



## **“A STUDY ON DIGITAL PAYMENTS SYSTEM WITH PERSPECTIVE OF CONSUMERS ADOPTION WITH SPECIAL REFERENCE TO BENGELURU CITY”**

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### **ABSTRACT :**

The impact of demonetization is in tremendous growth in digital payments system. With the government initiative such as Digital India and increased use of mobile and internet are means to tremendous growth in use of digital payment. This improvement towards digital payments benefits in more transparency in transactions which empowers the country's economy. In recent days many changes took place in the payment system like digital wallets, bank card, UPI and BHIM apps for smooth shift to digital payments. The objective of this research paper is to study perception of consumer towards digitization of payment system. The present paper focuses on the analysis of the adoption level of these digital payment systems by customers. Primary data was collected from 150 respondents in Bengaluru City. The collected data through the questionnaire were analyzed statistically by using chi square technique and five point scale approaches are used to analyze the data percentage method

**KEYWORDS:** Digital Payments, Demonetization, E-Payments, Online Payments, UPI, BHIM

### **INTRODUCTION :**

Digital payments are transactions that take place via digital or online modes, with no physical exchange of money involved. This means that both parties, the payer and the payee, use electronic mediums to exchange money. The Government of India has been undertaking several measures to promote and encourage digital payments in the country. As part of the 'Digital India' campaign, the government has an aim to create a 'digitally empowered' economy that is 'Faceless, Paperless, Cashless'. There are various types and methods of digital payments. Digital payments can take place on the internet as well as on physical premises. For example, if you buy something from Amazon and pay for it via UPI, it qualifies as a digital payment. Similarly, if you purchase something from your local Kirani store and choose to pay via UPI instead of handing over cash, that also is a digital payment.

### **Methods of Digital Payments in India :**

After the launch of Cashless India, we currently have ten methods of digital payment available in India. Some methods have been in use for more than a decade, some have become popular recently, and others are relatively new.

#### **1. Credit cards**

Debit/credit cards, prepaid cards, and banking cards are frequently used by Indians in place of cash. In 1981, Andhra Bank introduced the country's first credit card. Several factors, such as ease of use, portability, security, and safety, make cards the preferred option. This is the only digital payment method that is widely used for both in-person and online transactions. These days, a lot of apps—like Cred, Square, etc.—are being released specifically to manage card transactions.

#### **2. Supplementary Service Data that is not organized (USSD)**

For those segments of the Indian population without access to adequate banking and internet services, USSD was introduced. By simply calling \*99# on any necessary feature phone, users can conduct mobile banking transactions under USSD without the need for an internet connection.

Customers can use this number to access services including financial transfers between bank accounts, balance inquiries, and mini statements. It is available to all telecom service providers. USSD service is available in 12 languages, including Hindi and English, from about 51 major banks.

#### **3. The Payment System Enabled by Aadhaar (AEPS)**

AEPS is a bank-led digital payment scheme that was started to take use of Aadhaar's popularity and reach. Customers can utilize this technology to move money between two Aadhaar-linked bank accounts using their Aadhaar-linked accounts. According to NPCI data, AEPS had surpassed 205 million as of February 2020.

There are no physical requirements for AEPS, such as going to a branch, using a credit or debit card, or signing a paper. This bank-led strategy uses Aadhaar verification to enable digital payments at Points of Sale (or Micro ATMs) through a Business Correspondent (also called Bank Mitra). At BC Points, cash withdrawals incur AEPS costs of around Rs. 15.

#### 4. Unified Payments Interface (UPI)

The Unified Payments Interface (UPI) is a payment framework that consolidates multiple bank accounts into a single application, facilitating seamless money transfers between any two individuals. In contrast to NEFT, RTGS, and IMPS, UPI is significantly more defined and standardized across various banking institutions. Users can initiate bank transfers from virtually anywhere with just a few clicks. One of the primary advantages of UPI is that it enables direct payments from a bank account, eliminating the necessity to input card or bank information. This payment method gained immense popularity in 2020, with October alone recording over 2 billion transactions.

