



A Study on usage of online payment system in small scale enterprises in Coimbatore city

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ABSTRACT :

This study investigates the usage of online payment in small scale enterprises in Coimbatore city and how it influences digital financial inclusion in the study area. It also indicates how online payments are effective and efficient to small scale enterprises. It will also reveal the challenges they face in implementing and utilizing these systems. In this study it aims to identify the different modes of system, used in small scale enterprises. The research will employ a mixed methods approach, including surveys and interviews to collect data from small scale enterprises in Coimbatore city. Keywords- Digital financial inclusion, small scale enterprises, online payments utilization.

Keywords: online payments, Customer satisfaction, consumer preference

1. Introduction of the study

Due to Demonetization reforms by the Central government in late 2016, Digital Payment Systems in India was introduced. With this, there was a transformation in our traditional payment system that helped us adapt to online payment mode through Digital Applications. Digital transaction means when two parties i.e. Payer and Payee use online payment mode for any of their transactions with no physical exchange of cash. The payments and receipts will be done through online mode regardless of the mode chosen at the time of fixing a deal of purchase or sales. The amount paid or received will directly be reflected in the bank account of the concerned party. Hence, the Online Payment system especially Digital Payment Applications are gaining popularity in today's scenario. There are several service providers for Digital Apps like GPay, PhonePe, Paytm, Amazon Pay, etc. who enable us to make payments at just one click. An online payment system facilitates the acceptance of electronic payment for offline transfer, also known as a subcomponent of electronic data interchange ecommerce payment systems, have become increasingly popular due to the widespread use of the internet-based shopping and banking.

2. Statement of the problem

A solvable yet common issue, low internet bandwidth is usually responsible for failed online payments in small scale enterprises. No matter how advanced your virtual presence is, low internet bandwidth can be a critical concern especially if you use an integrated payment gateway. The payment process can be interrupted due to non-responsive servers. In many cases, it results in the deduction of payment from the customer's bank but does not reach the merchant a situation that results in further hassles for the customer as well as the business. Online frauds including ID thefts, database exploits, phishing attacks, and card payment-related scams are common in India, and the number has only increased during the pandemic.

3. Objectives of the study

- To analyse the benefits of online payments in small-scale enterprise.
- To investigate the problems of using online payments in small scale enterprise.
- To identify the different modes of system, used by the small-scale enterprises.

4. Scope of the study

The study helps in knowing how far the modern banking services are used by the customers. Further study also helps to develop an increasing association with the customers through modern services. Today the customer demands the banking services for 24*7 hours in the modern age, the entire banking structure has been changed due to widespread internet technology. Now all the aspects of economy such as commerce, trade, import, export, purchase,

and sale of goods is relying upon electronic banking services E-Banking has opened the doors for all the customers, to operate beyond boundaries. Future research can be done in analysing the comparative performance of E-Banking services provided by private sector as well as public sector banks.

5. Research Methodology

The methodology of the study includes:

- Area of the study
- Source of data
- Sample size
- Statistical tools

5.1 Area of Research

The area of the study is about Coimbatore.

5.2 Nature of Data

Primary and secondary data is collected in order to obtain relevant information to conduct the research.

Primary data: Data was collected from current users of Royal Enfield of Coimbatore city using a questionnaire in order to obtain relevant information.

Secondary data: Data was collected by browsing magazines, newspapers, article and papers related in India.

5.3 Sources of Data

Data are facts, figures and other relevant materials, past and present, serving as basic study and analysis. The data serves as the bases for analysis. Without an analysis of actual data on specific inferences can be drawn on the question under study. Inferences based on imagination or guess work cannot provide correct answers to research questions. The relevance, adequacy and reliability of data determine of quality of findings of a study. For the purpose of present study data from two sources have been gathered namely primary and secondary data.

- **Primary data**
Primary data are original data collected for the purpose of a particular study. In the present study primary data have been collected by personal interview method with the help of questionnaire.
- **Secondary data**
These are the sources containing data, which have already been collected and compiled for other purpose by other researchers. The secondary sources consist of readily available materials and already compiled statistical statements and reports whose data may be used by researcher for his / her studies. Secondary data for the present research collected the major sources of secondary data are given below.
- Newspaper & Articles
- Business line
- Various websites
- Different marketing journals

5.4 Sample Size

Information has been collected from 153 respondents of Coimbatore city comprising both male and female.

