

AWARENESS ON DIGITAL PAYMENTS IN RURAL AREAS

¹Syed Mustafa Rahmani, ²Shaik Saif Baba, ³Mohammed Mugaisuddin Majid, ⁴Syed Usama

¹B.E Mechanical Engineering, ²Master of Business Administration, ³Master of Business Administration, ⁴Bachelor of Commerce

¹Department of Mechanical Engineering,

¹Methodist College of Engineering & Technology, Hyderabad, India.

Abstract :Rural India has significant impact on the economic progress of the country, and with the emerging changes of ICT penetration, and the impact of demonetisation, a long side the digital initiatives carried out for rural segments, the need for improving the trends of digital payments model in rural India is very important. Considering the benefits like transparency in transactions, scope for curtailing parallel economy and improving the ease of business, it is very essential that the transformation towards digital payments, even in the rural economy is empowered. Some of the revolutionary developments in the recent past like launch of many digital wallets like – Paytm, Mobiwik, Free Charge etc.

I. INTRODUCTION

The term electronic payment refers to a payment made from one bank account to another using electronic methods and forgoing the direct intervention of bank employees. Narrowly defined electronic payment refers to e-commerce—a payment for buying and selling goods or services offered through the Internet, or broadly to any type of electronic funds transfer.

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.

If we talk about cash payments, you have to first withdraw cash from your account. Then you use this cash to pay at shops. Shopkeeper goes to the bank to deposit the cash which he got from you. This process is time-consuming for you and also for the shopkeeper. But in digital payments, the money transfers from your account to the shopkeeper's account immediately. This process is automatic and neither you nor the shopkeeper is required to visit the bank.

II. CONCEPTUAL FRAME WORK

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. If we talk about cash payments, you have to first withdraw cash from your account. Then you use this cash to pay at shops. Shopkeeper goes to the bank to deposit the cash which he got from you. This process is time-consuming for you and also for the shopkeeper. But in digital payments, the money transfers from your account to the shopkeeper's account immediately. This process is automatic and neither you nor the shopkeeper is required to visit the bank.

III. DEMONIZATION EFFECT ON ELECTRONIC PAYMENT SYSTEM

The government wants India to go cashless, but doing so is not easy. Cashless transactions have their downsides for consumers. But, for those with access to digital payments, rejecting cashless options or hesitating to embrace technology is also not the answer, especially in the wake of the cash crunch brought on by the government's demonetization move. Questions of access aside, a cashless world has its benefits. Embracing cashless options, and being an informed consumer who is aware of the available systems and their designs increases the chances of a convenient and consumer-friendly experience. Traditionally, online transactions were done either by providing debit and credit card details or through net banking interfaces. While there

were issues of security, which kept improving, the payment experience was not very user-friendly. These options were also largely restricted to computers with access to internet. But after the smartphone revolution, things have changed entirely. India has seen an explosion in digital payment options, from e-Wallets to the Unified Payment Interface to a combination of the two. There are many cashless payment options available in India. 5 Best cashless payment options in India.

1) **E Wallets** – E Wallets have become very famous nowadays. After demonetisation, use of e wallets has been implemented at a very large-scale. These e wallets allow users to make payments using your mobile number or by scanning a QR code which takes place in a jiffy. All you need to do is simply download a wallet like paytm, Mobikwik, Freecharge etc.

2) **UPI** –UPI also known as Unified Payments Interface is another great way to go cashless. Unified payments interface also called UPI is system of payments. Using unified payments interface, people can transact using their smartphones. To pay using this system called unified payments interface, you need 2 important things: Smartphone and a Bank Account.

3) **Plastic Money** – Plastic Money means debit cards and credit cards that are used at ATM's for cash withdrawal and POS machines while shopping. Having a debit or credit cards make you burden free from carrying cash.

4) **Net Banking** – Net Banking is another handy way to get cashless transactions done. All you need is a bank account with e banking facility enabled on it. You can transfer funds to others account from the comfort of your home. There is no need of going to your bank to get transfers done. You can make all payments and transfers yourself. This is a very convenient way to go cashless in India as well.

5) **Aadhaar Card** – Aadhaar Card enabled payment system allows a person to pay using his aadhaar card if it is linked to his bank account. Once you link your aadhaar card to your bank, you can make payments using your finger prints.

India has joined other countries in the digital payment revolution a lot faster than the past where we often lagged behind in adopting technology, especially in the financial sector. This is set to have a transformative impact on our country, especially as digital payments spread into rural areas areas. Statistics show that in 2012, 86.6 percent of payments in India were cash payments, and between 2012 and 2013, India had more than 7600 crore pieces of current floating in the economy. Worldwide there is a tremendous interest among policymakers to explore the possibility of moving towards a cashless economy.

Digitilisation of transactions is the best way to move towards cashless economy. Rural areas are home to two thirds of the country's population of some 870 million people where much of the challenge lies in achieving cashless transactions for the rest of the decade. It is estimated that Rural areas users will constitute almost half of all Internet users in 2020. Number of connected Rural areas consumers is expected to increase from 120 million in 2015 to almost 315 in 2020. Over 93% of people in Rural areas India have not done any digital transactions. So the real problem lies there. The government has taken steps including announcing zero balance accounts for people, but growth of Bank branches has been low.

IV. Digital Payment in Rural areas India

More than half a million volunteers helping job seekers in different Rural areas schemes now have a new target: To enroll people and shops in e-economy and train them in cashless transactions. And despite an incentive of Rs 100 for making each village shop accept any form of digital payment, volunteers across India are facing a daunting task. So far, just 55,000 merchants have gone digital and 2.5 million Rural areas Indians enrolled in cashless transactions after the government recalled Rs 1,000 and Rs 500 notes on November 8. The National Payment Corporation of India (NPCI), to ease formats of two payment systems

USSD and UPI. In villages, people prefer fingerprints over other security features and it will help in higher rates of enrolment. But even the rural areas development ministry's own set-up for cashless economy needs major improvements.