#### 5. Mobile Wallets

A mobile wallet is either a built-in feature or an app that can be installed onto smartphones. A mobile wallet stores credit card, debit card, coupon, or reward card information and can connect directly to bank accounts.

#### 6. Bank Prepaid Cards

A bank prepaid card is a debit card that is pre-loaded with funds and issued by a financial institution. Unlike a traditional debit card, which is directly connected to a bank account and can be used repeatedly, a prepaid card may be designed for single use or can be reloaded for multiple transactions. Customers with a Know Your Customer (KYC) compliant account can easily obtain a prepaid card by visiting the bank's website. These cards are frequently utilized for corporate gifts, reward programs, or as one-time gifting solutions.

#### 7. The Point of Sale (PoS)

PoS refers to the specific location or segment where a transaction occurs. Traditionally, PoS terminals were identified as the checkout counters in retail environments such as malls and stores, where payments were processed. The most prevalent type of PoS device is designed for Debit and Credit card transactions, allowing customers to complete payments by swiping their cards and entering a Personal Identification Number (PIN). With the advent of digital technology and the growing acceptance of various online payment options, innovative PoS solutions have emerged. One notable advancement is the contactless reader, which enables transactions of up to Rs. 2000 through automatic authentication, eliminating the necessity for a Card PIN

#### 8: Internet Banking

Internet Banking, often referred to as e-banking or online banking, enables customers of a specific bank to perform transactions and manage various financial activities through the bank's website. This service necessitates a reliable internet connection to facilitate payments and access the bank's online platform, commonly known as Internet Banking. Currently, the majority of banks in India have introduced internet banking services, making it one of the most widely used methods for online transactions. Each payment gateway in India offers a virtual banking option. Prominent transaction methods available through internet banking include NEFT, RTGS, and IMPS.

#### 9: Mobile Banking

Mobile banking encompasses the process of performing transactions and various banking functions through mobile devices, primarily utilizing the bank's dedicated mobile application. In the present day, the majority of financial institutions offer mobile banking applications compatible with handheld devices such as smartphones and tablets, and occasionally with computers as well. Regarded as the future of banking, mobile banking is celebrated for its simplicity, convenience, and rapidity. A range of digital payment options, including IMPS, NEFT, RTGS, investments, bank statements, and bill payments, are consolidated within a single platform in mobile banking applications. Financial institutions actively promote digital engagement among their customers, as it streamlines operations for both parties.

#### 10: Micro ATMs

A Micro ATM is a device utilized by Business Correspondents (BC) to provide vital banking services to clients. These Correspondents, which may include local shopkeepers, function as a 'micro ATM' to facilitate immediate transactions. They employ a device that enables money transfers through an Aadhaar-linked bank account, requiring only the authentication of the user's fingerprint.

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## REVIEW OF LITERATURE :

Suma Vally and K. Hema Divy (2018), states that the effect of adopting digital payments impact on consumers of the banking sector of India. The result put together gives us an important policy direction towards what can enable the country to increase cashless payments. The results indicate that the deployment of technology for digital payments have improved the performance of banking sector and able to achieve the motive cash less country. 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

- **Dr. K. Kalaichelvi (2020)**, The study finds that most respondents use electronic payments as a highly convenient option. E-payments services aid clients by offering services that may be used anywhere and in safety. E-payment services are crucial in the choice of a certain bank card. This study is being presented in the hopes that it will alert borrowing authorities to the varied features of e-banking services
- **Dr. V. Josephine Lourdes De Rose (2017)**, in their paper consumer perception towards E-Payment states that E-Payments offer us a variety of facilities to opt for rather than physically handling cash. As for our economic situation today e payments are a boom for the society. They offer more privacy, convenience and on the date payments without delay in bills and keeps us updated on our financial activities. It avoids stress in handling cash and unnecessary waste of time. With all the advantages understood it is high time we move towards e-Payments which would make us smarter citizens.