5.5 Tools for Analysis

Questionnaires were created in order to receive the necessary response required from the sample to achieve the study objective. Therefore, sampling method is used in order to collect data. The main statistical tools used for analysing primary data :

- Chi-Square Test Analysis
- Ranking analysis

6. Review of Literature

Tiwari, et al. (2019)¹ analysed the adoption of m-wallets in the National Capital Region(NCR) by collecting data from 200 respondents. The utility of this technology was investigated with the willingness of people to adopt this innovation. For analysing the data ANOVA analysis, Regression and

Correlation approaches were adopted. The findings showed that people of middle age, are more aware of this innovation and males are more enthusiastic towards learning about the m-wallets and use this payment system more frequently as compared to females. It was also analysed that in the NCR region, the Paytm wallet is most popular among all other wallets. This research tells that the young generation uses this technology because it provides convenience. However, one of the major concerns about this technology is its security. Therefore, the inclusion of the m-wallet can be utilized by improving its security features.

Ahuja (2019)² reviewed on challenges faced by the users of e-payment system in India. This review has gone through various e-payment systems like debit and credit cards, e-wallets, e-cheques, e-cash, NEFT, RTGS and AEPS. The study resulted in some issues faced by users of e-payment system such as more possibility to steal the information like user ID and passwords, lack of consistent digital literacy, more dependency on cash transactions rather cashless, lack of infrastructure in rural and remote locations and lack of knowledge to choose right e-payment method.

Afaha (2019)³ pertaining to the economic growth of such nation. The study conducted to find out the Nigeria's relationship between e-payment system and economic growth. The study found that people of Nigeria is familiar in using point-of-sales service, ATMs, and web-based services, which helps to a greater extent to economic growth and improve GDP, however, they are afraid of online fraud and security for e-transactions.

M.Nandhini & K.Girija (2019)⁴ analysed that, people have started to embrace the m-wallet payment system as an attractive and important alternative to other payment methods. Google Pay is a commonly used m-wallet service among respondents. Fast service is considered as the major factor influencing the customer's preference. Moreover, 'convenience' and 'cashback & discounts' are the next important factors persuading people to use it. However, there are various obstacles to use these services, 'network connectivity' being the major issue. Moreover, the Chi-Square test was applied in the paper between the occupation and benefits of using m-wallets, the results revealed, there is a significant relationship between both the variables. A T-test was done on gender and customer's opinion regarding the usage and it proved that there is a significant difference between them. This study was done in the area of Western Tamil Nadu.

Kalra (2020)⁵ aimed at understanding some factors that affect the satisfaction of skilled youths of India by using the UPI payments. The study was carried out by obtaining data from the users of the service. Various factors that have been used are 'performance expectancy', 'security', 'social influence', 'habit' and 'effort expectancy'. UPI system of payments provides trouble-free easy transactions between parties by transferring of funds instantly. This system is suitable for high frequency, low-value transactions and it guarantees 24*7 and 365 days of accessibility. The researcher has conducted a reliability test, exploratory factor.

Jayanthi et al. (2020)⁶ has focussed on IT sector employees in Coimbatore for the study of mallet services. The data was collected from 70 IT Employees, about the various factors which influenced them to use the services and about their demographics and their usage status of the smartphone technology. The various problems faced in using this technology were also discussed and ranked. For analysing the data, the Likert scale and Garrett Ranking methods were used. The results showed that factors like 'accessibility', 'convenience', 'technology adoption', 'substitution of the physical payment system' strongly influence the IT employees to use m-wallets.

Gupta (2020)⁷ has conceptually explained about e-payment system in India. In the country, the e-payment system became very popular during the recent decade however still people are not using this system effectively because of negligence and lack of trust. To overcome such factors, the government is promoting such system using awareness programmes in TV channels and internet.

