

Indian Rural Customer's Risk Perception of Electronic Payment System

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Abstract:

At present 83.34 crore people live in rural India that is two third of country's population Rural India has an important factor on the economic growth of the country and rural peoples will make about half of all Indian internet users till 2020. This paper studied the views of people on introduction of cashless economy in India to overcome from the problem of cashless services providing in rural India. The objective of this research paper is to study the risk perception of digitization of payment system in Indian economy of Rural Indian Sector.

Introduction:

In India, around 85% transactions made using cash and in rural area more than 98% people using cash for their use. The reason is that, nothing to truly compete with the flexibility of physical currency. The electronic age is something has to accept and new ways of payments will continue to be introduced specially in rural area. People feels risk for using online financial transactions, the risks concerned with electronic payment instruments are far more indifferent and rigid. In a recent time lakhs of debit card data were theft by hackers; the ability of Indian financial institutions to safety of online business comes into a question mark, also an important reason why people favour cash. The declaration of isometrics of moving from cash to cashless economy has somehow been assorted with demonetization.

Keywords: Rural Market, Risk, Electronic Payment

Objective of the study:

- 1) To know the concept of electronic payment system.
- 2) To know the Indian Rural customer's risk perception of electric payment system.
- 3) To suggest for effective implementation of electronic payment system.

Indian Rural Market:

Rural marketing is a practice of evaluating, explaining and converting the needs and wants of the customers into effective demand for products and service out for sale which would help in full fill the requirements of people in the rural areas and thus increase the satisfaction level as well as standard of living. There are many reasons which prove the potential of rural markets. Some of these are-

- a) Huge market size
- b) Growth in rural consumption level
- c) Changing lifestyle

- d) Rural market is not expensive as compared to urban market
- e) Rural market growth rate is higher as compared to urban market

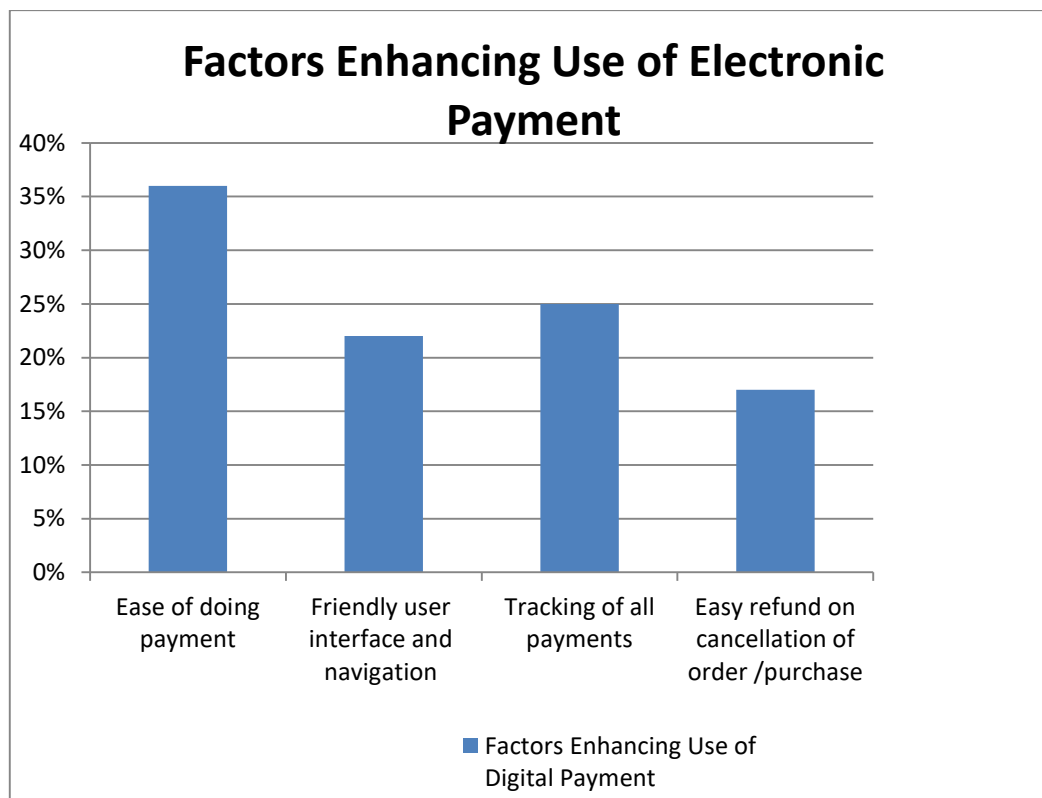
In spite of the huge potential market, there are number of problem in rural market. Some of these are-

- a) Many dialects & languages
- b) Lack of power & knowledge
- c) Lack of communication facilities
- d) Not enough electricity and internet connectivity
- e) Transportation & warehousing problems

Cashless Market:

A cashless economy is an economy in which all types of transactions are carried out through electronic means. In simple words, there are no uses of cash or any physical currency for making any payments by the consumer. It includes e-banking (mobile banking or banking through computers), debit and credit cards, card-swipe or point of sales (POS) machines and digital wallets. Payment banks, electronic fund transfer system, mobile wallets, internet banking, banking cards, mobile banking these are few instruments for implementation of moving cash to cashless system.

