



A STUDY ON CUSTOMER PERCEPTION AND SATISFACTION TOWARDS ONLINE DIGITAL PAYMENT SYSTEM WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

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Abstract

E-payment system is increasingly becoming a daring means of payments in today's business world. This is due to its efficiency, convenience and timeliness. It is a payment system that is continuously being embraced and adopted in the financial system of both developed and developing countries with a view to simplify and ease payments in business transactions. As a result, many studies were conducted around the globe by scholars on e-payment adoption. It is based on this that this research paper looks at the available past literature on e-payment adoption across the world, with a view to highlight the scope, methodology and Information System (IS) models used by previous researchers so as to identify research gaps and recommend such for future studies. There are number of facilitators which are leading to the growth of digital payment and transition from cash economy to less cash economy. These facilitators include penetration of internet connectivity on smart phones, non-banking financial institution facilitating digital payment, one touch payment, rise of financial technology sector and push by government either by giving incentives or tax breaks. These all factors are creating positive atmosphere for growth of digital payment in India.

I. Introduction

Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in the digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments.

Different Types of Digital Payments

From commonly used cards to newly launched UPI, digital payments has many types of payment. Some modes meant for tech-savvies and some for less-technical persons. Below are the different modes of digital payments.

UPI apps

UPI or unified payment interface is a payment mode which is used to make fund transfers through the mobile app. You can transfer funds between two accounts using UPI apps. You will have to register for mobile banking to use UPI apps. Currently, this service is only available for android phone users.

AEPS

AEPS is an Aadhaar based digital payment mode. The term AEPS stands for Aadhaar Enabled Payment Service. Customer needs only his or her Aadhaar number to pay to any merchant. AEPS allows bank to bank transactions. It means the money you pay will be deducted from their account and credited to the payee's account directly.



USSD

USSD banking or *99# Banking is a mobile banking based digital payment mode. There is no need to have a smartphone or internet connection to use USSD banking. It is easy to use it with any normal feature phone. USSD banking is as easy as checking the customers mobile balance. They can use this service for many financial and non-financial operations such as checking balance, sending money, changing MPIN and getting MMID.

Cards

Cards are provided by banks to their account holders. These have been the most used digital payment modes till now. Many of us use cards for transferring funds and making digital payments. Credit cards, debit cards and prepaid cards are the main types of cards. The customer can also use Rupay debit card for digital payments.

Credit cards are issued by banks and some other entities authorized by RBI. These cards give you the ability to withdraw or use extra money. Credit cards are used for domestic as well as international payments.

Debit cards are issued by the bank where the customer have their account. They can use these cards for the money in their account. The payments they make with these cards debit from their account and credit immediately to the payee's account. They can use these cards to make payments to one bank account to another.

1.2 Statement of Problem

India is a developing economy characterised by middle class population, emerging standard of living, young population with huge opportunities for employment and entrepreneurship, high purchasing power of the people and growth in voluminous business transactions. The development of Indian demographics is resulting in high demand for all types of financial and non-financial services across the world. Further, the Indian economy is witnessing tremendous growth in the last two decades following the growth in information technology and information technology enabled services. Presently, the "Digital India" initiative of the government has given a tremendous boost to the usage of digital payment systems throughout the country. Coimbatore is a dynamic city with impressive demographics and the city is going digital and is on the path to embrace technology in all its spheres. People still rely on the idea of money being 'physically' realisable. For some psychological reason, 'paper' money is revered more than 'plastic' money or 'digital' money. There would be still some sort of digital awareness required to understand the working of a society with no cash. People who have grown up and lived through times when a substitute for cash wasn't even thought or might face some difficulty in adjusting to a world without currency notes.

Moreover cash have some drawbacks such as frauds of using black money is acting as a main problem in the world. All the existing cash in the world cannot be removed or deemed 'abandoned' at one go. Also, when it comes to money, reassurance is the thing that matters most. For a complete switch-over to the new monetary model, the voluminous amount of cash presently circulating in the market would have to be converted into an equivalent number of 'digital' points and that has been taken as problem towards the study.

1.3 Objectives of The Study

- ✓ To create an awareness about digital payment mode in people.
- ✓ To study how user friendly the digital payment mode.
- ✓ To study Socio-economic and demographic profile of the customers.
- ✓ To evaluate the satisfaction level towards various digital payment system services.
- ✓ To analyse the level of acceptance towards digital payment system. to be converted into an equivalent number of 'digital' points.

1.4 Need For The Study

- The main need of the chapter is to analyse whether the digital payment system promotes or results in Globalization.
- Digital India System results in cashless economy.
- Helps in finding out the important factors influencing digital payment system in India.