Out of the 1.1 million active workers of the Centre's Rural areas job scheme Mahatma Gandhi National Rural areas Employment Guarantee Scheme just 34% have an Aadhaar-linked bank account. Now, the rural areas ministry has set an ambitious target to get Aadhaar-linked bank account in another 35 million job accounts. But mere enrolment will not be enough, as opportunities to transact cashless is still limited. In a review meeting, the Kant panel found that out of 160,000 ration shops in the country, only 35% had machines to identify biometrics of MGNREGA workers. But there is a massive interest among people, particularly the rural areas youth, to adopt new ways to go cashless.

V. DIGITAL PAYMENT DIVISION

The Digital India program is a flagship program of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of professed role of Digital India. Promotion of digital payments has been accorded highest priority by the Government of India to bring each and every segment of our country under the formal fold of digital payment services. The Vision is to provide facility of seamless digital payment to all citizens of India in a convenient, easy, affordable, quick and secured manner.

Hon'ble Finance Minister, in his budget speech announced several activities for the promotion of digital payments including setting a target of 2,500 crore digital payment transactions in FY 2017-18, through Unified Payments Interface (UPI), Unstructured Supplementary Service Data (USSD), Aadhar Pay, Immediate Payment Service (IMPS) and Debit Cards.

The Government of India has been taking several measures to promote and encourage digital payments in the country. As part of the 'Digital India' campaign, the government aims to create a 'digitally empowered' economy that is 'Faceless, Paperless, Cashless'. There are various types and modes of digital payments. Some of these include the use of debit/credit cards, internet banking, mobile wallets, digital payment apps, Unified Payments Interface (UPI) service, Unstructured Supplementary Service Data (USSD), Bank prepaid cards, mobile banking, etc.

5.1 Several initiatives to promote digital payments and achieve the targets in a mission mode

- (a) Digital payment transactions target have been assigned to Central Ministries with high citizen touch points, Public Sector and Private Sector Banks to achieve the target as announced in the Budget speech for FY 2017-18.
- (b) Training and workshops on digital payments awareness with several Ministries have been conducted and planned ;MoRTH, MoHFW, Ministry of Agriculture, MSME, Department of Post, Ministry of Power, Panchayati Raj, Ministry of Defense
- (c) Promotional materials on publicity of digital payments including IEC materials is being shared with stakeholders to create awareness and sensitization
- (d) Digital Payment dash board has been created to track and monitor the progress of digital transactions achieved by Banks
- (e) Promotion and awareness approach framework on digital payments has been shared with Banks
- (f) BHIM cash back schemes for merchants
- (g) BHIM Aadhaar merchant incentive schemes
- (h) BHIM referral bonus schemes for Individuals

5.2 Prospects and the road ahead in Rural India

1. The Jan Dhan Aadhaar Mobile (JAM) can encourage digital transaction culture. It is spreading to reach each remote corner of the country. A large number of government transfers (DBT) are made through JAM mode. This will help people to get digital transaction awareness.
2. The role of the government in these cases will be to make cashless transactions mandatory for certain payments and make it mandatory for certain services exceeding a certain amount which has already been initiated.
3. A tax rebate (of say 1% to 2%) on payments made by households as salary to unorganised sector (domestic servants, sweepers etc) can boost cashless payments. This will do two things, one the households will have an incentive to go cashless and two; large portion of the unorganised sector will be financially included.
4. The 5 A's of promoting financial inclusion through cashless payment instruments which are availability, accessibility, acceptability, affordability and awareness.
5. Government should assure basic necessities in rural areas and focus on developing infrastructure. Special drives through schools, colleges, panchayats etc can help create awareness about cashless/ banking transactions.
6. Financial literacy is a must for bringing more and more people to the digital platform. Digital payment or payment through banks, instead of paying cash should be encouraged.
7. Linkage of all welfare activities with bank accounts is a very strategic step. A strong banking base is the basic prerequisite for the cashless economy.
8. Targeted financial education programs can improve financial skills and Credit Management, and increase account ownership in rural India.

5.3 Opportunities for Digital Payments

Digital payments in India is at nascent stage, and there is a push from varied quarters towards adapting the platform of digital payment solutions. Some of the reverent steps that has been incorporated in there cent past towards improving the scope of digital payments

- Though India is cash based economy, slowly the transition has started towards digital economy.
- RBI issuing payment bank licenses to many fintech companies like Paytm and many competitive mobile wallet solutions emerging from existing banking companies lead to foray of digital payment options available for stakeholders like merchants and consumers.
- Strategic launch of UPI solutions like BHIM by Government of India, to enable hassle free digital transactions on a government platform leads to more secured platform for consumers.
- Aadhar based payment solutions that are emerging strongly in to the Indian market signifies potential scope of carrying out digital payments even with feature phones

5.4 Factors Impacting For Digital Payments

- Many private digital wallet companies are offering value added services to the customers
- Consumers are offered value proposition in terms of ease of usage, cash back offers, discounts for using their mobile wallet platforms etc.
- Government announcing various incentive schemes and reward programs for the consumers, to attract them towards digital payments.
- RBI reducing or terminating the cross transaction cost for the bankers and UPI solutions to encourage them reduce the cost of transaction to the end users.
- More POS solutions being procured and made available to the merchants are significant step towards improving the system.
- Launching awareness programs, and encouraging as many feasible ways (like feature phone based digital transfers facilitated using Aadhar card etc.) has led to way where more number of shops and establishments considering the digital payment solutions in rural sector
- Incentives allotted by Govt. as discounts for fuel purchase using the digital payments like debit/credit cards in the outlets signify the strategic approach towards encouraging digital Transactions

VI. DATA ANALYSIS AND INTERPRETATION

The process by which sense and meaning are made of this data gathered in qualitative research, and by which the emergent knowledge is applied.

