

Customer Perspective of using Digital Payment Systems for Online Buying

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ABSTRACT:

Digital transactions now account for the majority of all transactions worldwide, including those in India. Studies show that effective payment systems improve an economy's liquidity flow. Using technology for transactions is the most effective approach to be flexible and provide superior customer service in the digital age. As a result, the researchers wished to investigate customer attitudes about adopting digital payment systems for online purchases. The study's goal is to learn about the future level of digital payment usage among customers. For this study, the researcher used cross tabulation, correlation, and ANOVA as statistical tools. According to the study, there are no variations in respondents' opinions about buying products using digital payments and promoting them. As stated in the report, customers prefer digital payment systems for future purposes.

Key words: Digital payment, consumer perception, technology development.

Introduction:

In recent years, the introduction of digital commerce has transformed the way people shop, allowing them to buy products and services conveniently and effectively via online platforms. With the advancement of digital technology and the rising accessibility of the internet, digital commerce has grown tremendously and has become an essential component of the global retail landscape. However, as e-commerce grows, it is critical to understand how consumers perceive and are aware of this method of shopping (SAIKRISHNAN, 2023). Digital payments have simplified transactions for both individuals and businesses. The benefit of adopting a digital payment system is that it eliminates the need to disclose bank account information for money transfers or even carry currency. In India, in particular, a digital push emerged following the

demonetisation of Rupees (Rs.) 500 and Rs. 1000 bank notes in November 2016 (Sankaran & Chakraborty, 2023). The rapid growth of digital payment worldwide is being driven by the increasing number of mobile phones and the phenomenal growth of the Internet (Ramayanti et. Al., 2023). Consumer perceptions have an important role in forming their views towards digital payments and influencing their decision-making. Consumer views include their understanding, beliefs, and attitudes about online buying platforms.

Digital payments in India have increased dramatically over the previous five years, with the overall number of digital transactions rising from 2,071 crore in 2017-18 to 13,462 crore in 2022-23. This indicates a 45% compound annual growth rate (CAGR). The introduction of UPI has played a significant role in this expansion. Digital payments are deemed secure in India since they necessitate many layers of authentication. They can also be utilised by banks and lending institutions to make cashflow-based lending choices, which is especially beneficial for small enterprises that may struggle to obtain financing without verifiable cashflows. Over 30 crore individuals and 5 crore merchants in India currently use digital payment systems, with more than 40% of all payments made digitally.

India's digital payment development will be influenced by service providers, banking regulations, consumer experience, and other factors driving growth. The Indian government aims to remove corruption and black money through digital payment channels. Several digital payment systems have been created in India to promote and speed up their adoption. Understanding customer attitudes of digital payments is crucial in this context (Somasundaram & Litt, 2020).

Digital payment has a big impact on how customers shop online. With the growing availability of digital payment alternatives, people can make purchases from the comfort of their own homes, eliminating the need for actual cash. The simplicity of online purchasing has led in an increase in the number of online transactions and the growth of the e-commerce business (Rahi et. Al., 2023).

Review of literature:

Sivathanu (2017) made study on Adoption of digital payment systems in the era of demonetization in India. The goal of this study is to ascertain how often people actually use (AU) digital payment systems. The structural equation modelling (SEM) method of partial least squares (PLS) was used to empirically validate the framework and analysis the findings imply that the use of digital payment systems is influenced by innovation resistance (IR) and behavioral intention (BI) to use.

Singh (2017) made study of consumer perception of digital payment mode. In this study they informed that the use of digital payments is growing exponentially as a result of the government's initiatives like Digital India, rising internet usage, and smartphone penetration. Technology Digital payments are those made by customers at the point of sale (POS) for goods and services via mobile or internet banking with a credit or debit card. Adoption of digital payments is significantly and favourably impacted by customer perceptions of these payment methods.

Somasundaram & Litt (2020) made a study on perception of consumers towards digital payment. Their primary goals of the study are to determine the demographic characteristics of the consumer base and they found that in order to increase consumer financial transaction safety and security, the digital payment system needs to be enhanced, made more user-friendly, and simplified.