Oyelami, Adebisi, & Adekunle, (2020)⁸ found that consumers' desire to use mobile payment is positively influenced by social influence, facilitating conditions, hedonic incentive, compatibility, innovation, relative benefit, and observability. Also, according to (Ladkoom & Thanasopon, 2020), contentment and attitude have a good impact on users' desire to use PromptPay (a national e-payment system in Thailand) for their next transaction.

Ghosh, Gourab (2021)⁹ describes that advancement of information and communication technology opened the gate way for modern methods of payments. The growth in smart phone and access to internet made life easier for the people and which gave advent to digitalization. Digitalization not only improved trade and commerce but it also made transaction of payment smooth and fast.

7.1 Research gap

A research gap is a question or a problem that has not been answered by any of the existing studies or research within your field. Sometimes, a research gap exists when there is a concept or new idea that hasn't been studied at all. Sometimes you'll find a research gap if all the existing research is outdated and in need of new/updated research.

1 Tiwari, P., Garg, V., & Singhal, A. (2019). A study of Consumer adoption of Digital Wallet special Reference to NCR. International Conference on Cloud Computing, Data Science & Engineering.

2 Y.Ahuja (2019), "Budding Tweenager Consumer Segment – A Comprehensive Literature Review", Asian Journal of Research in Business Economics and Management, Vol. 7, No.3, March, pp. 94-106

3 Afaha, J. S. (2019). Electronic payment systems (epayments) and Nigeria economic growth, European Business & Management, 5 (6), 77-87.

4 Afaha, J. S. (2019). Electronic payment systems (epayments) and Nigeria economic growth, European Business & Management, 5 (6), 77-87.

5 Kalra, S. (2020). Insights into the Use of UPI Payment Applications by Management Students in India. International Journal of Advanced Science and Technology, 29(7), 4081-4091.

6 Jayanthi, G., Sreerandan, S., & A. B. (2020). A STUDY ON CONSUMER ADOPTION OF MOBILE WALLET WITH SPECIAL REFERENCE TO EMPLOYEES OF IT SECTOR IN COIMBATORE. PARIPEX-INDIAN JOURNAL OF RESEARCH, IX(II).

7 Gupta (2020), "An Overview of Literature", Chapter in Consumption Behaviour and Social Responsibility - A Consumer Research Approach", First Edition, Springer Singapore Pvt. Ltd.

8 Oyelami, L. O., Adebisi, S. O., & Adekunle, B. S. (2020). Electronic payment adoption and consumers' spending growth: empirical evidence from Nigeria. Future Business Journal, 6(1), 1-14.

9 Ghosh, Gourab (2021) Adoption of digital payment system by consumer Volume 9, Issue 2 February 2021

The above research paper they didn't analyse about difference between various demographic factors with customer satisfaction. In this study I made a survey about difference between satisfaction level of consumers about bike and various demographic factors. And also, in the above research conducted by researchers will change according to current demand so that it was analysed in my research.

8. Analysis and Interpretation of Data

Data analysis is the process of bringing order structure and meaning to the mass of collected data. The purpose of it is to identify, transform, support decision making and bring a conclusion to research. The data analysis is an important step and heart of research in research work.

The statistical tool is: -

- Simple Percentage method
- Chi-square analysis
- Ranking analysis

8.1 Chi-Square Test Analysis

A CHI-SQUARE is a statistical tool commonly used for testing the independence and goodness of fit. Testing independence determines whether two or more observations across two population are dependent on each other. Testing for goodness of fit determines if an observed No of Respondents distribution matches a theoretical distribution.

Table no 1

Table showing relationship between occupation and age.

Occupation	How many times do you use online payment for a week?				Total
	once a day	more than once	once a week	multiple times	
student	28	34	34	34	130
worker	2	4	5	7	18
Homemaker	1	0	0	1	2
Professional	2	0	2	1	5
Total	33	38	41	43	155

Interpretation:

In the above analysis, the calculated Chi-square value {5.03} is less than the table value. {16.92} at the level of 5% significance. Hence, null hypothesis H₀ is accepted, thus, there is no significant relationship between occupation and the usage of online payment of small enterprises.

Table no 2

Table showing the relationship between income level and duration of online payment.