1.5 Scope of The Study

- The present study highlights the extent of utilization of the digital payment system services offered by the banks by the sample respondents.
- The study helps in identifying the lacuna in implementing e Banking Perspective and to suggest various measures in making 100% technology based banks. In this Global environment the customer is more knowledgeable, their expectations are very high and they need more convenience in any services they avail.
- The major services offered by the public sector Banks are taken into consideration in order to study the customers relationship practices offered by the public sector banks. As such, there is a scope to examine whether the services provided by the Banks cater to the needs of various classes of customers.
- The present study not only brings to light the relationship strategies adopted, but also satisfaction towards instilled technological support by the banks.

1.6 Research Methodology

The research methodology deals with the research design, data collection methods, sampling method, fieldwork, and the analysis and interpretation of research work.

Research design

A research design is the specification of methods and procedure for acquiring the information needed. Research design classified under three broad categories – explanatory, casual and descriptive. Descriptive research design is used to study because it will ensure the minimization of bias and maximization of reliability of data collection. But the researcher was concerned mainly with descriptive research design. The study was conducted in order to find out the service provided by Online banking.

Nature of Research

Descriptive Research design is used for study. It is used to describe characteristics of a population or phenomenon. It seeks to determine the answers to who, what, where and how question. It is based on some previous understanding of the matter.

Sampling Design

A sample design is a definite plan for obtaining a sample from a given population. It refers the technique are the procedure adopted in selecting items for the sample. The main constitution of the sampling design is as below

❖ Sampling unit

A sample framework i.e. developed from the target population that will be sampled i.e. who is to be surveyed customers, working people, employed and housewives i.e. males and females irrespective of their education level.

❖ Sample size

It is the substantial portion of the target population that is sampled to achieve reliable results. The sample size for the study includes 105 respondents.

❖ Sample technique

The researcher has used a structured questionnaire as a research instrument tool which consists of multiple choice questions in order to get data. Thus questionnaire is the data collection instrument used in the study.

❖ Type of sampling

As the total population is undefined snowball sampling method has been adopted towards the data collection.

Data Collection

Data collection is the process to gather information about the relevant topic of research, which is being done by the researcher. The purpose of data collection is to obtain information to keep on record, to make decisions about important issues, to pass information on to others. The task of data collection begins after a research problem has been defined and research design/ plan is chalked out. While deciding about the methods of data collection to be used for the study, the researcher should keep in mind two types of data viz., primary and secondary.

Primary data

The primary data are those, which are collected afresh and for the first time and thus happen to be original in character.

Secondary data

While secondary data are those which have been collected by someone else and which have already been passed through statistical process. Here, primary source of data is to be collected through questionnaires.

Tools used for the analysis

Simple percentage Analysis Method- Percentage analysis is the method to represent raw streams of data as a percentage (a part in 100 - percent) for better understanding of collected data.

FORMULA:

$$\text{Percentage} = \frac{\text{No of Respondents}}{\text{Total No of Respondents}} \times 100$$

Chi-square Analysis- Chi-Square Test is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis.

$$P = \frac{(O-E)^2}{E}$$

Regression - The Regression often referred to as the Pearson R test, is a statistical formula that measures the strength between variables and relationships. To determine how strong the relationship is between two variables, you need to find the coefficient value, which can range between -1.00 and 1.00.

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

1.7 Limitations of The Study

- Study area was restricted to only 10 digital payments systems in Coimbatore district by considering cost and time, hence lacks universal applicability.
- Since the collection of data is made manually, the chance of testing usage rate of technology may not be ensured with each respondent.
- The sample was restricted to 105 selective respondents only.

II. Review of Literature

2.1 Reviews On Digital Payment System

Handelsman and Munson (1989), “Switching behaviours from credit card to cash payment among ethnically diverse retail customers” shows that the credit card sales constitute an important revenue source for many retailers. Their ever increasing use and evaluation into other forms, such as debit and electron cards, demands that retailers gain a more complete understanding of how they are used by diverse consumer segments. Particularly needed is a better understating of the propensity to switch over from credit card to cash payment and the incentive required to initiate switching. In view of the cost to the retailer of administering credit card payment systems, the retailer’s overall profit position may be enhanced by converting a larger proportion of credit card sales to cash sales. Four aspects of credit card usage and switching ethnicities are investigated, propensity to switch over from credit card to cash payment at various levels of monetary incentive, the effect of product price on propensity to switch, the frequency of credit card usage, and the preferred method of payment of credit card balances (installment versus full payment). Several significant differences are shown among the three ethnic groups studied (Anglo-American, Chinese-American and his panic-American) in these usage behaviours such differences might even be extended to international comparisons involving consumers domiciled in different countries. Barker (1992) in his study, Globalization of credit card usage: The case of a developing economy” investigate the attitude of Turkish consumers towards credit cards, and the approach of card issuers by surveying two samples of 200 card holders and non-holders. The better educated, middle aged members of the upper middle class seem to be the prime target; the most important reasons for using a credit card were “case of payment”, followed by “risk of carrying cash”, Non holders do not carry credit cards because they do not know much about it; informal sources of information appear to be more influential than mass media advertising in penetrating the market; proposes that the usage and the administration of credit cards are influenced very much by the infrastructure of the country and hence, credit card companies have to modify their marketing and administrative procedures rather than following a standardized approach.

