



# Customer Perceptions on Online Payments – A case Study in Guntakal Town

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## ABSTRACT

An electronic channel known as an online payment system is used by customers to conduct online transactions. The most crucial component of the future economy is digitization. In India, e-payment service providers, an efficient banking regulatory system, and consumer experience are expected to play a major role in the development of electronic payments. These aspects will also help online payments flourish in India. The relevance of e-payment systems has increased over the past several years to a greater level, and consumers are only moderately aware of them. Consumers will more easily and effectively choose these payment options if they are aware of them. The current study focuses on how consumers in urban and rural areas perceive the e-payment technologies already employed in business.

**Key words:** Online Payment, Digital Wallets, Customer Perception.

### 1. Introduction

The Indian economy is currently experiencing an upsurge in cashless transactions. The Indian government is working harder to shift the economy away from cash and toward cashless transactions. The government and other organizations run a number of awareness campaigns to raise public knowledge about cashless transactions. A variety of e-payment systems have been established to bring about the required changes in people's economic lives in order to expand the adoption of this type of transaction. India's economy is in the process of going cashless, which is regarded as a significant turning point for the country's economy. Different trends are expected to drive the development of the E-payments system, and this could have an effect on the acceptance in diverse industries. The four factors that have led to the expansion of Indian online payment systems are the regulatory framework, next-generation service providers, and improved consumer experience.

The goal of the Digital India programme is to make India into a knowledge-based society and economy. There are a few significant alterations to the idea of digitalization: faceless, paperless, and cashless. To encourage the adoption of digital transactions, the Indian government has started a number of programmes and developed a number of discount schemes. On August 15, 2014, the concept of making India a cashless society became clear. In order for poor and unbanked areas to benefit from the services offered under financial inclusion, the Prime Minister of India opened the Jandhan Accounts on the same day. Demonetization was then conducted in India by Prime Minister Mr. Narendra Modi on November 9, 2016.

Due to the effects of demonetization, there has been a 250% rise in online transactions involving money in recent months compared to former years. People use cashless choices like debit and credit cards, Pay tm, and others more frequently. The sending and receiving of money via online methods is referred to as a "e-payments transaction," and both the payer and the payee are able to use these methods. The entire online payment process is done in hard currency. This method of payment is regarded as a simple, quick, and practical method of the exchanges. There are only a few phases in the entire cash transaction process. The merchant must first withdraw money from the customer's account, use it for necessities like groceries or shopping, and then deposit it into his account. These are the essential steps in a cash transaction, which takes a lot of time. However, if we look at online transactional methods, the money we send is automatically, instantly, and quickly transferred to the appropriate person's account.

Compared to transactions involving physical currency, these payment alternatives are more practical. Transparency, accountability, and lower transaction costs are all part of it. As in the economy, it is regarded as the major accepted, and these essential points include Printing money has no additional cost; for instance, during the demonetization process, the RBI spent approximately 7900 crores on printing money. While cash transactions produce counterfeit money and illicit funds, these cashless transactions save time and money.

## 2. Literature

In this survey, Dr. R. Gokilavani (2018) found that just 50% of consumers have a favourable opinion of online payments. Consumers' adoption of online payment is positively impacted by its superiority, effectiveness, safety and security, convenience, cost and time savings, user friendliness, and ease of use.

In her research, K. Suma Vally (2018) examined the influence of the implementation of online payments on banks clients. The aggregate findings suggest the significance of measures supporting cashless transactions. Additionally, it denotes the adoption of online payment technology, which raises the overall efficiency of the banking industry.

In contrast to public sector banks, private banks have played a more significant role in the introduction of online payments, according to a study by V. Rengarajan and V. Vijayanand published in 2018. In comparison to the public sector, the private bank receives a good response from the consumer for each and every factor.

In their study, ArpitaPandey (2018) demonstrated the impact and importance of online payments in India. According to the Indian government, internet payments would boost employment, lower cash-related risks like robbery and carrying large amounts of cash, and make all transactions digitalized, allowing for secure money transfers.

According to Prof. Pushpa (2018), the study's author, the introduction of online payment is a novel initiative and serves as a cashless alternative for the customer. This cashless society contributes to economic progress by reducing theft involving physical currency, fighting against counterfeit money, and other issues.