Siby (2021) made study on Consumer Perception of Digital Payment Methods in times of Covid Pandemic and found that even during the Covid epidemic, the digitization push in payment systems following demonetization has advanced remarkably. They also discovered that there was no

discernible difference in how consumers felt about digital payment ways depending on the primary demographic, even during the Covid epidemic qualities.

Ranjith. et. Al., (2021) made study on A Literature Study Of Consumer Perception Towards Digital Payment Mode In India. The study aims to examine consumers' impressions of online and digital payments, as well as their safety in the connected world. In this study researcher found that digital transactions are widely accepted in India and are becoming increasingly popular.

Van Dinh, D. (2024) made study on Digital economy and the electronic payment behavior: An empirical analysis. This study seeks to analyse the elements that influence Vietnamese customers' electronic payment behaviour. The major goal is to discover the obstacles that consumers face while using e-payment options. The study's findings demonstrated a substantial relationship between several parameters and electronic payment behaviour.

Research Gap:

There is a study deficiencies in understanding consumer perceptions of digital payments in many circumstances, including peer-to-peer transfers, online purchases, and recurring payments. There is little research on long-term behavioural changes in customers. There is also a lack of information about how these beliefs change over time, particularly across different demographic groups. By investigating above review of literature this study come up with the objectives of to study the digital payment system for online purchasing, to understand the consumer perception towards digital payment while doing online purchasing, to know customer future level of usage for digital payment.

Methods and measures:

Methods:

Scholars strongly urge obtaining data from varied samples to ensure response variability and verify the generalisability of conclusions. Thus, data for this study were obtained from a variety of digital payment users while purchasing online. The study utilised both descriptive and quantitative research methods. Descriptive research identifies facts, while quantitative research generates statistics such as frequencies and averages. For the study, both primary and secondary data were employed. For the goal of this study, primary data was acquired by structured questionnaire. In total, the questionnaire was delivered to almost 200 respondents, and the researcher obtained 194 (97%) valid responses from respondents across India.

Secondary data are collected from a various journals, periodicals, newspapers, and websites. The investigation was conducted using the convenience sampling technique.

In this survey, 55.7% of respondents are female, the average age of respondents is 32 years, the majority of respondents are postgraduates, 37.6% of respondents are employees, 23.2% of the respondents are students and 22.7% of the respondents are professionals. The majority of respondents receiving income between Rs.25,001 to 50,000.

Measures:

For this study, the researcher used a questionnaire, which is an organised set of questions. This study employed a survey-based approach. Questionnaires were designed using a five-point Likert scale, with "5" representing "strongly agree" and "1" representing "strongly disagree".

Result and Discussion:

For this study researcher has used statistical tools such as cross tabulation, correlation and ANOVA.

Cross Tabulation:**Table 1:** Cross tabulation between age of the respondents and how often the respondents are buying product through Digital payment

Particulars	Age				
	Bellow 20	Between 20-30	Between 31-40	Between 41-50	Above 50
Once per Week	05	34	23	05	02
2-3 times per month	02	21	19	04	01
Once per month	04	16	11	03	00
Once every 2-3 months	02	13	08	05	00
Once or twice a year	01	04	05	01	00
Less than once a year	00	02	02	01	00

Analysis and Interpretation:

The above table indicates cross tabulation between age of respondents and how often the respondents are buying product through Digital payment. It clearly indicates that age between of 20-30years and 31-40years are more interested in purchasing products once per week through online by doing digital payment. The age between of 41-50, above 50 and bellow 20years respondents also purchasing products through online but less than compare to age between of 20-30 and 31-40years. The reason behind why the age below 20years are not purchasing products through online is may not have their own income, parents limit their spending, younger people are more cautious about sharing their personal information online due to awareness of cyber threats. When it come for age above 50 some older adults might not be as comfortable or familiar with using digital devices or navigating online platforms and many in this age group grew up shopping in physical stores and they prefer seeing and touching products before buying.