III. Introduction To Internet Banking

E-Banking E-Banking is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services.

To access a financial institution's online banking facility, a customer with internet access would need to register with the institution for the service, and set up a password and other credentials for customer verification. The credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customer numbers, whether or not customers have indicated an intention to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. Technically, the customer number can be linked to any account with the financial institution that the customer controls, though the financial institution may limit the range of accounts that may be accessed to, say, cheque, savings, loan, credit card and similar accounts.

The customer visits the financial institution's secure website, and enters the online banking facility using the customer number and credentials previously set up. The types of financial transactions which a customer may transact through online banking are determined by the financial institution, but usually includes obtaining account balances, a list of the recent transactions, electronic bill payments and funds transfers between a customer's or another's accounts. Most banks also enable a customer to download copies of bank statements, which can be printed at the customer's premises (some banks charge a fee for mailing hard copies of bank statements). Some banks also enable customers to download transactions directly into the customer's accounting software. The facility may also enable the customer to order a cheque book, statements, report loss of credit cards, stop payment on a cheque, advice change of address and other routine actions.

Iv.Data Analysis and Interpretation

**Table 4.24 Rank Correlation
 Preference Towards Using Digital Payment System**

S.NO	Ranking on company and scheme	X	Y	R1	R2	D	D ²
1	Money transfer	78	22	1	4	-3	9.00
2	Recharge	35	33	5	3	2	4.00
3	Shopping of groceries	30	42	6	1	5	25.00
4	Shopping of dress, accessories etc	45	21	2	5	-3	9.00
5	Utility and bill payments	42	34	3	2	1	1.00
6	Book cinema tickets	36	18	4	6	-2	4.00
7	Book flight, bus and train tickets	11	6	8	7	1	1.00
8	Buy gold	2	2	10	10	0	0.00
9	Sell on mobile wallet	9	7	9	8.5		0.00
10	Shopping of electronics	13	7	7	8.5		0.00
							53.00
N		10				1-R	0.32
						R	0.68

Interpretation

The above table shows about the rank correlation for preference towards using digital payment system were the correlation value is at 0.68 and it reveals that the compared variables are moderately correlated. The results depicts that maximum of the respondents are preferring digital payment system for money transfer.

TABLE 4.25 Descriptive Statistics
Descriptive Statistics For Factors Related To Level Of Satisfaction Towards Tele Banking

Descriptive Statistics			
	N	Mean	Std. Deviation
Level of satisfaction towards call answering time	220	2.96	1.097
Level of satisfaction towards flawless/ correct Operation	220	2.58	.804
Level of satisfaction towards understanding and reply in queries correctly	220	2.97	1.075
Level of satisfaction towards communication skills/ positive approach	220	2.90	1.000
Level of satisfaction towards general assessment about the service	220	2.63	1.125
Level of satisfaction towards security	220	3.04	.960
Valid N (listwise)	220		

Interpretation

The above table shows about the descriptive statistics for factors related to level of satisfaction towards tele banking. The respondents are satisfied towards call answering time (2.96), flawless/ correct Operation (2.58), understanding and reply in queries correctly (2.97), communication skills/positive approach (2.90) and general assessment about the service (2.63). The respondents are dissatisfied towards security(3.04) related to tele banking.

TABLE 4.26 Kruskal Wallis Test
Comprison Between Demo Graphic Variables And Problems Related Towards Using E-Wallet
Ho1: There is no relationship between gender and problems related towards using e-wallet

	Gender	N	Mean Rank	Chi-square	Sig
Problems related to Brand loyalty	Male	32	56.50	2.681	0.009
	Female	73	51.47		
	Total	105			
Problems related to secured transactions	Male	32	50.84	0.245	0.621
	Female	73	53.95		
	Total	105			
Problems related to time saving through digital payment mode	Male	32	53.62	0.021	0.886
	Female	73	52.73		
	Total	105			

There is a relationship between gender and problems related to brand loyalty (0.009) and problems related towards using e-wallet. There is no relationship between gender and problems related to secured transactions (0.621), and problems related to time saving through digital payment mode (0.886). It reveals that male respondents 56.50 have higher level of awareness towards problem related to brand loyalty while using E-wallet.