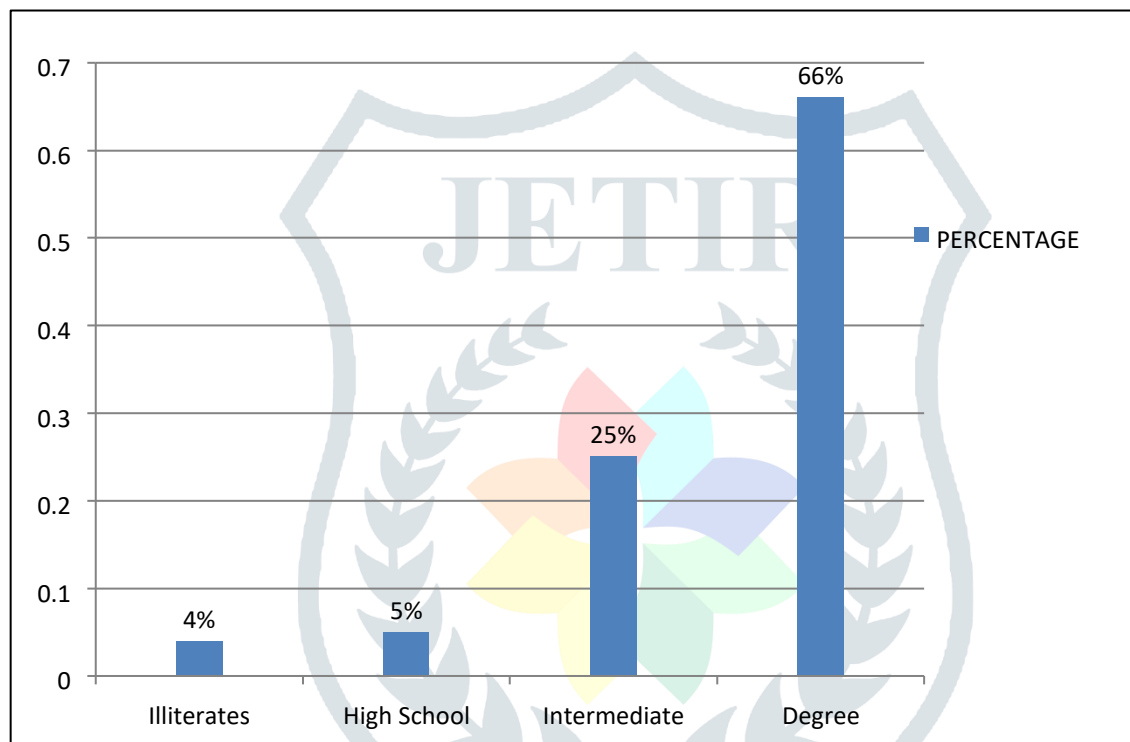
Ensuring reliable financial services to poor households of the nation has been an important and long-standing policy imperative of the government of India. Despite sustained efforts, millions of rural and urban poor continue to lack opportunities to borrow save themselves, and access the numerous services of India's formal financial sector. Now the Indian government has the unprecedented opportunity to achieve this fundamental but protracted goal of financial institution.

Advances in technology and new business models have provided them with a powerful tool-an electronic payment or e-payment system. There is a compelling case to be made for automating government payments, which include efficient and reliable financial interactions with poor households in the informal economy, and full financial inclusion of India's poor

To build the case for e-payments, this report explores the current inefficiencies in government payment systems and quantifies the potential financial and strategic benefits of making government payment flows electronic. It offers a high level solution framework to address these inefficiencies, not with the intent of defining a pre-determined solution, but to assess feasibility and estimate likely costs

Table No: 6.1 LEVEL OF EDUCATION OF RESPONDENTS

S. No	EDUCATION	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Illiterates	3	4
2.	High School	4	5
3.	Intermediate	18	25
4.	Degree	47	66
	Total	72	100

Figure No: 6.1**INTERPRETATION:**

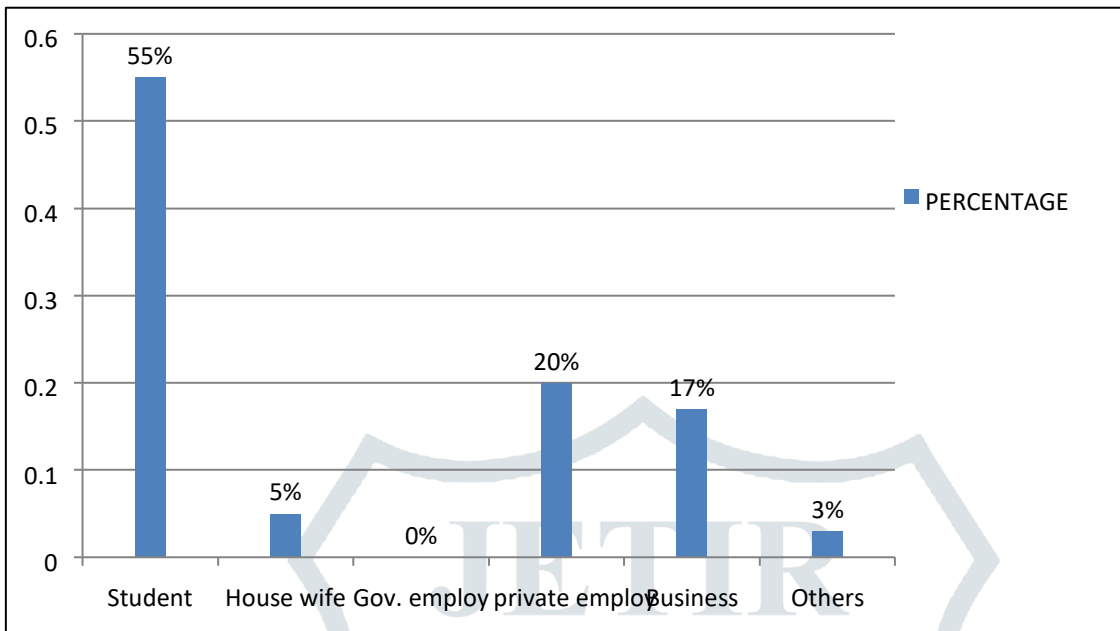
The above table explains that 4% respondents are illiterates and 5% respondents are high school level and 25% respondents are intermediate level and 66% respondents are degree level. Overall the maximum respondents belongs to degree level.