Monthly Salary	How long you were using online payment system?				Total
	less than 1 year	1 to 2 years	2 to 4 years	more than 4 years	
Below 15000	49	26	4	3	82
15000-25000	12	16	4	2	34
25000-40000	4	8	7	5	24
Above 40000	4	8	3	0	15
Total	69	58	18	10	155

Interpretation:

In the above analysis, the calculated Chi-square value {33.01} is less than the table value. {16.92} at the level of 5% significance, the null hypothesis H₀ is rejected. Thus at 95% of confidence level we accept the alternative hypothesis H₁ that the income level and duration of online payment of small-scale enterprises are associated significantly with each other.

8.2 Ranking Analysis

A ranking is a relationship between a set of items such that, for any two items, the first is either 'ranking higher than', 'ranked lower than' or 'ranked equal to' the second. In mathematics, this is known as a weak order or total pre order of objects. It is not necessarily a total order of objects because two different objects can have the same rating. The ranking themselves are totally ordered, for example, materials are totally pre ordered by hardness, while degree of hardness are totally ordered. By reducing detailed measures to a sequence of ordinal numbers, ranking make it possible to evaluate complex information according to certain criteria. Thus, for example, an Internet search engine may rank the pages it funds according to an estimation of their relevance, making it possible for the user quickly to select the pages they are likely to want to see. Analysis of data obtained by ranking commonly requires non-parametric statistics.

Table No: 3

Table Showing the perception and satisfactory towards E-payments.

	Very low	Low	Average	high	Total score	rank
Profit maximization	50	34	62	12	352	5
Supply of goods	22	59	65	12	383	2
Import raw material	30	44	76	8	378	4
Customer satisfaction	33	42	69	14	380	3
Employee satisfaction	32	42	67	17	385	1

INTERPRETATION

The above table depicts that the perception and the satisfactory towards e-payment that the highest rank towards employee satisfaction, second rank towards supply of goods, third rank towards customer satisfaction, fourth rank towards import raw material and fifth rank on profit maximization.

Table no : 4

Table showing the modes which is preferred by respondents

	5	4	3	2	1	Total score	rank
Amazon pay	45	35	38	18	22	411	2
paytm	40	49	44	19	6	376	3
Phone pay	40	45	54	12	7	375	4
Google pay	64	40	31	14	9	338	5
paypal	34	32	38	33	21	449	1

INTERPRETATION

The above table depicts that the perception and preferred modes towards e-payment that the highest rank towards paypal, second rank towards amazon pay, third rank towards paytm, fourth rank phonepay and fifth rank on google pay.

9. Findings and Suggestions

Adoption of online payment among small scale enterprises has increased substantially. Recently many of the banks make an option to e-payment and attracts customer over e-payment. The many apps have been launched for electronic transactions are also a reason for developing of e-payment. There are some new findings from a survey among 150 respondents which shows that,

- 58% of the respondents are female.
- 95% of the respondents are unmarried.
- 64% of the respondents belong to 15-20 years.
- 85% of the respondents are as students.
- 88% of the respondents are pursuing degree.
- 53% of the respondents are income earning below Rs 15,000.
- 42% of the respondents are from rural.
- 66% of the respondents are aware of online payment through internet.

- 28% of the respondents use online payment multiple times.
- 49% of the respondents says that online payments are safe and secure.
- 54% of the respondents thinks that online payment is easy and reliable.
- 45% of the respondents are online payments for less than 1 year.
- 90% of the respondents says yes, that they are aware of online payment system.
- 74% of the respondents prefers google pay for online payments.
- Employee satisfaction is highly impact the business operation to make online payment during covid-19 followed by supply of goods, customer satisfaction, import raw material, profit maximization.
- 39% of the respondents shows that lack of technical knowledge is the problem faced by them while using online payments.
- 45% of the respondents thinks that cyber crime makes online payment unsafe.
- Debit, credit card are mostly prefer more than online payment is the most satisfying factor to make online payment followed by everyone are aware of online payment, people prefer cash to make purchase, will you choose online payment over other payment, online payment are growing while comparing to other payment.
- 49% of the respondents says that applied valid QR code scanner is the security measures implemented while accepting online payment.
- 53% of the respondents prefers accepting all the mode of transaction.
- 35% of the respondents choosen availability of different mode are the disputes related to online payment.
- 45% of the respondents describes that availing benefits for online transaction are the future trends in online payment for small scale enterprises.
- 49% of the respondents reveals that the adoption of online payment system impacted the financial performance by medium in revenue.