## STATEMENT OF THE PROBLEM :

The study identifies that most respondents use digital payments method as a more convenient option. Digital payments services aid clients by offering services that may be used anywhere and in safety . Digital payment services are crucial in the choice of payment mode. This study is being presented in the hopes that it will alert borrowing authorities to the varied features of e-banking services. The study finds that most respondents use electronic payments as a highly convenient option. Digital payments services aid customers by offering services that may be used anywhere and in safety. E-payment services are crucial in the choice of a certain bank card. This study is being presented in the hopes that it will alert borrowing authorities to the varied features..

Services based on the Demonetization policy of the country. Therefore, the digital payment system and consumer satisfaction is examined in this study. The Central bank of India launched the cashless policy. The cashless policy has been the subject of numerous studies, but nothing has been done to examine how customers feel about it. This study therefore aims to fill the research vacuum in the area of consumer Perception with regard to digital payment system.

## OBJECTIVES OF THE STUDY :

1. To study the customer Perception about various digital payment methods.
2. To Understand the Impact of cashless payment method on customers' satisfaction in Bengaluru city.
3. To offer suitable suggestions to create awareness and improve digital payment methods in the study area.

## METHODOLOGY :

Respondents who staying in Bengaluru city areas Considered in the survey. The chosen respondents include residents of Bengaluru, including Yehwanthpur,Mathikere, Mallehwaram, Yelahanka, Rajajinagar and vidyaranyaपुर. The core data that form the foundation of this study including students also. Customers were contacted for the study's aim in order to gather data using a practical sample strategy. Customers of SBI, Bank of Baroda Canara Bank, Indian Overseas Bank, UTI Bank, Indian Bank and ICICI Bank of India were approached by the researcher. It was so determined to conduct for 150 respondents. The samples came from a variety of sources, including government workers, business people, professionals, working women students and others. Chi-quire and five-point scale approaches are used to analyze the date percentage method

## RESULTS AND DISCUSSION :

**Table 1 Frequency of Digital payment**

Frequency	No. of Respondents	Percentage
Based on Requirement	65	43.33
Weekly	40	26.67
Monthly	25	16.67
Occasionally	20	13.33
Total	150	100

### Inference:

Table shows that 16.67% of respondents use e-payment once in a month, 26.67% use them weekly, and the remaining 13.33% use them on a occasional basis. Of those who responded, 43.33 % utilize them based on requirement.

**Table 2 Online Shopping Method**

Online Method	No of Respondents	Percentage
ATM/ Debit Card	31	20.67
E-banking (online)	18	12
Regular Bank Transfer	17	11.33
Credit Card	21	14
UPI	46	30.67
Net Banking	17	11.33
Total	150	100

The Table 2 shows that UPI (Swipe) has drawn customers because it is a simple method for e-payment and has a market share of 30.67%, followed by ATM/Debit cards (20.67%), credit cards (14%), e-banking (12%), and net banking (11.33%)

**Table 3 Kinds of Products Purchased**

Product type	No of Respondents	Percentage
Costly Products	14	9.33
Rare products	18	12.00
All Products	118	78.67
Total	150	100

According to Table 3, only 12.3% of respondents use online payments for expensive goods, 9.33% of respondents only buy expensive Products, 78.67% of respondents use online payments for all types of Products, and 9.33% of respondents only buy expensive Products. The researchers deduced from the data that respondents use online payments for all kinds of Products transactions.

**Table 4 Mode of Digital payments Statements payments**

The choice of Digital payments is the customers key specific viewpoint. The following table lists the numerous e-payment selection criteria.