After demonetization, DhaniShanker Chaubey (2017) found that internet payments had provided respite and forced people to learn digital transactions. People slowly embraced technology but were unwilling to pay extra for online transactions. However, during the demonetization, Indians experience financial difficulties as they go without currency.

Prof. Hariom Tyagi, Dr. Abhishek Shukla, and Mamta (2016). The authors of this study discuss the problems with payment systems, their challenges, and some potential solutions to improve the functionality of e-payments systems. These solutions primarily rely on the security and privacy factors that clients search for.

In their 2015 paper titled "A Study on New Dynamics in Online Payment System - with Special Reference to Paytm and Pay U Money," Vidya Shree DV, Yamuna N., and Nitua Shree G. The authors mostly discussed the impact of online payments and the issues encountered during transactions. The survey discovered that there is a wider increase in growth rate and that individuals are increasingly aware of online payments using mobile applications. According to the survey, Pay tm offers simpler payment methods than online payment systems.

### **3. Statement of the Problem:**

The Digital India program is the first step in transforming the country from a cash-based to a cashless society. The program's main focus is on paperless and cashless transactions. To that end, the government has launched a number of initiatives aimed at implementing an online payment system for their financial operations. Customers are vital for any organization, but in the banking industry, they play a critical part in how well they understand the benefits and implementation of cashless transactions. The primary goal of this paper is to learn about the perceptions of urban and rural customers regarding the use of online payments in their daily lives for shopping, bill payments, and so on, as well as to investigate the various modes of online payments, the purpose of using online payment systems, and the overall rating of online payment systems.

### **4. Objectives:**

- ✓ To research the different forms of online payment.
- ✓ To investigate respondents' knowledge of online payment systems.
- ✓ To learn about the difficulties users of online payment systems encounter.
- ✓ To determine the frequency of E-Payment transactions on a weekly and monthly basis.

- ✓ To determine the respondents' perceptions on online payment systems as a whole.

## 5. Methodology:

The present study is descriptive in nature and it attempts to know the attitude, perception of the customers in regard to the online payment systems. A sample of 100 Urban and Rural people has been taken for the study. The respondents are selected by using random sampling technique. For the purpose of the study both primary and secondary data were used. The study focuses on extensive study based on secondary data. The secondary data has been collected with help of e-books magazines, research article, newspapers, e-journals research journal, and the primary data collected through well-structured questionnaire.

## 6. Analysis and Interpretation:

### Demographic Characteristics of Respondents:

| Group         | Class               | No of Respondents | Percentage |
|---------------|---------------------|-------------------|------------|
| Gender        | Male                | 60                | 75         |
|               | Female              | 20                | 25         |
| Place         | Urban               | 48                | 60         |
|               | Rural               | 32                | 40         |
| Age           | Below 20 years      | 20                | 25         |
|               | 20 to 40 years      | 40                | 50         |
|               | Above 40 years      | 20                | 25         |
| Qualification | Below SSC           | 10                | 12.5       |
|               | SSC                 | 20                | 25         |
|               | Intermediate/ITI    | 15                | 18.75      |
|               | Degree and above    | 35                | 43.75      |
| Occupation    | Student             | 15                | 18.75      |
|               | Un organized sector | 25                | 31.25      |
|               | Private Employee    | 20                | 25         |
|               | Govt. Employee      | 20                | 25         |
| Annual income | No Income           | 10                | 12.5       |
|               | Below Rs5000        | 20                | 25         |
|               | 5001 to 20000       | 35                | 43.75      |
|               | Above Rs.20000      | 15                | 18.75      |

Source: Primary data

**6.1. Gender:** It demonstrates that there were 80 people in the sample overall, 60 of whom were male respondents, or 75% of the sample, and 20 of whom were female respondents, or 25% of the sample. Males use online payment systems at a higher percentage than females.

**6.2. Place:** It reveals that 60% of respondents being urban and 40% being rural. It is clear that more respondents are from urban areas, indicating that they are aware of technology and understand what online

payment systems are, and because of demonetization and other awareness programmes, rural people are aware of online payment systems, so the use of these digital modes is increasing these days. That is why there isn't a lot of variation among the respondents.

**6.3. Age:** It reveals that 25% in the under-20 years age group, 50% in the 20-40 years age group, and 25% in the over-40 years age group. It is stated that the more online payment systems are used by the age group 20-40 years, followed by the age groups below 20 years and over 40 years. It is apparent that the age group of 20-40 years is more connected to technology and is aware of online payment systems.