Table No: 6.2 PROFESSION OF RESPONDENTS

S.NO	PROFESSION	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Student	39	55
2.	House wife	4	5
3.	Gov. employee	0	0
4.	Private employee	15	20
5.	Business	12	17

6.	Others	2	3
	Total	72	100

Figure No:6.2



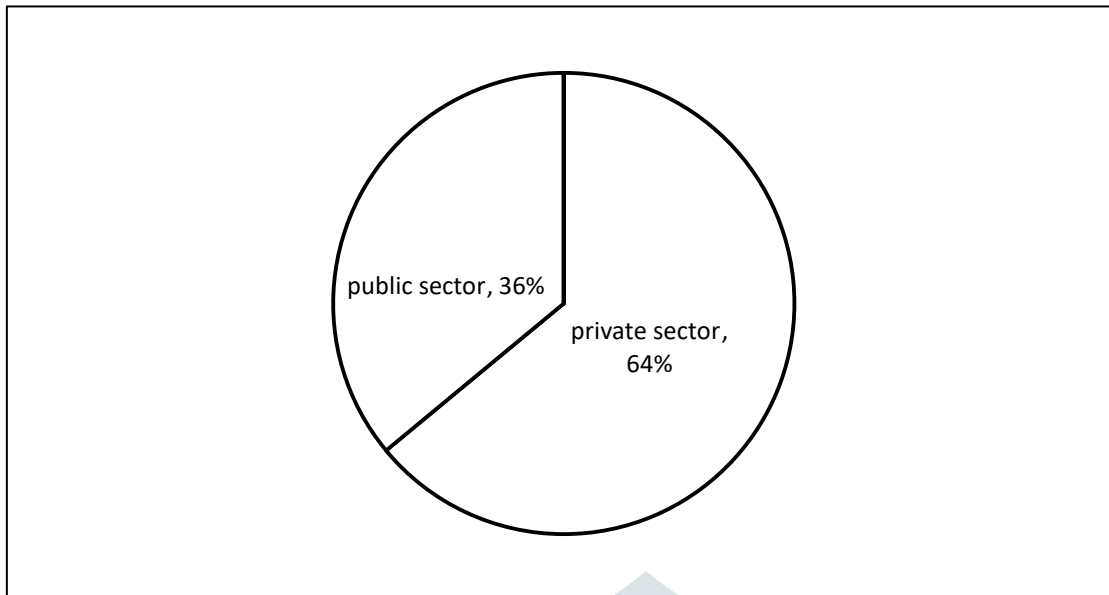
INTERPRETATION:

The above table explains that 55% of the respondents are students and 5% of the respondents are house wives and 0% of the respondents are govt employees and 20% of the respondents are private employees and 17% of the respondents are from business and 3% of the respondents are others. Overall the maximum respondents are students.

Table No:6.3 CATEGORY OF BANKS CONSIDER AS MOST TECHNOLOGICALLY ADVANCED.

S.NO	CATEGORY	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Private Sector	46	64
2.	Public Sector	26	36
	Total	72	100

Figure No:6.3

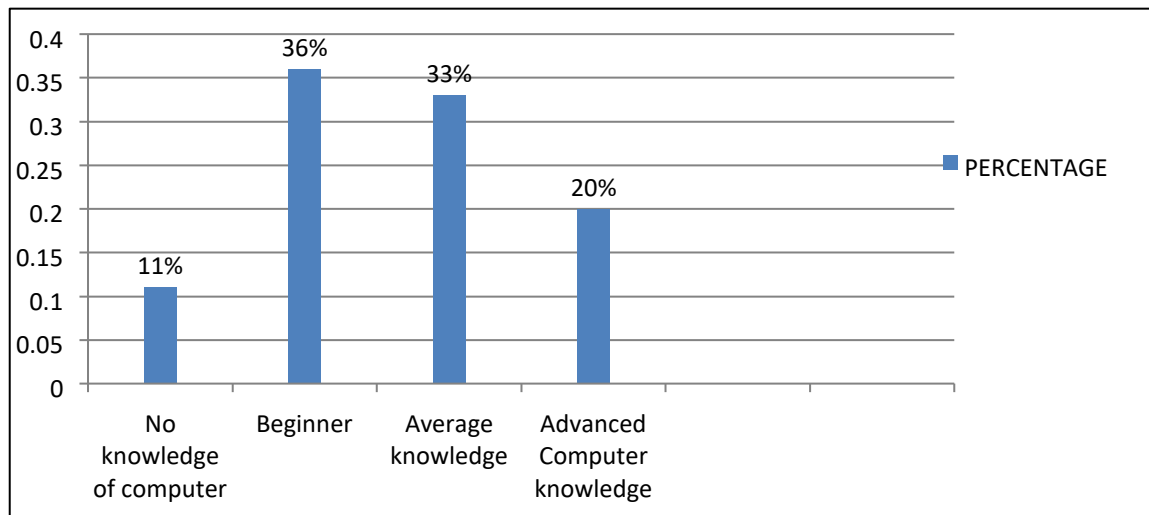
**INTERPRETATION:**

The above table explains that 64% of the respondents considered that private sector banks are most technologically advanced and 36% of the respondents considered that public sector banks are most technologically advanced. Overall the maximum respondents considered private sector banks are most technologically advanced.

Table No: 6.4 COMPUTER USUAGE LEVEL OF YOUR BANK.

S.NO	COMPUTER LEVEL	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	No knowledge of computer	8	11
2.	Beginner	26	36
3.	Average knowledge	24	33
4.	Advanced Computer knowledge	14	20
	TOTAL	72	100

Figure No: 6.4



INTERPRETATION:

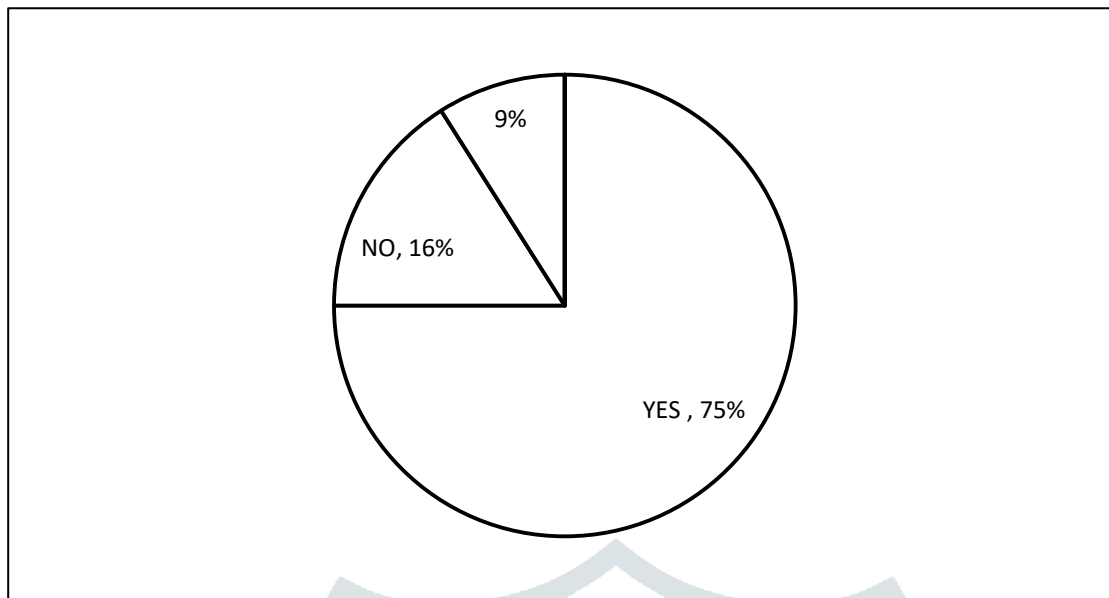
The above table explains that 11% of the respondents has no knowledge of computer and 36% of the respondents are beginners and 33% of the respondents has average knowledge of computer and 20% of the respondents has advanced computer knowledge. Overall the maximum respondents are beginners about computer usage level of banks.

TABLE NO:6.5

OPINION OF RESPONDENTS IN LO CASH LESS TRANSACTION.

S.NO	OPINION	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	54	75
2.	No	12	16
3.	Maybe	6	9
	Total	72	100

Figure No:6.5



INTERPRETATION:

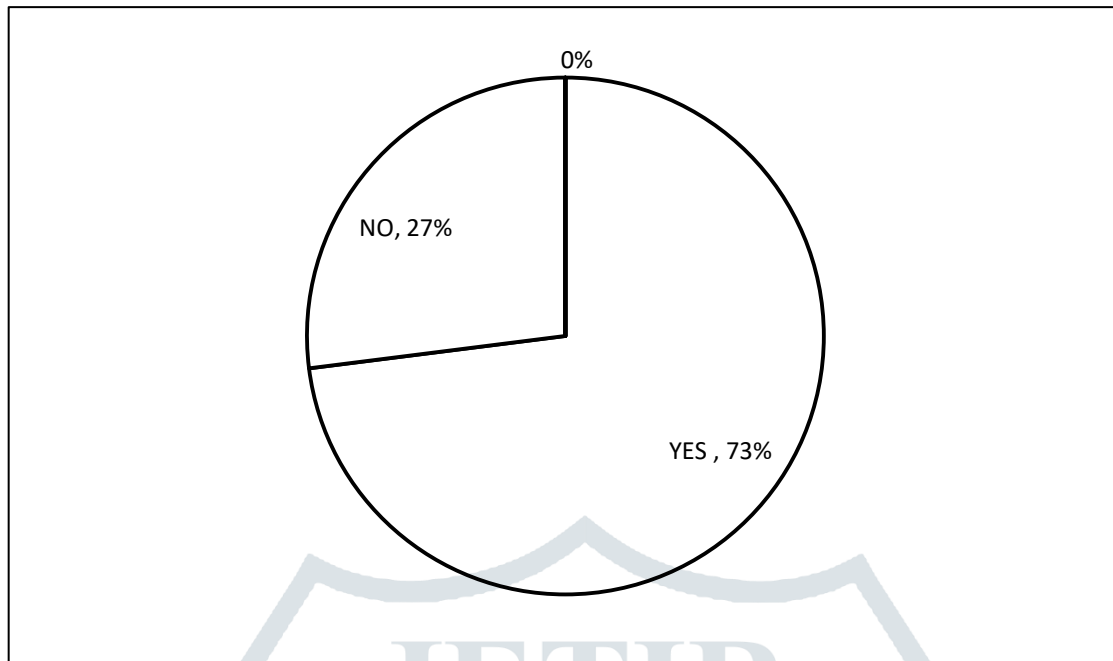
The above table explains that 75% of the respondents are willing to switch cashless transactions and 16% of the respondents doesn't want to switch cash less transactions and 9% of the respondents belongs to willing may be .Overall the maximum respondents are willing to switch cash less transactions.

Table No: 6.6

CASHLESS SYSTEM BENEFITED TO RESPONDENTS.

S.NO	OPINION	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	53	73
2.	No	19	27
3.	Maybe	0	0
		72	100