Statements	Mean score	Rank
I use to prefer cash while dealing with less amounts of money transactions	3.65	V
I prefer to save money in a bank account and use electronic payments when dealing with larger amount of money transactions	4.22	IV
My choice of payment method is influenced by situation	4.38	III
I choosing the mode of payment based on the seller	2.94	VII
I choose payment method based on my income level.	4.55	II
I strongly believe the bank system of our country.	1.95	X
Usage of cash encourages collection of black money,tax evasion and tax avoidance	3.66	V
I feel that using electronic payment methods makes my life/job easier.	4.75	I
I confidently make payment through digital mode	2.84	VIII
I found easily all my spending and expenses	2.41	IX

It is observed from Table 4 above that "I feel that using electronic payment methods makes my life/job easier. " holds the top spot with a mean score of 4.75, followed by "I choose payment method based on my income leve" at 4.55 and "My choice of payment method is influenced by situation" at 4.38. In fourth place with a score of 4.22 points is "I prefer to save money in a bank account and use electronic payments when dealing with larger amount of money transactions," while in fifth place with a score of 3.66 points is "Usage of cash encourages collection of black money,tax evasion and tax avoidance. I strongly believe the bank system of our country, which received 1.95 points, is in bottom place. The researcher comes to the conclusion that the crucial decision when selecting digital payments is "I feel that using electronic payment methods makes my life/job easier. .

**Table 5 Opinion about digital payment**

The opinions of the respondents towards the digital payment are shown in the bellow table.

T Percentage 21 14.00 59 39.33 14 9.33 24 16.00 32 21.33 Total 150 100 Table 7 shows that 39.33 percent of respondents, or the majority, support a cashless society. In contrast to 9.33 percent of respondents who are neutral on the cashless economy, 14% of respondents are strongly in favour of it. A little over 37.33% of customers dislike with the cashless system.

Opinion	No. of Respondents	Percentage
Highly Agreed	21	14
Agreed	59	39.33
Neutral	14	9.33
Disagreed	24	16.00
Highly Disagreed	32	21.33
<b>Total</b>	<b>150</b>	<b>100</b>

Table 5 shows that 39.33 percent of respondents, or the majority, support a cashless society. In contrast to 9.33 percent of respondents who are neutral on the cashless economy, 14% of respondents are strongly in favour of it. A little over 37.33% of customers' dislike with the cashless system.

**Table 6 Digital payments Preference and Services**

Services play a critical role in encouraging and persuading the consumer to purchase a specific bank's e-payment card and bringing cards into that bank. The effect of services on choosing a certain bank e-card is shown in

Impact of Services	No. of Respondents	Percentage
Satisfied	100	66.67
Not Satisfied	50	33.33
<b>Total</b>	<b>150</b>	<b>100</b>

Out of the 150 sample respondents, 100 respondents (66.67%) were driven to choose a particular bank e-card based on services, while only 50 respondents (33.33%) were not happy to purchase a particular banks e-card, according to the above table.

**Table 7 Educational Qualification of the Respondents and Impact of digital payment mode Selection**

Lists the respondents' educational backgrounds and indicates whether they were inspired or not after viewing the e-payment services.

Educational Qualification	Satisfied	Not Satisfied	Total
SSLC/10th	13	10	23
PUC	44	11	55
Graduation	14	10	20
Post Graduation	27	11	38
Others	2	8	10
<b>Total</b>	<b>100</b>	<b>50</b>	<b>150</b>

As per the above table, out of 100 respondents who were inspired to purchase a specific bank e-card after seeing the e-payment services, 14 are undergraduates, 44 have completed their PUC, 27 have completed their postgraduate degrees, 13 have completed their SSLC/10th, and two are Others. Out of the 50 respondents who were not persuaded to buy a certain bank e-card after witnessing the e-payment services, 10 are undergraduates, 10 are graduates, 11 had only completed their PUC, 10 had only completed their SSLC/10th, and eight were Others.

The premise that "There exists no association between the respondents' educational level and the influence of digital payment selection" is put to the test using the chi-square test.

