



A Study on Payment Methods in E-Commerce

Dr. M. Ravichandran¹, Gokulnath.M²

¹Assistant Professor, Department of Management Studies, Anna University, BIT Campus, Tiruchirappalli, India.

²Final year MBA Student, Department of Management Studies, Anna University, BIT Campus, Tiruchirappalli, India.

ABSTRACT

In today's world, e-commerce plays a huge role in the sale of goods and services through the internet. This study tries to find out whether the customer's choice of payment is affected by the various factors and satisfaction level of the customer when choosing the payment method for e-commerce. In this study, samples were collected by the convenience of the research and there has been made an attempt to find out whether there is a significant relationship between choice of payment and security, convenience and satisfaction. A chi-square method was applied to find out the relationship between source of data collected things and well structured questionnaire. In the study, there was no relation between payment choice and factors influencing them to choose different payment methods.

Keywords: E-commerce, Payment Methods, Choice of Payment

INTRODUCTION

E-commerce, or electronic commerce, refers to the buying and selling of goods or services over the internet. It has become increasingly popular in recent years due to the growth of technology and the internet. E-commerce can take place between businesses, between businesses and consumers, or between consumers themselves. E-commerce can take many different forms, including online marketplaces, online stores, and online auctions. These platforms allow customers to purchase products or services from sellers located anywhere in the world, at any time of day or night. Some of the benefits of e-commerce include the ability to reach a wider audience, lower overhead costs, increased convenience for customers, and the ability to track customer behaviour and preferences. However, e-commerce also comes with its own unique challenges, such as the need to maintain secure transactions and protect customer data. Overall, e-commerce has transformed the way we do business, and it will likely continue to play a significant role in the global economy for years to come. One of the key advantages of e-commerce is its ability to reach a global audience. Online businesses can reach customers in different countries and regions, without the need for physical storefronts or distribution centers. This opens up new markets and opportunities for businesses of all sizes, including small and medium-sized enterprises. Another advantage of e-commerce is its potential for lower overhead costs. Without the need for physical storefronts or salespeople, online businesses can often operate with lower expenses than traditional brick-and-mortar businesses. This can result in lower prices for customers and higher profit margins for businesses. Another challenge is the need to keep up with rapidly changing technology and consumer behaviour. E-commerce businesses must continually adapt to new technologies, such as mobile devices and social media, and keep up with evolving consumer preferences and expectations. Despite these challenges, e-commerce is expected to continue to grow and evolve in the coming years. As technology continues to advance and consumer behaviour continues to shift, businesses that are able to effectively leverage e-commerce will be well-positioned for success in the global marketplace.

E-commerce also provides increased convenience for customers. With online shopping, customers can easily compare products, read reviews, and make purchases from the comfort of their own homes or on the go with mobile devices. This convenience factor has contributed to the growth of e-commerce in recent years, as consumers increasingly prefer the ease and accessibility of online shopping. However, e-commerce also comes with its own set of challenges. One of the biggest concerns is security. With so many transactions taking place online, it's important to ensure that customer data is protected and transactions are secure. This includes measures such as using secure payment gateways, encrypting customer data, and implementing measures to prevent fraud. Cash on Delivery (COD): This payment method allows customers to pay for their purchases when they receive the item(s) they ordered. The payment is made in cash to the delivery person at the time of delivery. COD is a popular payment method in countries where credit and debit card usage is still limited. Credit Card: This payment method allows customers to make purchases using their credit card. The payment is made by borrowing money from the credit card company and paying it back at a later date with interest. Credit card payments are processed electronically, and the customer needs to enter their card details on the payment page. Debit Card: This payment method allows customers to pay for their purchases using their debit card. The payment is made by deducting the amount directly from the customer's bank account. Debit card payments are also processed electronically, and the customer needs to enter their card details on the payment page. UPI: UPI (Unified Payments Interface) is a payment method that allows customers to transfer money from their bank account to the merchant's account using a mobile app. Customers can link their bank account to the UPI app and make transactions by entering the merchant's UPI ID or scanning a QR code. UPI is a popular payment method in India, and it is supported by several banks and mobile wallet apps.

