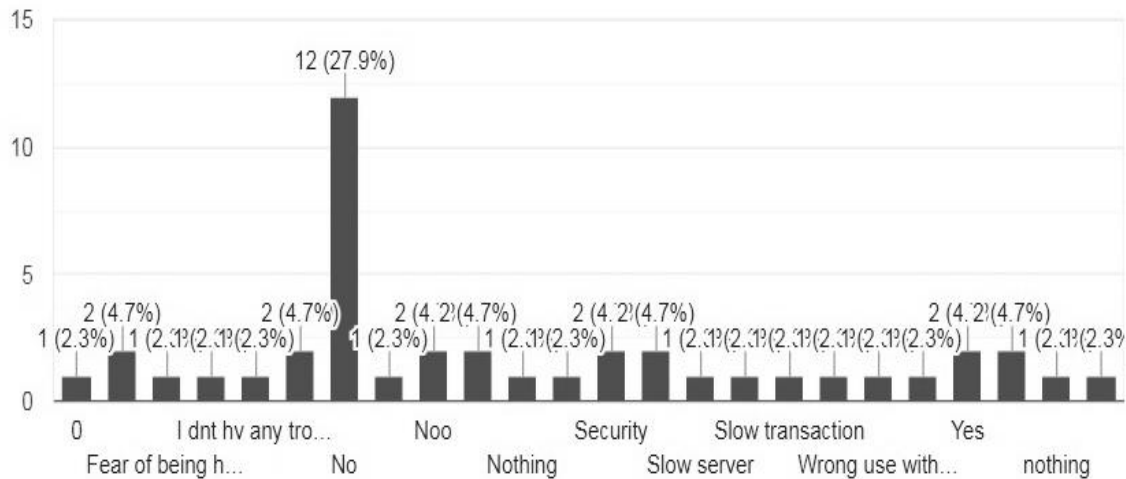


Figure 9: Problems faced by the consumers while using Online payment Modes

From the figure 9 it shows that the sample were 60 out of which 27.9 % respondents given their opinion they are not facing problems while using online payment systems, 4.7% respondents said they have the fear about online payment, 4.7% respondents said that security issues majorly concerns while using the online payment systems. It is shows that the respondents are having some kinds of issues like security, slow transitions processing, fear, wrong usage or miss use of the payment etc.

To Study the Number of E-Payment Transactions in Weekly and Monthly

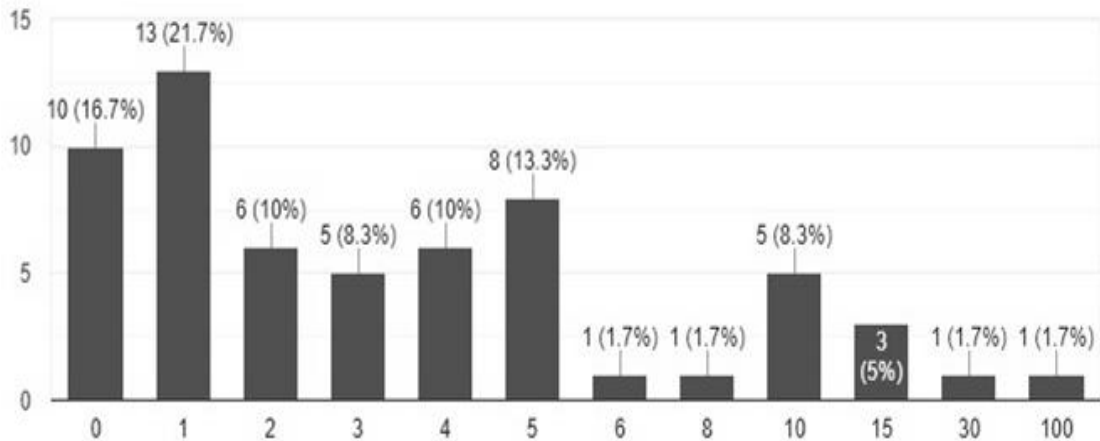


Figure 10: Number of E-Payments in Weekly

From the figure10 it shows that the sample were 60 in that majority respondents are doing less e-payments in weekly i.e. 0 transactions weekly 16.7%, weekly 1 transaction 21.7% respondents where as more online payment in week 10 transaction by 8.3% respondents, similarly 13.3% respondents 5 transactions weekly. It indicates that out of 100% respondents only 16.7% respondents are with 0 weekly online payment system rest of the respondents 83.3% are using online payment system weekly at least once.