**6.4. Qualification:** According to the data, regarding qualification of the respondents 12.5% being below SSC, 25% being SSC, 18.75% being Intermediate/ITI, and 43.75% being grads. Because they need to work with technology, academic background has a greater impact on online payment system usage. As a result, rural people utilize less than urban people due to a lack of education, awareness, and training resources.

**6.5. Occupation:** It states that respondents occupation 15% being students, 31.25% being un-organized sector workers, 25% being private employees, and the remaining 25% being government employees. It suggests that the un-organized sector uses the online payment system more than the other categories of people. Because they are required by society to make their day-to-day payments.

**6.6. Annual Income:** It reveals that 12.5% of the sample had no income, 25% had less than Rs.5000, 43.75% had monthly income between Rs.5000 and Rs.20000, and 18.75% had monthly income exceeding Rs.20,000. According to a survey done, monthly income is also a vital aspect that influences the online payment system since the data clearly says that people from higher income groups use the online payment system more than those from lower income groups.

## 7. Various Modes of Online Payments

**7.1. Bank cards:** These are regarded as the most dependable, convenient, and adaptable payment alternatives. It covers debit and credit cards, as well as cash. PIN and OTP authentication were used during the process in either of these transaction methods. These payment systems include Visa, Mastercard, and Rupay cards.

**7.2. Unstructured Supplementary Service Data (USSD):** This cutting-edge application enables mobile banking transactions using the fundamental phone functionality without the need for an internet connection.

**7.3. Aadhaar Enabled Payment system (AEPS):** It permits online transactions like point of sale and micro ATMs, which require the authentication of an Aadhaar card.

**7.4. Unified Payment Interface (UPI):** A single mobile application is utilized for many bank accounts in this type of payment technique. It has a number of banking functions. Each bank has its own UPI app available for the Android, Windows, and iOS mobile platforms.

**7.5. Mobile Wallets:** In this manner, we can carry currency in digital form in our wallet. The transaction can be linked. We can use these wallets to pay or make purchases at stores. A bank account must be linked with the app in order to load funds. Paytm, Airtel Money, Google Pay, Phone Pay, and other mobile wallets are examples.

**7.6. Banks pre-paid cards:** These are subject to regulatory constraints and are loaded with money via Internet banking.

**7.7. Point of Sale:** In this manner, sales are created, and it might be a mall, a market on a macro level, or a retailer on a local level.

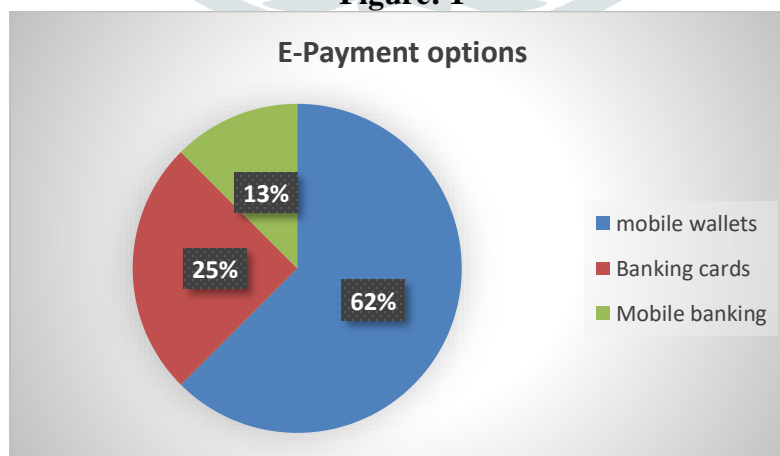
**7.8. Internet Banking:** Online banking, e-banking, and virtual banking are other terms for it. It is a form of e-payment system in which bank customers do transactions through the institution's website.

**7.9. Mobile banking:** Customers can conduct financial transactions using their mobile phones or tablets from anywhere in the world. It employs various sorts of software depending on the bank, and each bank has its own mobile apps for Android and Windows platforms.