OBJECTIVES OF THE STUDY

1. To study customer awareness of different payment methods in e-commerce.
2. To identify the problem faced by the customer during payment on the e-commerce platform
3. To analyse the factors influencing the customer's choice of payment
4. To measure customer satisfaction levels with different payment methods

NEED OF THE STUDY

This study is focused on create awareness among the customer who are using e-commerce website. Customers have different preferences when it comes to payment methods. To find the factors affecting the customers to choose this method and to know the satisfaction level of the customers. And to give suggestion to the customer from different payment methods available in e-commerce.

STATEMENT OF THE PROBLEM

As the e-commerce industry continues to expand globally, there is an urgent need for the development and adoption of reliable, affordable, and easily accessible payment solutions that provide the variety needs of customers. Main thing because of many payments available for the e-commerce payment choosing the correct one always difficult.

REVIWE OF LITERATURE

1. Prof. Sana khan and Shreya jain (2018) "A study on usage of e-payments for sustainable growth of online business" This study is to identify the frequency of usage and the problems faced while using e-payment and e-payment contribution toward business growth and they came to the conclusion the usage of online payment have increased due the improvement in technology and ease of usage also increased and e-payment plays important role in business growth.
2. Urvesh Choudhary and Jyoti Arora (2020), "A comparative study on the usage of e-payments in various age groups" To find the customer orientation towards e-payments in various age groups, and they came to the conclusion people belonging to the age group 15–35 are more comfortable with the usage of e-payments.
3. K. Suma Vally and K. Hema Divya (2018), "A study on digital payments in India with a perspective of consumer adoption" was conducted to analyse the level of digital payment adoption by the consumers, and they came to the conclusion that increased technology would increase the use of e-payments.
4. S. Namasivayam, M. Prakash, and G. Barani Karunambigai (2013), "A Study on Problems and Prospects of E-Payments in Tripur City, Tamilnadu," this study is focused on finding the satisfaction of e-payments, and the findings suggest that the majority of the respondents prefer using e-payments and are satisfied.
5. Swetha Mishra and Vidhi Rajora (2018) conducted a study on digital payment systems—with special reference to youth" to determine the use of digital payment systems among youth, and they concluded that the use of digital payments is rapidly increasing and that cashless transactions are now the norm in India.
6. Dr. M. Saravanan and Anish B. Bhaskaran (2019), "A study on problems and challenges on the digital payment system as an ease of payment mechanism among customers in an e-commerce scenario with special reference to Kottayam District" sought to understand the awareness of digital payment among customers and their preferences, and they concluded people have low awareness about digital payments and a raise in awareness is needed.
7. Mamta, Prof. Hariom Tyagi, and Dr. Abhishek Shukla (2016) "The Study of Electronic Payment Systems". The purpose of this research is to identify the issues and challenges of the electronic payment system and to propose some solutions to improve the quality of e-payments. The successful implementation of electronic payment systems depends on how the security and privacy dimensions are perceived by consumers as well as sellers, which in turn improves market confidence in the system.
8. Sujith T. S. and Julie C. D. (2017) "Opportunities and Challenges of E-Payment System in India". This study aimed to identify the issues and challenges of electronic payment systems and offer some solutions to improve the e-payment system. The e-payment system not only provides more opportunities but also many threats. The study found that the reach of mobile networks, the Internet, and electricity is also expanding digital payments to remote areas. This will surely increase the number of digital payments.
9. Sanghita Roy and Dr. Indrajit Sinha's (2014) "Determinants of Customer's Acceptance of Electronic Payment Systems in the Indian Banking Sector," The objective of the study was to find out which electronic payment system was the most popular among the various payment options. This study also analysed the level of awareness and the usage of e-payment technologies. The main aim of the study was to determine all the factors influencing the customer's adoption of the technology acceptance model. The study was based on primary data. The data was collected

through a structured questionnaire by means of a survey and also focused on a group of 30 respondents. This study found four factors that contribute to the strengthening of India's E-payment system: innovation, incentives, customer convenience, and legal framework.