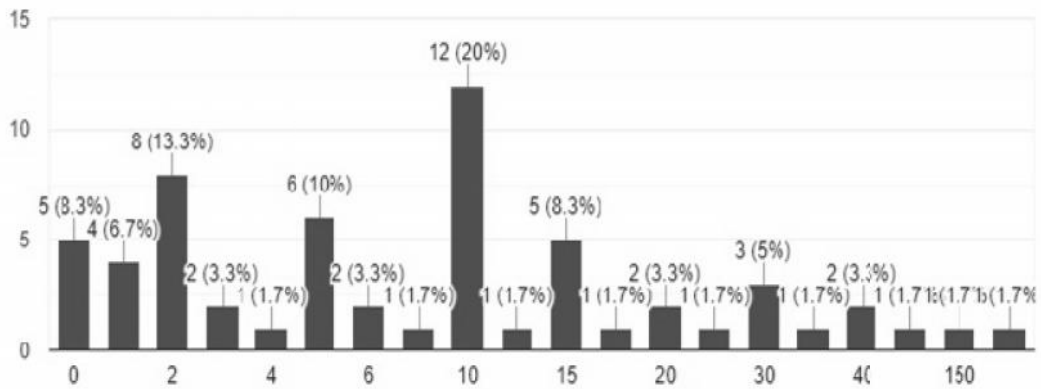


Figure 11: Number of E-Payments in Monthly

From the figure11 it shows that the sample were 60 out of which 20% respondents are using the e-payment service 10 times in monthly, similarly 8.3% respondents are using the online payment options 15 times, 5% of respondents are using 30 times also, but whereas least i.e. 0 times using respondents are 8.3% and at least 2 time 13.3% respondents respectively. In the study say that even 0 times online payment in a month respondent 8.3% out of 100% the remain 91.7% respondents using the online payment systems in their daily life.

To Study the Purpose of using Online Payment Systems and Overall Rating of Online Payment Systems from the Respondents

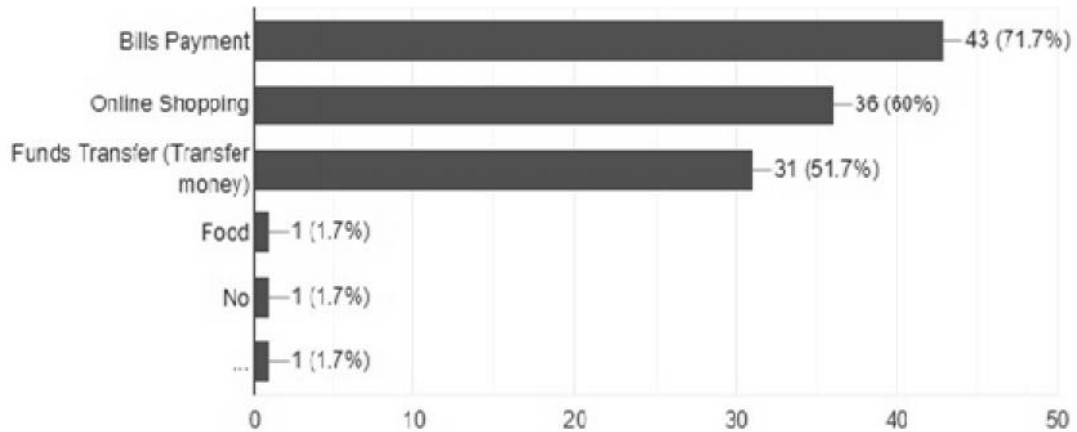


Figure 12: Purpose of using Online payments

From the figure12 it shows that the sample were 60 in that 71.7% of respondents are using the online payment system for paying of bills, 60% respondents said using the E-payment system for online shopping and 51.7% respondents said using for funds transfer. The study shows that the online payment system mainly used for bills pay, online shopping and funds transfer.

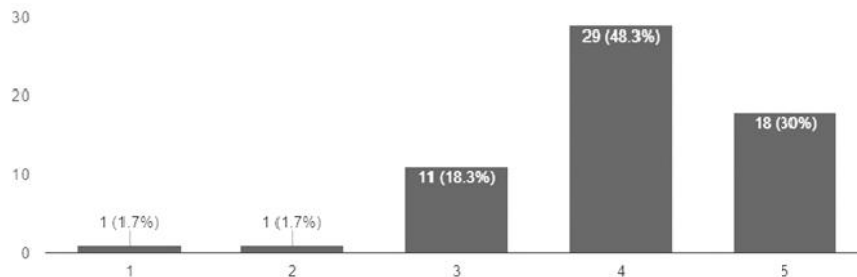


Figure 13: Overall rating of Online payment System

From the figure13 it shows that the respondents from the Urban and Rural for the sample were 60 out of which 48.3% respondents given rating 4 for the online payment system, 30% were given 5 rating and finally 18.3% respondents are given 3 rating for the online payment system. The lowest rating 1 and 2 were given negligible respondents percentages like 1.7% it is also because of security and some smaller issues.

Conclusion

The study examines the perception of urban and rural customers adopting of online payment system and effect of online payments effects on customers of the Indian banking. The result put together gives us an important that rural people needed more awareness and training on usage to fill the gap between the rural and urban. The results indicate from the data that rural and urban customers are using online payment for their cash transactions, shopping, and bills payment. The majority are using online payments is increasing but the concern is security, cyber frauds, hackers etc. have to be controlled so that more use of online payments can be seen from both urban as well as rural. The study gives emphasis to the percentage of awareness on maximum utilization of technology. Banks should take effective measures in creating awareness towards the effective usage of technology and security while using online payment systems.

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