Concept of electronic Payment System:



The payment system of India is rapidly changing to IT based systems. Recently show that electronic money kept in mobile wallets will soon replace physical money (notes and coins) and even debit and credit cards. The government has appliance a major change in economic environment by demonetizing the high value

currency notes of – Rs 500 and Rs 1000 from 8th November 2016 and push India in the direction of cashless future. In this way all the transactions are done through electronic mode such as debit/credit cards, Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS). Electronic based transaction endeavor to move the evolution and modernization of India's payment system. The squeeze of the policy is to change the economy from cash to cashless. Effective and modern payment system is a key enabler for growth and development. The aim of policy is to improving the effectiveness of fiscal policy, managing inflation in the economy, maintaining stable pricing system. In India, the ratio of cash to gross domestic product is 12.42 %in GDP. The government is trying at different levels to reduce the dependence on cash.PM-Narendra Modi start two schemes –Lucky GrahakYojna, Digi DhanVyapaarYojna for customers and traders to promote internet banking and electronic payments. Government promote cashless transactions like mobile banking, Ru-pay cards, Unified Payments Interface (UPI), Unstructured Supplementary Service Data (USSD) these are methods of electronic payments. Government have also introduced Aadhar based payment system, this is for those people who don't have any cards or mobile phones.

Rural Customer's Risk Perception of Electronic Payment System:

Cracked Application are installed in devise

Users have installed a lot of applications on their mobile phones, which also include the raucous applications that they have the information across the device. These applications potentially access financial sensitive information and pass on to attacker. Simple rural person may be stuck in the track of hackers.

