

Study of perceived benefits and barriers in adoption of digital payment system

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Abstract

Digital India is one of the flagship programme introduced by Indian government. There are various types of digital payment methods that are available to people, such as, banking cards, UPI, USSD, mobile wallets, mobile banking and internet banking. Although, the government is actively participating in driving the economy towards digital payments. There is still a difference in opinion of people on the basis of benefits and barriers attached to it. Hence, the main aim of this paper is to evaluate perceived benefits and barriers with respect to adoption of digital payment system.

The research is secondary in nature where data has been collected from various sources, such as, books, journals and other statistical reports. It has helped in generating deeper insight about the adoption of digital payments in India. The results have been able to various perceived benefits extracted from varied research, such as, faster than other payment methods, 24*7 service, better discounts and cashbacks, safe and traceable and quick and convenient method of payment. However, on the other hand, various perceived barriers with respect to digital payments have also been identified, such as, lack of knowledge, habit of carrying cash, hacking and fraud, complexity of usage and lack of reach. In the end, it has been concluded that although there are various benefits attached to the use of digital transaction, perceived barriers are vital enough that can restrict people from using digital payments at a larger extent.

Keywords: *Digital payments, online transactions, perceived benefits, perceived barriers*

Objectives of the research

- To evaluate perceived benefits related to cashless payment system
- To evaluate the barriers that are faced by people while initiating any digital payment.

Introduction and Background

India ranks third in having largest internet user base in the world. The reports published by ICUBE in the year 2018 reflects that a growth of 18% in the internet users has been registered where it is estimated that approximately 566 million people are equipped with internet. Also, it is expected that the number may reach to 627 million by the end of 2019. The digital payments in India amounted to \$64.8 billion for the year 2019. An increase of the amount is expected up to \$ 135.2 billion in the year 2023. The digital payment industry is constantly gaining momentum projecting an exponential growth in the number of transactions carried out per day. Reports have been able to identify various factors which act as a reason for the growth of this industry. These are, ever growing penetration of smart phones, progressive regulatory policies, increase in the non-banking payment institutions and enhancement in the readiness of the customers to adopt digital payment platform.

Literature Review

According to Dahlberg, Guo and Ondrus (2015), a research conducted in Delhi reflects that although 88% of the respondents are aware of various types of digital payment methods. Out of which, it has been found that 55.1% of the respondents are quite enthusiastic in using digital modes for making payment. However, the remaining respondents still think that they enjoy the freedom of carrying out cash transactions as there is no specific number of transaction or amount of transaction limit attached to it.

According to Taylor (2016), initiating payments through mobile phones has various benefits attached to it. Especially, mobile wallets have been able to attract maximum number of consumers towards. The main perceived benefits attached to it are, security, convenience as well as affordability. The growing technology in this area has made it more convenient and accessible to people.

According to Sivathanu (2019), the adoption of digital payment modes is affected by trust and perceived security. If any mode is lacking in these two aspects, then there is higher possibility that the consumer may not opt for that digital payment mode. Research also states that digital wallets provide payment facilities without swiping of debit or credit card. Hence, the intensity of adoption is quite high amongst people.

According to Vally and Divya (2017) education act as a major barrier in adoption of digital payment modes. A research has been conducted on 183 respondents in Hyderabad. The results calculated through Chi Square test reflects that adoption of digital payments modes have higher dependence on education level of the individual.

