A STUDY ON USAGE OF ONLINE PAYMENT SYSTEM FOR SMALL VENDORS IN COIMBATORE

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ABSTRACT:

 This research investigates the adoption of online payment mechanisms by small vendors in Coimbatore. With the growing use of digital transactions in India, small businesses too are shifting towards cashless payment. The aim of this research is to evaluate the level of adoption, most adopted platforms, and issues encountered by vendors. Information was gathered by carrying out structured surveys and interviews with a range of small-scale vendors. The research observed that digital platforms such as Google Pay, PhonePe, and Paytm have extensive usage as they are easy to use and increasingly preferred by customers. Digital payments provide the benefits of speed, convenience, and transparency but are affected by low digital literacy, distrust, and network issues in terms of complete adoption. Most vendors had a need to be guided and receive improved support to utilize such systems. The study stresses the significance of awareness programs, training efforts, and better digital infrastructure. In sum, the research points to the extent to which digital payments can empower small vendors if accompanied by inclusive policy efforts.

KEYWORDS:

Online Payment Systems, Small Vendors, Unified Payments Interface (UPI), Mobile Wallets, Cashless Economy, Customer Preferences, Vendor Awareness, Small Business Growth, QR Code Payments, Transaction Security.

1. INTRODUCTION:

Digital payment systems have created a whole new financial space in India making it easier, faster and safer for transactions to take place. There are many schemes like Digital India and many others plus with the presence of smartphones, UPI (Unified Payments Interface), Google Pay, PhonePe, Paytm, and many more applications/platforms are common even for small vendors. As part of a growing city like Coimbatore, small businesses are slowly developing cashless payment methods, changing customer behavior is one of the characteristics along with efficient transactions and booking record keeping. Despite the growth, many vendors have difficulties adopting digital transactions such as digital illiteracy, audacity of fraud, and technical difficulties. This research will take into account how small vendors use online payment systems, the challenges or obstacles they experienced, and the benefits they reap from digital payments, while promoting the importance of digital inclusion for long-term viability of their businesses.

2. STATEMENT OF THE PROBLEM:

Digital payment technology is growing rapidly in India but among small vendors in tier-2 cities in India like Coimbatore adoption continues to be limited. Vendors continue using cash-based payment transactions for their VC due to not understanding the digital payment system, fear of fraud, or they just do not have the technology or the infrastructure to use it. This also limits the possibilities of growth, profitability, and financial inclusion. Understanding vendors' knowledge of digital payments, motivations for using it, and their current use of digital payments is important to understand. If we can identify the gaps and understand the vendors' prior knowledge we can influence the adoption of digital payment systems and increase the benefits of digital payment systems.

3. OBJECTIVE OF THE STUDY:

- To assess the level of awareness and adoption of online payment system among small vendors in Coimbatore.

- To identify the different modes of system, used by the small vendors.

4. SCOPE OF STUDY:

This research is limited to the domain of understanding the implement and adoptability of online payment systems by small sellers in Coimbatore. It seeks to examine the use of digital payment system (UPI, mobile wallets and card payments) in their daily transactions while looking at the factors influencing their adoption (e.g. infrastructure conditions, vendor awareness and customer pressure) and reporting the benefits (e.g., increase in sales from improved service and convenience) as well as the challenges (e.g. technical challenges and customer resistance). The study is focused on the full range of food services, retails and small scale micro manufacture sector vendors in Coimbatore - Bildungs and economic climate considered.

5. REVIEW OF LITERATURE:

● Rajesh krishna balan, narayanramasubhu, giri kumar tayi (2006), originally summarized the barriers and conditions of implementing a nationwide digital wallet solution in Singapore and then discussed one of the very important issues, paying peer-to-peer money transactions using a digital wallet, in detail.

● Lei-da Chen and Ravi Nath (2008) developed a model that identified factors affecting consumer mPayment adoption in the United States. The results indicated that perceived transaction speed, perceived transaction convenience, and perceived compatibility would lead to a high propensity to adopt mPayment while security and privacy concerns would lead to lower propensity to adopt mPayment adoption in comparison. Of the constructs, Compatibility had the greatest association to Intention to Adopt.

● SevgiOzkan, GayaniBindusara and Ray Hackney (2010) studied theoretical constructs and then provide an empirical analysis directed at exploring the different key factors that may ensure consumer acceptance of e- payments based on the previous research and literature on e-payments. The study suggested that three ofthe key factors were necessary (security, advantage, web assurance seals) and three were relatively sufficient (perceived risk, trust and usability) through customer intention to adopt an e-payment system.