**7.10 Micro ATMs:** Its purpose is to provide basic banking services. This will allow you to do instant transactions.

## 8. Analysis and Interpretation Online Payments:

Figure: 1

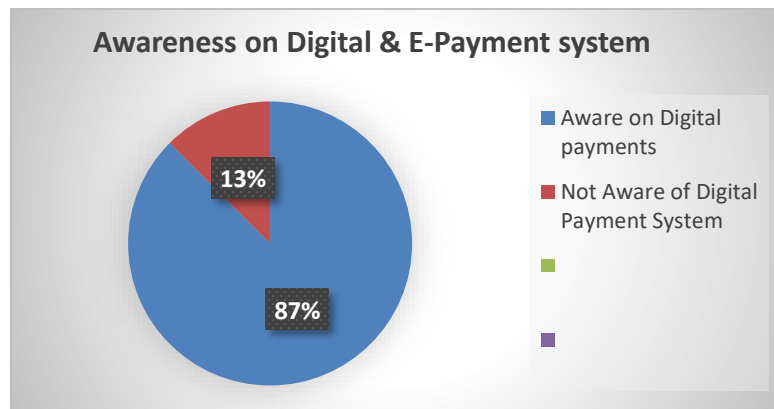


Source: Primary data

### 8.1. Number of customers Using E-payment option

It discloses that in Figure 1 the sample size was 80, with 62.5 percent of respondents using mobile wallets (Google pay/Phone pay) as their first preference, mobile banking as their second preference, and banking cards as their final preference. Banking cards are the primary choice for 25% of respondents, followed by mobile wallets (Google pay/iPhone pay) as the second and last choice for mobile banking. Mobile banking is the preferred choice for 12.5% of respondents, followed by mobile wallets and banking cards, which are used for online payments. According to the report, for online payment system purposes, respondents rely heavily on mobile wallets, banking cards, and mobile banking, among other things.

Figure:2

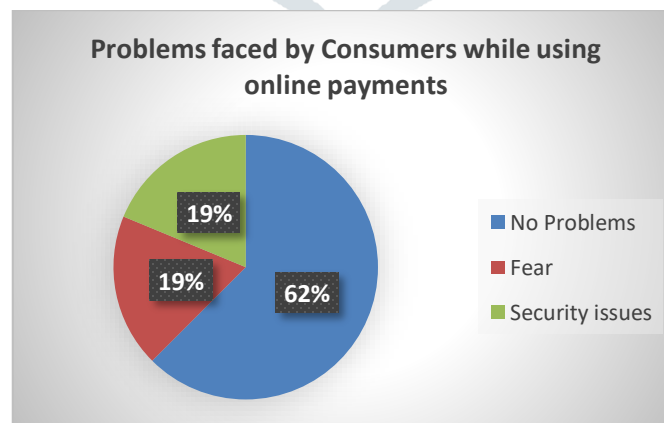


Source: Primary data

### 8.2: Awareness on Digital and Online Payments among Respondents

In Figure 2, it shows that the sample size was 80, with 87.5% of respondents saying they are aware of digital and e-payment systems and only 12.5% saying they are not aware of digital and e-payment systems. It demonstrates that the majority of people are now aware of online payment systems because they are now required in everyone's daily lives, and demonetization has increased awareness of e-payment systems.

Figure:3

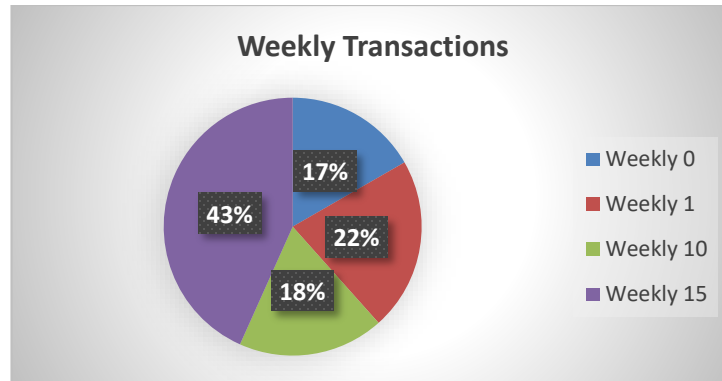


Source: Primary data

### 8.3: Problems faced by the consumers while using Online payment Modes

It shows that in figure 3, 62.5% of respondents believe they have no problems using online payments, 18.75% believe they have a fear of using online payments, and 18.75% believe security issues are a big concern when using online payment systems. It demonstrates that the respondents are experiencing concerns such as security, delayed transactions processing, worry, incorrect or missed payment utilisation, and so on.