Figure No:6.6

**INTERPRETATION:**

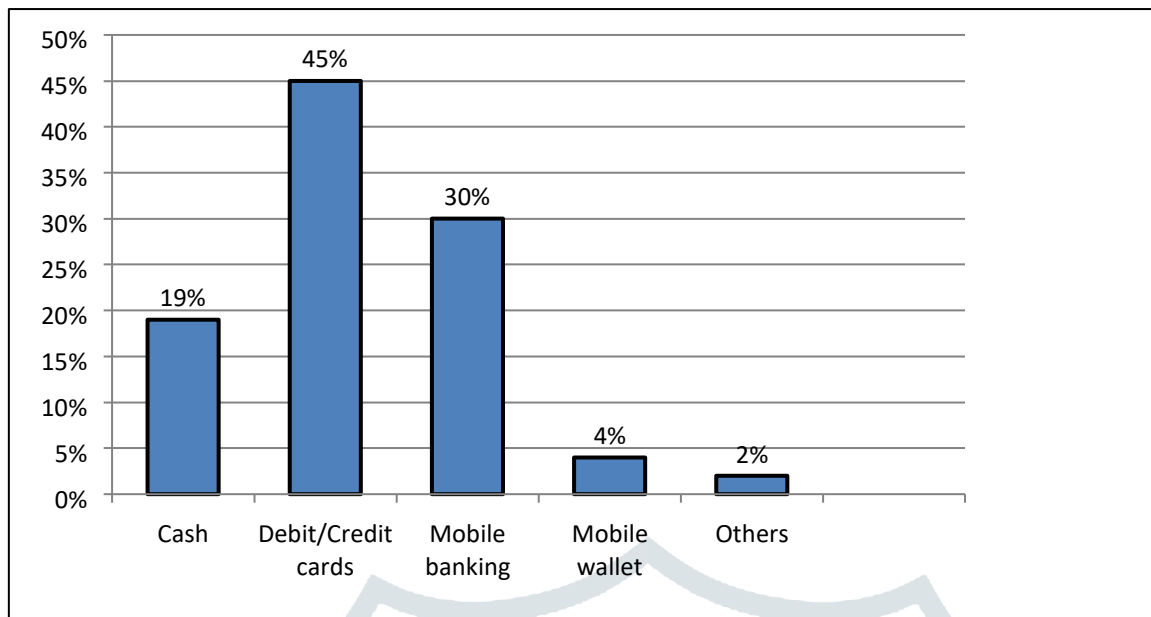
The above table explains that 73% of the respondents are benefited by cash less system and 27% of the respondents are not benefited by cashless system and 0% of the respondents belongs to may be. Overall the maximum respondents are benefited by cashless system.

Table No:6.7

PREFERENCE OF RESPONDENTS IN MAKING PAYMENTS OF MONTHLY BILLS.

S.NO	PREFERENCE	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Cash	14	19
2.	Debit/Credit cards	33	45
3.	Mobile banking	21	30
4.	Mobile wallet	3	4
5.	Others	1	2
	Total	72	100

Figure No:6.7

**INTERPRETATION:**

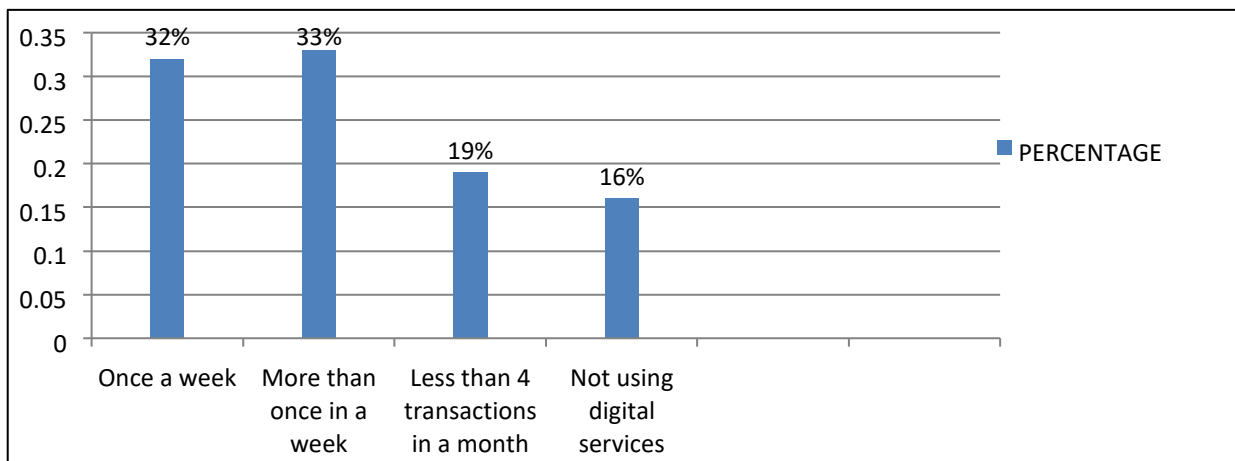
The above table explains that 19% of the respondents are prefer to make payments by cash and 45% of the respondents are prefer to make payments by debit/credit cards and 30% of the respondents are prefer to make payments by mobile banking and 4% of the respondents are prefer to make payments by mobile wallets and 2% of the respondents prefer other payment method.

Table No: 6.8

OPINION OF RESPONDENTS IN USE OF MOBILE BANKING OR ONLINE PAYMENTS.

S.NO	OPINION	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Once a week	23	32
2.	More than once in a week	24	33
3.	Less than 4 transactions in a month	14	19
4.	Not using digital services	11	16
	Total	72	100

Figure No:6.8

**INTERPRETATION:**

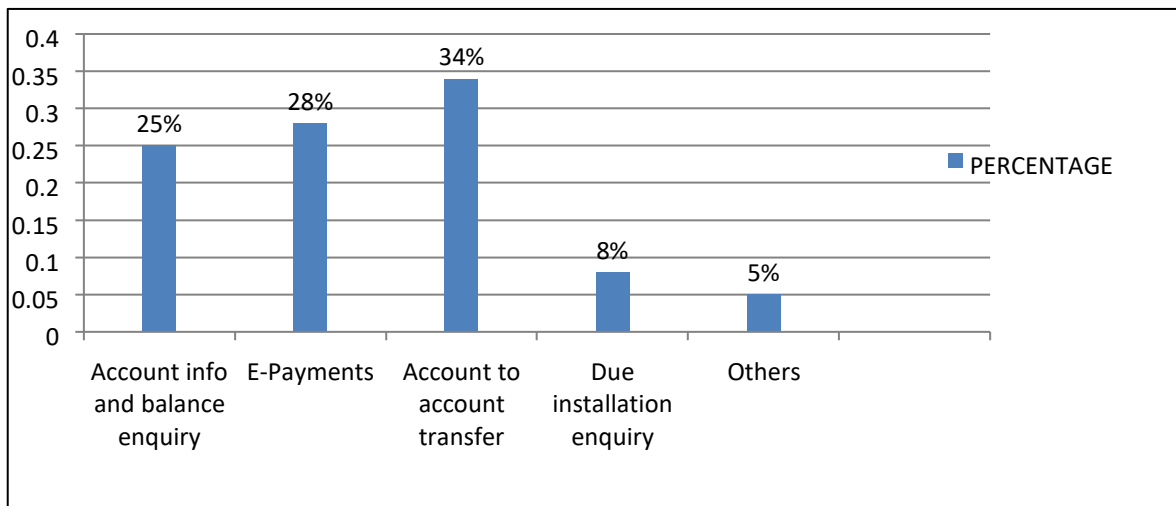
The above table explains that 32% of the respondents use online payments once in a week and 33% of the respondents use online payments more than once in a week and 19% of the respondents use less than 4 transactions in a month and 16% of the respondents are not using the digital services.