Suggestions

- The Online Payment system with the advancement in the technology, the new banking facilities such as EPT and internet banking have proved to be a major breakthrough in banking technology.
- The Online payment system should be enhanced to make the online enquiry and online payment queries much easier to customer.

Conclusion

Online payment is improving and developing very fast. The usage, comfortability is being wider and wider day by day. The electronic payment plays a crucial role in development of ecommerce because the secure of payment are more raised by it. Being a business-critical system, the underlying electronic payment system is required to be very secure, reliable and trustworthy.

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Annexure

1. Name

2. Gender

- Male
- Female
- Others

3. Marital status

- Unmarried
- Married

4. Age

- 15-20 years
- 21-30 years
- Above 30

5. Occupation

- Student
- Worker
- Homemaker
- Professional

6. education qualification

- HSC/SSLC
- UG
- PG
- Professional degree

7. Monthly salary

- Below ₹15,000
- 15,000 to ₹25,000
- 25,000 to ₹40,000
- Above ₹40,000

8. Types of living

- Rural
- Urban
- Semi urban

9. Which source of advertisement made you know about online payment method?

- Television
- Internet
- Newspaper
- Other

10. How many times do you use online payment for a week?

- Once in a day
- More than once in a day
- Once in a week
- Multiple times

11. What is the reason for using online payment?

- Safe and secure
- Convince
- Rewards
- Others

12. What is the main reason that you prefer to switch from cash to online payment?

- Demonetization
- Covid-19
- Easy and reliable
- Others

13. How long you were using online payment system?

- Less than 1 year
- 1 to 2 years
- 2 to 4 years
- More than 4 years

14. Are you aware of online payment?

- Yes
- No

15. Which mode of transaction do you prefer for online payment?

- Google pay
- Paytm
- Amazon pay
- Others

16. How does the covid- 19 pandemic impact your business operations?

- Very low low average high
- Profit maximization

- Supply of goods
- Import raw material
- Customer satisfaction
- Employee satisfaction

17. what are the major problems you faced while using online payments?

- Lack of technical knowledge
- Security concerns
- High transaction fee
- others

18. on scale of 1-5, rate the mode of transaction

- | | | | | | |
|--------------|---|---|---|---|---|
| | 5 | 4 | 3 | 2 | 1 |
| • Amazon pay | | | | | |
| • Paytm | | | | | |
| • Phone pay | | | | | |
| • Google pay | | | | | |
| • Paypal | | | | | |

19. In your point of view, what makes online payment unsafe?

- Cyber crime
- Insure
- Less awareness
- Others

20. State the level of satisfaction towards online payment.

- | | | | | | |
|---|----------------|-------|---------|----------|-------------------|
| | Strongly agree | agree | neutral | disagree | strongly disagree |
| • Will you choose online payment Over other payment? | | | | | |
| • Online payment are growing while Comparing to other payment | | | | | |
| • People prefer cash to make Purchases | | | | | |
| • Debit/credit card are mostly Preferred more than online Payment | | | | | |
| • Everyone are aware of online payment | | | | | |

21. What are the security measures implemented by small scale enterprises in Coimbatore city while accepting online payments?

- Applied sound box
- Applied valid QR code scanner
- Checking bank statement frequently
- Tally accounts daily

22. What are the customer preferences for online payment methods and how do small scale enterprises cater to these preferences?

Asking for wifi

- Accepting all mode of transaction
- Both a and b
- No preference

23. How do small scale enterprises in Coimbatore city handle disputes or issues related to online payment?

- Availability of network
- Availability of different modes
- Delay due to bank server
- Daily limit

24. What are the future trends in online payments for small scale enterprises in Coimbatore city?

- Accepting only online transaction
- Availing benefits for online transaction
- Valid proof of transaction
- No future trends

25. How has the adoption of online payment systems impacted the financial performance of the small scale in Coimbatore city?

- High in revenue
- Medium in revenue
- Low in revenue
- No change at all

26. Any suggestions?