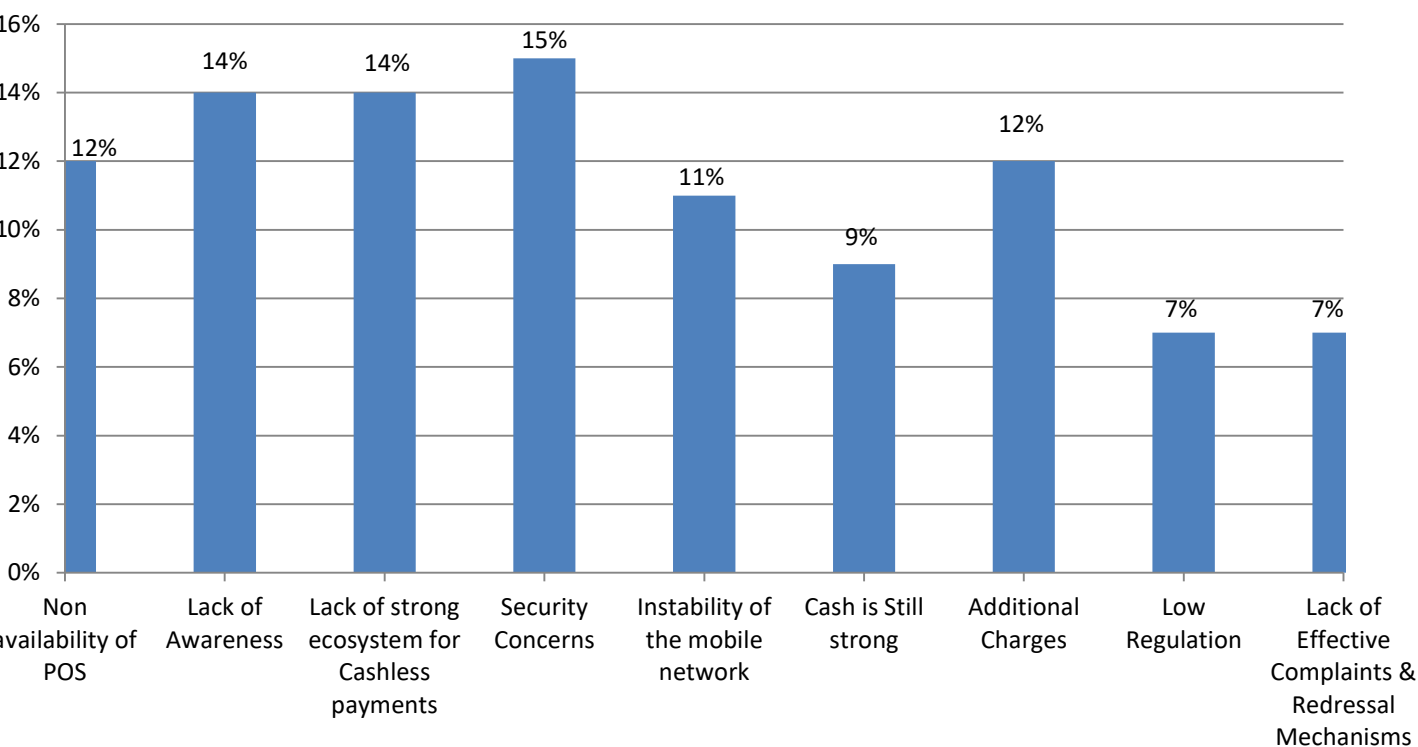
Cyber Security

Most of the debit cards were feared to have been exposed at ATMs. The card and pin code details might have been leaked, when withdraw money and some person ask the help for using ATMs. Most of the cards cloned, it takes several months to recover someone's hard earned money from the banks. How can people be assured that swiping cards at small shops and vendors will not be a risk to revealing our card details?

Bank

There are only 40000 banks for more than six lakh villages. A proper infrastructure is necessary for healthy cashless economy. The banks are not to be fully equipped to handle e-transactions in rural India. There is not enough ATM counters in remote area and most of them are not working due to electric or proper internet connectivity. Infrastructure is also needed in terms of opening more accounts in the banks.

Customer's Risk for Electronic Payment System



Suggestion for effective implementation of electronic payment system

Infrastructure

There is necessary for a significant advancement of the banking system as well as in the communication infrastructure that would provide the backbone for cashless society. At least one bank for every 5000 adults is to be provided. For people to be able to transact at any time and place as well as for them to consider it a reliable medium of exchange, it is important that not only the banking system is upgraded to ensure that transactions can be completed without a obstacle, but the supporting infrastructure too is up to the mark .

Electricity and connectivity

In the rural area there are limited and intermittent supplies of electricity as well as mobile connectivity. In these areas, proper electricity and mobile connectivity is necessary for electronic transaction. Without improving these infrastructure the dream of cashless society will be redundant.

Education

83.37 cr (68.9%) population lives in 6.41 Lacs villages in India. 86 million people are completely illiterate and only as many as 14% (123 million people) literate Indians in rural area have not studied past class five, while 18% (157 million people) have completed primary education and 280 million literate rural Indians

only nominally literate. So this ratio is too high, so the Indian government must be start campaign for improving education level in rural area they have to also learn to educate on technologically. The government needs to appoint more and more people, who can explain the cashless transit for people of the villages and increase their trust. Government employees such as school teachers, health workers, village Development officers, bank employees, etc. must educate the rural people about the financial inclusion and digital economy.

Government role

Government has to take initiatives like digishala, Bharat Interface for money (BHIM- Internet mobile based application), Jan Dhan Aadhaar Mobile schemes etc helpful for faster adoption and transition to electronic payment. It is prevalence to access each remote area of the country. This will help people to get electronic transaction awareness. Government must ensure that basic necessities in rural areas and focus on development of infrastructure. Make effort through schools, colleges, panchayats etc can give help to create knowledge about digital transactions. Financial literacy is a must come to a place with more people to the electronic platform. Electronic payment should be encouraged instead of paying cash. Gram Sabhas in Panchayati Raj institutions and Ward Sabhas in ULBs (Urban local body) must take initiative the issue of digital transaction at the rural area. Like Swachh Bharat, DOTs, Indradhanush Campaign, the cashless India Campaign twice or thrice in a year in a large scale should be organized in the country. It may be the best way to spread the cashless India campaign in rural areas.

With the objective of moving electronic transaction in rural India, National Bank for Agricultural and Rural Development (Nabard) will help banks open two point of sale (PoS) machine per village in 100,000 villages with a population up to 10,000. Nabard will also support regional rural banks (RRBs) and rural cooperative banks in procuring EMV (Europay, asterCard and Visa) chip and PIN-based RuPay Kisan Cards for the farmers, which are already on RuPay Kisan Credit Card (KCC) platform. This move is claimed to provide a secured technology that can be adopted by the farmers. Nabard had earlier encouraged the adoption of banking technology among RRBs and rural cooperative banks and has helped them come under the core banking solution (CBS) platform.

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