Table 4.27 Oneway Anova
Comparison Between Age And Problems Related Towards Using E-Wallet

Ho2: There is a significant difference between demo graphic variables and problems related towards using e-wallet

		N	Mean	Std. Deviation	F	Sig
Age	Below 18 Years	61	3.89	1.097	0.985	0.377
	18-25 Years	26	4.19	1.021		
	26-35 Years	18	4.17	1.043		
	Total	105	4.01	1.070		
Educational qualification	SSLC	17	4.65	.493	3.202	0.026
	Higher secondary	48	4.00	1.220		
	UG	31	3.68	.979		
	PG	9	4.00	.866		
	Total	105	4.01	1.070		
Place of living	Rural	24	3.67	1.308	3.266	0.074
	Urban	81	4.11	.975		
	Total	105	4.01	1.070		
Occupation	Business	48	4.02	1.041	0.482	0.696
	Profession	47	4.00	1.083		
	Student	4	3.50	1.732		
	Home maker	6	4.33	.816		
	Total	105	4.01	1.070		
Occupational income per annum	Below Rs.1,50,000	25	3.96	1.136	0.777	0.509
	Rs.1,50,001- Rs.3,00,000	63	3.94	1.120		
	Rs.3,00,001- Rs.4,50,000	15	4.40	.632		
	Rs.4, 50,001- Rs.6, 00,000	2	4.00	1.414		
	Total	105	4.01	1.070		

There is a significant difference between age (0.377), place of living (0.074), and occupation (0.696), occupational income per annum (0.509) and problems related towards using e-wallet.

There is no significant difference between educational qualifications (0.026) and problems related towards using e-wallet.

Educational qualification

The respondents who have completed their UG (3.68), the respondents who have completed their SSLC (4.65), higher secondary and completed their PG (4.00) have higher level of problems towards using e-wallet.

V. Findings, Suggestions And Conclusion

5.1 Findings

- The respondents who have completed their UG, the respondents who have completed their SSLC, higher secondary and completed their PG have higher level of problems towards using e-wallet.
- The respondents who are from age group below 18 years, between 18-25 years, and between 26-35 years have higher level of problems towards secured transactions in using e-wallet.
- The respondents who are homemakers have lesser problems and the respondents who are doing business, profession, students have higher level of problems towards secured transactions in using e-wallet.
- The respondents who are earning between Rs.4, 50,001- Rs.6, 00,000 said that they have no problem related to time saving through digital payment mode. The respondents who are earning below Rs.1,50,000, between Rs.1,50,001- Rs.3,00,000 and between Rs.3,00,001- Rs.4,50,000 have higher level of problem related to time saving through digital payment mode.

5.2 Suggestions

- It is essential that market analysis, market segmentation and marketing mix are framed keeping in view customers satisfaction. The modern banker cannot afford to wait for business as his predecessors used to do.
- As the present study is related to nationalized banks this study tries to explore as to whether application of modern marketing techniques can be helpful in facing this challenge. In a customer-oriented industry like banking, the marketing concept has its own importance.
- The recent changes in technology and government regulations have dramatically changed the competitive climate in the Indian financial market. Customers' requirements and needs are also changing. Many new products have been introduced by the subsidiaries of these banks, which have competitive advantages over the products of other banks.
- The nationalized banks can follow schemes of private sector banks and foreign banks which have also introduced certain innovative services.

Conclusion

Digital payment system is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The payment system system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. The main objective is to study level of usage of various Digital payment system facilities and to analyse the satisfaction towards specific Digital payment system facilities. For this a sample of 105 was collected from the respondents and percentage analysis, Kruskal wallis, Anova and rank correlation were used as tools to analyse the data and the conclusion is that Bankers have to



abandon old and familiar practices and to form new relationships. The banks are required to have constructive attitude which involves, commitment to change, a business culture and environment that welcomes change. They should also have an experimental approach, encouraging the new ideas and a practice which enables them keep abreast of new developments and likely changes in the industry. While welcoming the change and innovation, bankers has to remember that there is no point in making changes for change's sake. The change has to be for a reason, go in the right direction and introduce changes properly. The bankers make everyone aware that changes are needed, describing the reasons, alternatives and likely effects. They also have to examine the current practices and operations, using benchmarking and other comparisons to identify the areas that are needed improvement. They have to remain committed to the new methods, updating them as necessary. The banks offer a facility for customers to set up text or email notifications to alert them to certain activities on their account and the level of satisfaction can be monitored with a effective measures.

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