10. Ashish Baghla (2018), "A Study on the Future of Digital Payments in India" focused on the adoption of digital payments in India. This paper identifies the problems or challenges faced by the people of India in adopting digital modes of payment. One of the objectives of this study was to find out the attitude of the people towards the adoption of digital payment in India. The paper concluded that the efforts by the government to make India cashless are going well, but it will take time for India to become completely cashless, as there are various challenges that the government has to take care of.
11. Pawan Kalyani (2016), "An Empirical Study about the Awareness of Paperless E-Currency Transactions Like E-Wallet Using ICT in the Youth of India," this paper stresses on the paperless transactions that are getting popular all over the world in the form of a digital wallet. In this research, the researcher also analysed the various types of e-wallets in the world and various Indian e-wallet services. The researcher is trying to analyse all the information on the awareness and usage of various e-wallets in the Indian market. The paper concluded with the suggestion that the practical usage and awareness of these digital wallets should be increased by adding more value-added services to these wallets for better efficiency.
12. Dr. S. Manikandan and J. Mary Jayakodi (2017), "An Empirical Study on Consumers Adoption of Mobile Wallets with Special Reference to Chennai City" focuses on explaining the usage of mobile wallets, and this paper also states the challenges faced by the users while using various mobile wallets, which affect the decision of consumer adoption of mobile wallets. The researcher concluded the paper with the fact that users are satisfied with the usage of mobile wallet and that the challenging factors for the users are the security and safety of funds during a transaction.
13. Rachna and Priyanka Singh (2013), "Issues and Challenges of Electronic Payment Systems" aims to identify the issues and challenges faced while using electronic payment systems, and this paper also offers some solutions to improve the quality of e-payment systems. This paper stated some issues such as lack of security, lack of trust in such payment services by the consumers, lack of awareness by the consumers, and the fact that online payment services are not feasible in rural areas of our country. This paper also stated some of the measures to handle those problems, such as encryption, digital signatures, and firewalls, and how to request more identification in case of any doubts. The paper concluded with the facts that e-payment systems can be successful if the privacy of the consumers and the security dimensions are well managed, which would increase the customers' confidence in such payment applications.
14. Priyanka S. Kotecha (2018), an empirical study of mobile wallets in India, This study focuses on various mobile wallets available in India, and the paper concludes mobile wallet usage has increased mainly because of the convenience of transactions and the ease of use.
15. Rakhi, Navya (2021) A study on online payment methods among college students the objective of the study to understand the usage, acceptance and satisfaction level of e-payment and attitude of the customers and they came the conclusion most of them are using the e-payment on regular basis large number of people are using e-payment.
16. Wenjing yang (2017) Analysis of online payment system of e-commerce, the purpose of the study is to know the current state , challenges and future expectation of online payment and the came to the conclusion most the people are using online payment for convenience and fast transaction speed and the challenges are malware attack , financial issues.
17. Dr. Hem shewta Rathore(2016) Adoption of digital wallet by consumers the objective of the study is to understand factors influence consumer in adoption off digital wallet and risk and challenges faced by consumers in use of digital wallet and they came to the conclusion digital wallets are quickly becoming mainstream mode of online payment , shoppers are adopting digital wallets at an incredibly rapid pace, largely due to convenience and ease of use and digital wallets gain more widespread of acceptance.
18. Shinki Katyayani Pandey(2022) A study on digital payments system & consumer perception : an empirical survey the objective of the study to understand the various modes of digital payment in Indian banking industry before after pandemic and impact of user perception and trust in payment system through this research they found out that the perception of digital payment tools affects an individual payment behaviour. Digital payments are not only driven by a positive outlook of digital payment but also negative outlook of the cash.
19. Mahadev.B.Bagadi (2019) Issues and challenges of e-commerce in india – A study focused on issues and challenges faced by indian e-commerce industry and also show the effect of changes in e-commerce policy affecting the retailers and they came to conclusion the e-commerce industry in india is growing in remarkable pace due to high usage of internet . But the indian customers are more comfortable in buying products physically they tend to choose the products by touching so most of the customers are not aware of online transaction and its security.
20. CA.Raj Grag (2016) Importance of e-commerce payment system in less paper work this study covers the aspects related to benefits derived from e-commerce and what method of payment used in e-commerce. And the paper concludes e-commerce is playing important role in todays world and it has made working very easy in the term of payment. Electronic payment has revolutionized the business process by reducing paper work, transaction cost, labour cost and it also became user friendly and less time consuming than manual process.