Table No:6.9

USAGE OF INTERNET BANKING SERVICES OF RESPONDENTS.

S.NO	SERVICES	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Account info and balance enquiry	18	25
2.	E-Payments	20	28
3.	Account to account transfer	25	34
4.	Due installation enquiry	6	8
5.	Others	3	5
	Total	72	100

Figure No:6.9



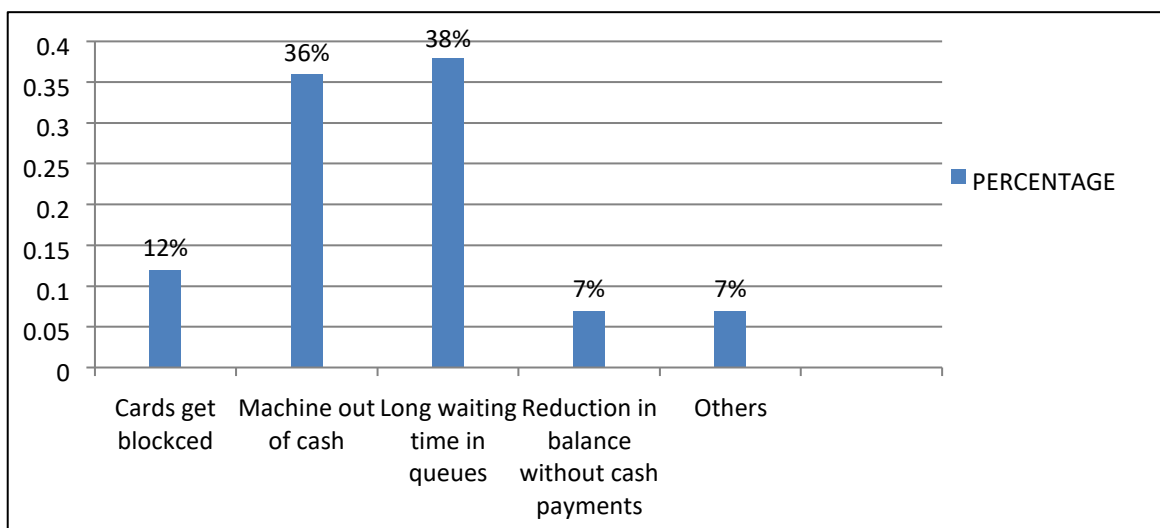
INTERPRETATION:

The above table explains that 25% of the respondents using internet banking services for accounts info and bal.enquiry and 28% of the respondents are using internet banking services for e-payments and 34% of the respondents are using internet banking services for account to account transfer and 8% of the respondents using internet banking services for due installation enquiry and 5% of the respondents are using other services.

Table No: 6.10 PROBLEMS FACING BY USING THE ATM.

S.NO	PROBLEMS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Cards get blockced	9	12
2.	Machine out of cash	26	36
3.	Long waiting time in queues	27	38
4.	Reduction in balance without cash payments	5	7
5.	Others	5	7
	Total	72	100

Figure No:6.10



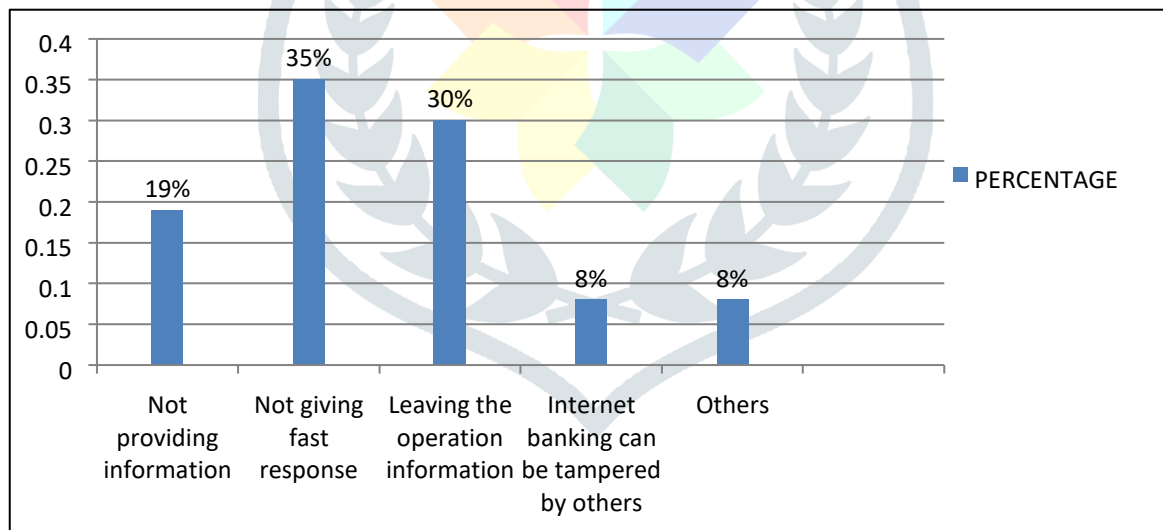
INTERPRETATION:

The above table explains that 12% of the respondents facing the problem by using ATM card blocked and 36% of the respondents facing the problem machine out of cash in atmand38% of the respondents facing long waiting time in queue problem and7% of the respondents facing reduction in balance without cash payment problems and7% of the respondents are facing other problems.

Table No: 6.11 PROBLEMS FACING BY USING INTERNET BANKING.