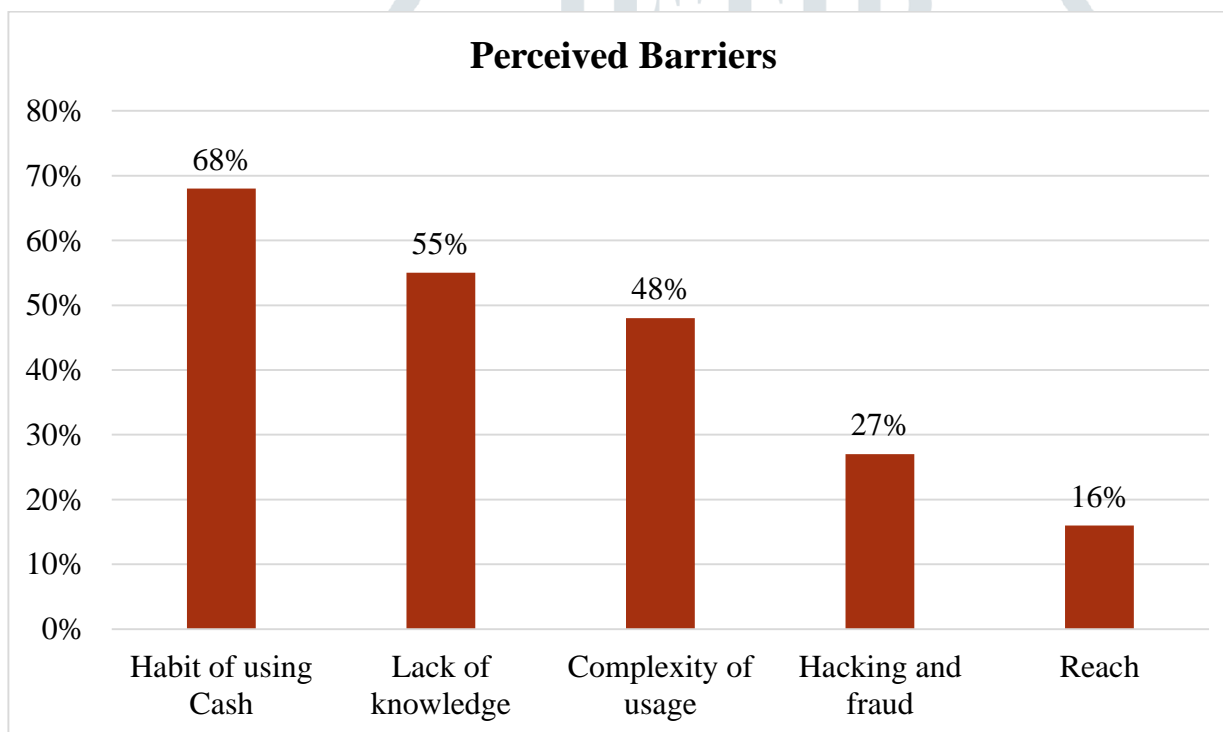
Another research conducted by Rajanna (2018) considered 150 respondents of Chikmagluru district of Karnataka. The results revealed that 94.66% of the respondents are concerned towards safety and security issues which restricts them from using digital payments. Lack of infrastructure, poor internet connection, hacking issues, online transaction charges and illiteracy are the other factors that have been identified as a major barrier for the adoption of digital payment modes.

Research Methodology

The present research is compiled based on secondary data which has been collected with the help of books, journals, websites and other online sources. The paper is divided into two section. In the first section, it mentions about the results of the investigation selected for the present research. Another section of the study helps in compiling the findings which has been derived after comparing and contrasting the results of various investigations. It has been ensured that the researches that has been conducted after 2012 are taken into consideration so that results based on recent data can be provided.