RESEARCH METHODOLOGY

The methodology used in this project is Analytical in nature, which researcher has to use the facts or information already available, and analyze these to make the evaluation. Data collection were done through questionnaire to find the whether the customer choice of payment affected by the factors and satisfaction level of the customer or not.

SAMPLE DESIGN

This research is completely based on the description of the factors that influence the customer choice of payment in e-commerce. And the sample size taken for this study is 50. Convenient sampling method is used to collect the primary data. Chi-square technique is used for the data interpretation.

DATA ANALYSIS AND INTERPRETAION

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.871	.872	45

A sample of 50 was taken to test the reliability of the questionnaire.

Chi-square test

1. Null hypothesis (H_0) There is no significant relationship between choice of payment and security of the payment method.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.407 ^a	9	.883
Likelihood Ratio	4.228	9	.896
Linear-by-Linear Association	.362	1	.547
N of Valid Cases	50		

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .04.

Interpretation: It is inferred that calculated value 4.407 is less than the table value 16.919. Hence H_0 is accepted.

Inference: There is no significant relationship between choice of payment and security of payment method.

2. Null hypothesis (H_0) There is no significant relationship between choice of payment and convenience of payment method.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.677 ^a	12	.260
Likelihood Ratio	18.793	12	.094
Linear-by-Linear Association	.131	1	.717
N of Valid Cases	50		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .08.

Interpretation: It is inferred that calculated value 14.677 is less than the table value 21.026. Hence H_0 is accepted.

Inference: There is no significant relationship between choice of payment and convenience of payment method.

3. Null hypothesis (H_0) There is no significant relationship between choice of payment and security of personal and financial information when making a payment in e-commerce platform.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.414 ^a	9	.698
Likelihood Ratio	7.271	9	.609
Linear-by-Linear Association	.015	1	.902
N of Valid Cases	50		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is .04.

Interpretation: It is inferred that calculated value 6.414 is less than the table value 16.919. Hence H_0 is accepted.

Inference: There is no significant relationship between choice of payment and security of personal and financial information when making a payment in e-commerce platform.

4. Null hypothesis (H_0) There is no significant relationship between choice of payment and satisfaction level of the customer choosing different payment method.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.919 ^a	12	.961
Likelihood Ratio	5.712	12	.930
Linear-by-Linear Association	.293	1	.588
N of Valid Cases	50		

a. 16 cells (80.0%) have expected count less than 5. The minimum expected count is .04.

Interpretation: It is inferred that calculated value 4.919 is less than the table value 21.026. Hence H_0 is accepted.

Inference: There is no significant relationship between choice of payment and satisfaction level of the customer choosing different payment method.

FINDINGS AND SUGGESTION

1. There is no significant relationship between choice of payment and security of payment method.
2. There is no significant relationship between choice of payment and convenience of payment method.
3. There is no significant relationship between choice of payment and security of personal and financial information when making a payment in e-commerce platform.
4. There is no significant relationship between choice of payment and satisfaction level of the customer choosing different payment method.

So most of them choose the payment method for their own convenience. When choosing the payment method for paying on an e-commerce platform, it is important to know about the advantages and disadvantages of using this payment method. Sometimes we choose the payment based on availability or ease of use. We have to choose the best available method to pay for the e-commerce platform.

CONCLUSION

In conclusion, an e-commerce platform with multiple payment methods provides customers with a more flexible and convenient shopping experience. By offering a variety of payment options, customers can choose the method that best suits their needs and preferences, whether it's using a credit card, a digital wallet, or a bank transfer. It's important to ensure that the payment process is seamless and easy to use, without any factors that might influence the customer's choice of payment. This includes factors such as security, convenience, or technical glitches. By providing a secure and reliable payment system that meets the needs of customers, e-commerce platforms can build trust and loyalty with their customers, leading to increased sales and growth for the business.

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