S.No	PROBLEMS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Not providing information	14	19
2.	Not giving fast response	25	35
3.	Leaving the operation information	21	30
4.	Internet banking can be tampered by others	6	8
5.	Others	6	8
	Total	72	100

Figure No:6.11



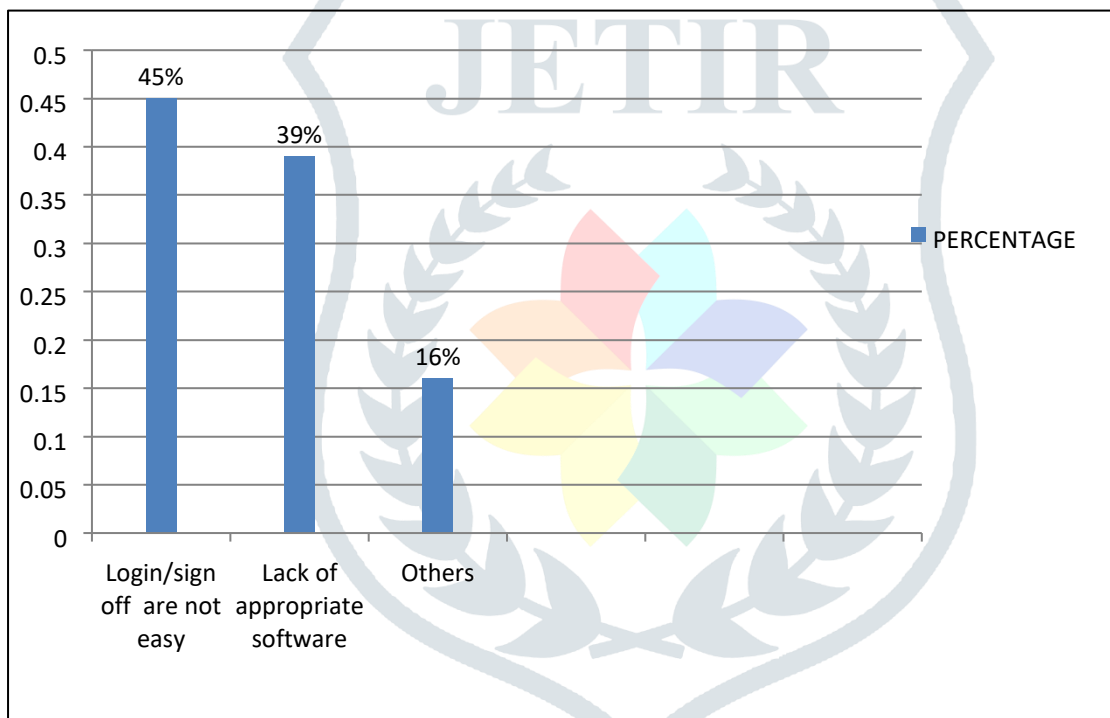
INTERPRETATION:

The above table explains that 19% of the respondents facing not providing information by using internet banking and that 35% of the respondents facing not giving fast response by using internet banking And 30% of the respondents facing leaving the operation information using the internet banking and 8% of the respondents facing internet banking can be tampered by others by using internet banking and 8% of the respondents are facing other problems.

Table No: 6.12 MOBILE BANKING PROBLEMS.

S.NO	PROBLEMS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Login/sign off are not easy	33	45
2.	Lack of appropriate software	28	39
3.	Others	11	16
	Total	72	100

Figure No:6.12

**INTERPRETATION:**

The above table explains that 45% of the respondents facing Login/Sign off are not easy in mobile banking and 39% of the respondents facing lack of appropriate software in mobile banking and 16% of the respondents facing other problems in mobile banking.

VII. CONCLUSION

From the above analysis it also appears that many people actually agree with the government on the usefulness of cashless economy as it helps to fight against terrorism, corruption, money laundering but one biggest problem in the working of cashless economy in India is cybercrime and illegal access to primary data. Therefore it's important to strengthen Internet Security from protection against online fraud. Large number of population is still below literacy rate living in rural areas .For smooth implementation of cash less system in India, the following measures are recommended Government have to bring transparency and efficiency in e-payment system, strategies used by government and RBI to encourage cashless transactions by licensing payment banks, promoting mobile wallets and withdrawing service charge on cards and digital payments. A financial literacy campaign should be conducted by government time to time to make population aware of benefits of electronic payments

Technology systems, architecture and infrastructure are mature enough to enable the billion urban people in India to transact digitally. It is now a matter of increasing awareness transact to rural India. The NitiAayog panel on e-payments which is working to promote the use of digital payments systems in rural India, where card based payments are more common in rural area. The Indian economy will digitalize in rural area through mobile based payments that are faster and cheaper to roll out. It is a matter of increasing awareness in rural area. Improved solutions in terms of UPIs, mobile wallets, and digital transactions with more secured features, ease of transactions and reduced cost of managing the digital payments could lead to more potential developments and supporting in improved conditions of digital payments processing in rural sectors.

However, National Payments Corporation of India (NPCI) new payment application are designed to work on all phones with or without internet and even without phones is helping rural India.

VIII. REFERENCES

1. Dennehy, D. & Sammon, D., 2015. Trends in mobile payments research: A literature review. *Journal of Innovation Management*, 3(1), pp. 49-61.
2. EY, 2016. *Mobile money — the next wave*, s.l.: EY.
3. Horowitz, M. J., 2012. Self-Identity Theory and Research Methods. *Journal of Research Practice* Volume 8, Issue 2, Article M14.
4. Jain, M., 2016. Three charts show how mobile wallets are exploding in India. [Online] Available at: <https://scroll.in/article/809228/three-charts-show-how-mobile-wallets-areexploding-in-india-but-plastic-cards-are-still-ahead> [Accessed 23 Feb 2017].
5. PADMAAVATHY & ADALARASU, 2014. THE MODERN WALLET: MOBILE WALLET A DISTANT DREAM IN INDIA. *My Research Journals*, 3(12).
6. PANCHAL, S., 2016. UPI: When banks turn mobile wallets. [Online] Available at: <http://www.forbesindia.com/article/checkin/upi-when-banks-turn-mobile-wallets/43093/1> [Accessed 23 Feb 2017].
7. Acharyya, K., 2016. Demonetisation: Digital transactions meet roadblocks in rural India, effects felt everywhere. [Online] Available at: <http://www.firstpost.com/india/demonetisation-digital-transactions-meet-roadblocks-in-rural-india-effects-felt-everywhere-3166058.html>