Value calculated at 4 df = 1.454. At a significance level of 5%, the table value for df 4 is 9.49. The null hypothesis is accepted since the calculated value, 1.454, is smaller than the table value at the 5% level of significance. As a result, the researcher came to the conclusion that there is no correlation between the respondents' education level and the influence of their choice of e-card.

**Table 8 Occupation of the Respondents and Impact of digital payment mode Selection**

list the occupations of respondents who saw the digital payment services and were satisfied to use them and respondents who saw the services but were unsatisfied

Occupation	Satisfied	Not Satisfied	Total
Business people	42	15	57
Salaried people	35	10	45
Students	14	12	26
House Wives	9	13	22
<b>TOTAL</b>	<b>100</b>	<b>50</b>	<b>150</b>

Out of the 100 respondents who were satisfied to purchase certain bank e-cards after viewing the services, 42 are businessmen, 35 are salaried individuals, 14 are Students, and 9 are stay-at-home makers. Out of the 50 respondents who had seen the services but were unsatisfied, 15 are businessmen, 10 are salaried workers, 12 are Students, and the remaining 13 are housewives.

The e-payment selection process has no link with the respondents' occupations, according to the chi-square test, which is used to test this claim".

Value calculated at 4 df = 12.259. At a significance level of 5%, the table value for df 4 is 9.49. The null hypothesis is rejected because the calculated value, 12.259, is higher than the table value at a 5% level of significance. The researcher came to the conclusion that there is a substantial relationship between the respondents' occupation and their incentive to choose an digital payment.

**Table 9 Educational Qualification of the Respondents and Impact of digital payment mode Selection**

lists the respondents' educational backgrounds and indicates whether they were inspired or not after viewing the e-payment services.

Income (Rs)	Satisfied	Not Satisfied	Total
Less than 25000	18	11	39
25000-50000	16	12	28
50000-75000	36	9	45
75000-100000	22	10	32
More than 100000	8	8	16
<b>Total</b>	<b>100</b>	<b>50</b>	<b>150</b>

Table 9 shows that, of the 100 respondents who were satisfied with certain e-payment services, 36 respondents had an income between Rs. 50,000 and Rs. 75,000, while 22 respondents had an income between Rs. 75,000 and Rs. 100,000. Out of 50 respondents, 12 belonged to the income range of Rs. 25,000–Rs. 50,000, while 11 belonged to the income group of and below Rs. 25,000. These 50 respondents had viewed the services but were unsatisfied by using certain e-payment services.

The premise that "There exists no association between the respondents' income level and the influence of e-payment services" is put to the test using the chi-square test.

7.089 is the calculated value at 4 df. At a significance level of 5%, the table value for df 4 is 9.49. The null hypothesis is accepted since the estimated value, at a 5% level of significance, is smaller than the value in the table. This demonstrates that motivation for e-payment services is independent of income level.

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### FINDINGS OF THE STUDY :

1. It is found on the basis of education qualification classification, Post Graduate customers use digital payments more frequently than other customers. Hence, bankers should create awareness to make sure that customer with other qualification can also use e-banking services.
2. According to the Occupation wise classification, more number of Business people satisfied by using digital payments than House wives. Therefore, bankers should take necessary actions to make sure that House wives can also use e-banking services.
3. Banker is one who should encourage client to actively engage to make transactions with digital mode
4. Service rendered by the banking institutions, retailers, and related parties need to improve their performance satisfied the expectation of customers
5. Associated services of digital payment systems need to be enhanced along with aware the people about e-payment system

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### LIMITATIONS OF THE STUDY :

The study was conducted based on primary and secondary data. The primary data for research objectives was collected from the samples in Bengaluru city only. Though Bengaluru is one of the most significant cities of the country and a Silicon city in India, with only 150 samples selected from the selected area cannot be treated as a complete representation of the population of the country. However, the intention of the study was to identify the customers' perceptions on digital payments with regard to the concept of buying behaviour.

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