Findings

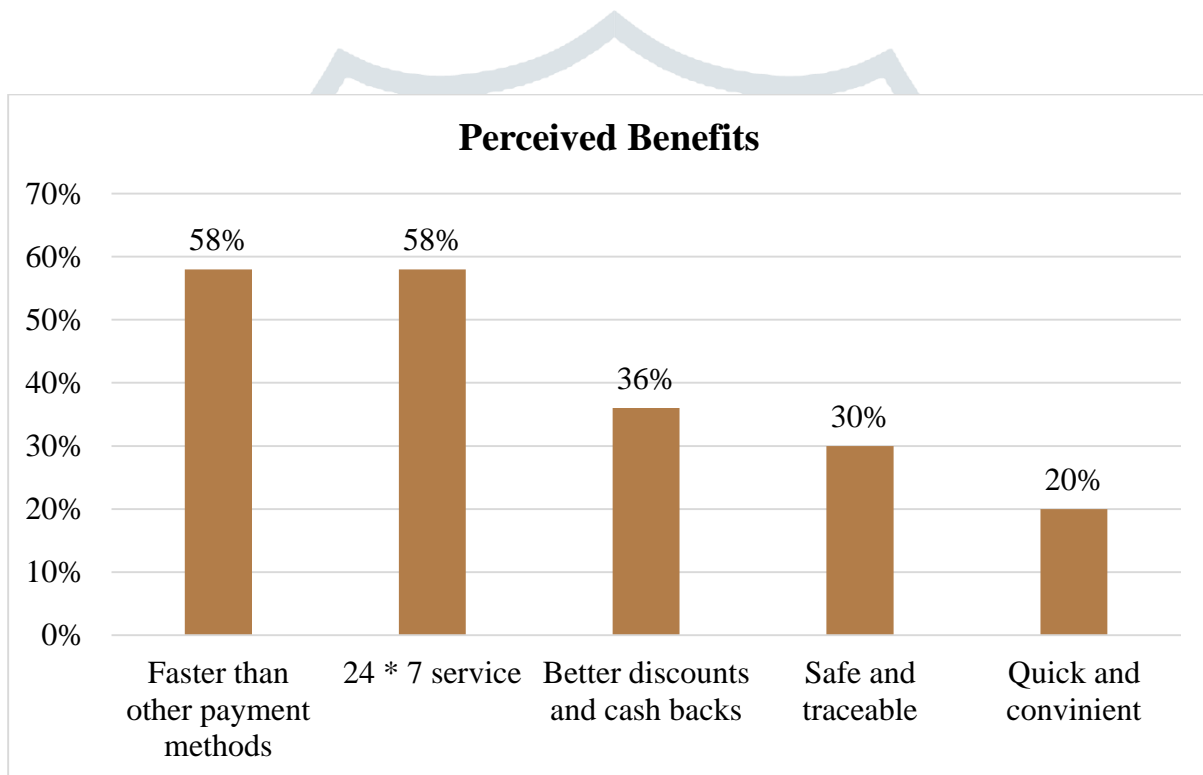
The findings have been able to assess that there is a constant increase in the adoption of digital payment modes for transaction purposes. However, there is still a section of people whose adoption either less or nil.



The above graph reflects that 68% of the people find it difficult to switch to digital payment modes because of the habit of carrying cash. The reason identified for the same is a high degree of presence of unorganised sectors in the economy which do not accept cashless transactions. Further, 55% of the people do not have adequate knowledge about various modes of online payments present for usage. Researches have been able to state that although there is a drastic growth (From 53% in 2014 to 80% in 2017) in people with bank accounts, there are still 191 million Indians, above the age of 15, who do not own a bank account. Apparently, India is having second largest unbanked population after China. Further results have been able to state that there are 48% of the Indian population who finds the process of online transactions to be complex. Researches have stated various reasons

behind this aspect, such as, lack of awareness, infrastructure and government sponsored programs which is restricting their knowledge towards usage of digital transactions.

Further, results have been able to state that 27% of the population do not opt for digital transaction due to fear of fraud and hacking involved in it. A recent study conducted by FIS Global in fifth annual PACE report reflects that frauds and hacking on online payment in India have increased from 18% in 2018 to 37% in 2019. It is due ineffective IT laws prevailing in the country which is giving rise to the episodes of phishing, pagejacking and merchant frauds. In the end, results have been able to state that 16% of the respondents are not able to use digital payment method due to lack of reach. It can be due to lack of infrastructure facilities that are made available to people by the government.



The results have been able to state that there are various perceived benefits attached to the usage of online transactions. 58% of the people think that digital payment methods are faster than other payment modes, such as, cash, cheques and draft. Further, 58% of the population using digital transaction thinks that since it helps in providing 24*7 service, it is easy for them to make transactions at any time of the day, including public holidays and weekends. Further, results have been able to state that 36% of the people finds that they are able to get better discounts and cashbacks which motivates them to use digital transaction modes. Further, 30% of the people finds it safe and traceable in nature. There are 20% of people who find the method to be quick and convenient with the ease of accessing anywhere. It is due to these perceived benefits there is constant increase in the number of online transactions and adoption of digital transaction platform.

Conclusion

The main aim of this research paper is to evaluate perceived benefits and barriers with respect to adoption of digital payment system. It has been inferred that there are various benefits attached to the usage of digital transactions, such as, faster than other payment methods, 24*7 service, better discounts and cashbacks, safe and traceable and quick and convenient method of payment. However, it has also been found that there are various types of perceived barriers attached to its adoption. It includes, lack of knowledge, habit of carrying cash, hacking and fraud, complexity of usage and lack of reach. Hence, it can be stated in the end that there is a requirement that government takes step for its awareness along with developing the infrastructure that can save users from any kind of fraud.

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