● AmbarishSalodkar et al (2015) states that there are plenty of applications similar to Paytm, free charge, mobiwick etc. Applications can be downloaded for various usage like payment of bills, online shopping, recharging cell phones etc. Some of these applications have their own portals which allow a person to carry out whatever is above and that is not limited to the above. In all these applications, a person has to link their credit/debit card number with the application to access the services. The paper looks to discuss various characteristics, different requirements and risks involved in electronic payments. The author agrees to the user's known fact that e-wallets allow the user to enjoy a more comfortable, easy-going platform for the shopping and paying process, in maybe the shortest time possible as well.

6. RESEARCH METHODOLOGY:

Research methodology refers to the systematic process used to collect, analyze, and interpret data to achieve the objectives of a study. It outlines the research design, data collection methods, sampling techniques, and analysis procedures to ensure reliable and valid results. The methodology helps researchers structure their study, ensuring it follows a logical approach and produces meaningful insights.

STATISTICAL TOOLS FOR ANALYSIS:

The Following tools were used:

1. Rank Analysis
2. Weighted average analysis

7. LIMITATIONS OF THE STUDY:

- The study focuses only on small vendors in Coimbatore, limiting generalizability.
- Self-reported data may include biases or inaccuracies.
- Small sample size may exclude informal or unregistered vendors.

8. ANALYSIS AND INTERPRETATION OF DATA:

RANK ANALYSIS:

TABLE SHOWING THE MAIN CONCERNS OF RESPONDANTS REGARDING ONLINE PAYMENT

PARTICULARS	FREQUENCY	PERCENTAGE

SECURITY AND FRAUD RISKS	22	16.4
TRANSACTION FEES	44	32.8
COMPLICATED SETUP PROCESS	47	35.1
LIMITED CUSTOMER ADOPTION	21	15.7
TOTAL	132	100

INTERPRETATION:

The table outlines the main challenges faced by users, with the complicated setup process being the most common concern at 35.1%. Transaction fees are a close second at 32.8%, while security and fraud risks account for 16.4% of responses. Limited customer adoption is the least reported issue, at 15.7%.

WEIGHTED AVERAGE ANALYSIS:

TABLE SHOWING SATISFACTION LEVEL OF ONLINE PAYMENT SYSTEM

Particulars	Very Dissatisfie d	Dissatisf ied	Neutra l	Satisfie d	Very Satisfie d	Tot al	Weigh ted
UPI	70	17	7	12	28	313	2.37
Mobile Wallets	31	51	20	22	10	331	2.50
Debit/Credi t cards	16	22	33	43	20	431	3.26
Bank Transfer	17	16	25	36	40	468	3.54

INTERPRETATION:

The weighted analysis reveals that respondents are most satisfied with Bank Transfers (3.54), followed by Debit/Credit cards (3.26). Mobile Wallets (2.50) and UPI (2.37) received lower satisfaction scores. Rank analysis aligns with these findings, placing Bank Transfers first and UPI last.

9. FINDINGS OF THE STUDY:

The research identified the complex set-up process as the leading problem respondents faced. Transaction fees were reported as the second biggest problem. Security and fraud risk were also reported, but not as frequently, and with limited customer adoption being the least reported problem. In terms of customer satisfaction, Bank Transfers received the most amount of approval, indicating high customer satisfaction. Debit/Credit cards followed with moderate customer satisfaction, and Mobile Wallets and UPI received the least amount of customer satisfaction. Analysis of rank also demonstrated similar findings, as Bank Transfers ranked first, and UPI ranked last in overall customer satisfaction.

10. SUGGESTIONS:

A good way to lessen the cumbersome setup process is to make the onboarding process as easy as possible, so more users adopt it. Decreasing or explaining the transaction fees could provide help to users regarding monetary concerns. While this was not widely reported, enhancing security and educating users about fraud prevention maybe addressing their concerns with regard to the security and fraud risks this study displayed. Encouraging external customers to be adopted through discounts or advertising may lessen the barrier of adoption. Lastly, improving the user experience of Mobile Wallets and UPI will increase satisfaction and lessen the gap between the preferred payment methods such as Bank Transfers.

11. CONCLUSION:

In this paper we highlight the ever-increasing presence of digital payments used to facilitate business and customer convenience for micro vendors in Coimbatore. While it is clear that vendors are increasingly using UPI, mobile wallets, and QR codes due to their ease of use and demand from customers, they are still faced with issues of limited awareness, transaction fees and security concerns. Meanwhile, the resources available from the government, and the experience of the vendor community, finding that digital payments can improve transparency and operational financial management in real-time.

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