Correlation:**Table 2:** Correlation between Digital payment system is easy to use and Digital payment system is convenient for online purchasing

	Digital payment system is convenient for online purchasing	Digital payment system is easy to use
Digital payment system is convenient for online purchasing	1	
Digital payment system is easy to use	0.885346	1

Analysis and Interpretation:

The above table shows the correlation between digital payment system is easy to use and it is convenient for online purchasing. The result of correlation is 0.885346 which indicates strong relationship between two variables of convenient and easy to use. Therefore, it can be concluded that respondents are feeling digital payment system is easy to use that's why they feel digital payment system is convenient for online purchasing.

Hypothesis 1:

H₀: There is no difference in the opinion of the respondents regarding buying product through digital payment and recommending the digital payment.

H1: There is a difference in the opinion of the respondents regarding buying product through digital payment and recommending the digital payment.

Table 3: Anova testing

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Likely to buying product online purchase through Digital payment	194	603	3.108247	0.552989		
Recommend the digital payment system to others	194	594	3.061856	0.493563		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.208763	1	0.208763	0.398954	0.528004	3.865662
Within Groups	201.9845	386	0.523276			
Total	202.1933	387				

Analysis and Interpretation:

According to the above table showing differences in the opinion of the respondents regarding buying product through digital payment and recommending the digital payment. To know the differences the statistical tool ANOVA has been used.

As per the analysis the ANOVA “P-value” between opinion of the respondents regarding buying product through digital payment and recommending the digital payment is 0.528004 which more than 0.05. This value indicates that reject the alternative hypothesis and accept the null hypothesis. By this it can be concluded that there is no differences in the opinion of the respondents regarding buying product through digital payment and recommending the digital payment.

Hypothesis 2:

H0: There is no difference in the opinion of the respondents regarding buying product through digital payment and prefer the digital payment system for future online purchase.

H1: There is a difference in the opinion of the respondents regarding buying product through digital payment and prefer the digital payment system for future online purchase.

Table 4: Anova testing

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Likely to buying product online purchase through Digital payment	194	633	3.262887	0.847631		

Prefer the Digital Payment System for future online purchase	194	606	3.123711	0.388761		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.878866	1	1.878866	3.039272	0.082069	3.865662
Within Groups	238.6237	386	0.618196			
Total	240.5026	387				

Analysis and Interpretation:

According to the above table showing differences in the opinion of the respondents regarding buying product through digital payment and prefer the digital payment system for future online purchase. To know the differences the statistical tool ANOVA has been used.

As per the analysis the ANOVA “P-value” between opinion of the respondents regarding buying product through digital payment and prefer the digital payment system for future online purchase is 0.082069 which more than 0.05. This value indicates that reject the alternative hypothesis and accept the null hypothesis. By this it can be concluded that there is no differences in the opinion of the respondents regarding buying product through digital payment and prefer the digital payment system for future online purchase.

Conclusion:

New financial innovations often replace cash payments with cashless options. Digital payments offer advantages such as one-click payments, no need for cash, easy tracking of small transactions, discounts, cashback programs, and security (Ramayanti.et.al., 2023). As per the study researcher found that there is no differences in the opinion of the respondents regarding buying product through digital payment and recommending the digital payment. The consumers feels digital payment is easy to use therefore it is convenient in making payment for online purchasing. In study it is also found that respondents using digital payment in future too.

Digital payments are a popular innovation in developed countries due to their time, effort, and cost benefits. Based on this the future research could focus on moderation and mediation in the adoption of digital payment systems. Comparing digital payment uptake across countries and cultures might shed light on the elements that influence this trend. Cross-cultural and international comparative studies can provide valuable insights. In the future, segmentation analysis will identify unique user groupings to measure their level of maturity in digital payment adoption. Digital payments are online resources and methods for exchanging value through the internet. Digital payment technology is quickly increasing globally, with significant power and impact.

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