Figure 4

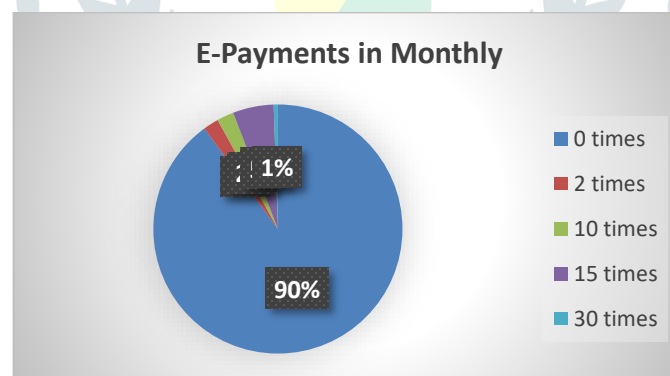


Source: Primary data

### 8.4: Number of E-Payments in Weekly

It is shown in the figure 4, the sample of 80 that the majority of respondents make less e-payments weekly, i.e. 0 transactions weekly 16.7%, weekly 1 transaction Whereas 21.7% of respondents made an online payment in week, 18.3% made 10 transactions, and 43.3% made 15 transactions in weekly. It shows that just 16.7% of all respondents have no weekly online payment system, while the remaining 83.3% have at least one weekly online payment transaction.

Figure 5



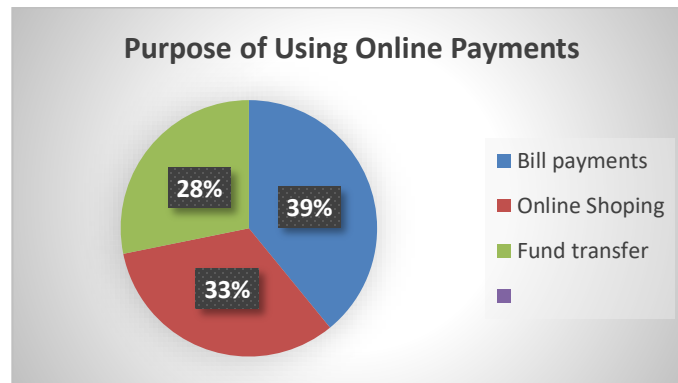
Source: Primary data

### 8.5: Number of E-Payments in Monthly

It reveals that in the figure 5 the sample size was 80, with 20% of respondents using the e-payment service 10 times per month, 48.3% using online payment options 15 times, and 5% using 30 times, but the least, i.e. 0 times using respondents, are 8.3% and at least 2 times 18.4% respondents, respectively. According to the report, even if a respondent makes 0 online payments in a month, 8.3% of the remaining 91.7% use online payment systems in their daily lives.



Figure 6

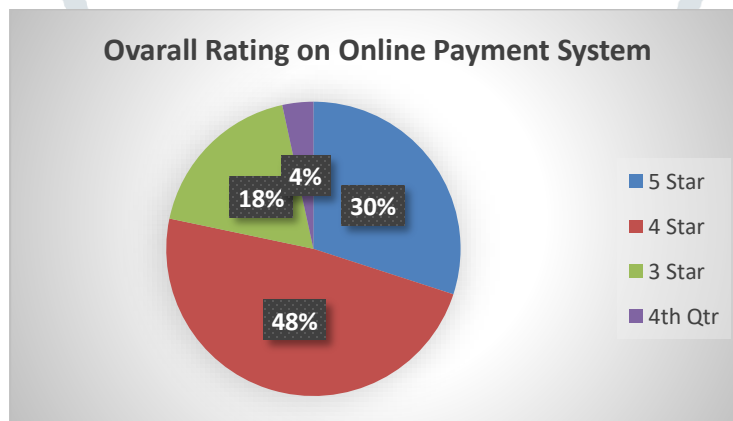


Source: Primary data

### 8.6: Purpose of using Online payments

It shows that the sample size was 80, with 39% of respondents utilising the online payment system for bill payment, 33% using the E-payment system for online shopping, and 28% using for funds transfer. According to the survey, the online payment system is primarily utilised for bill payment, online shopping, and funds transfer.

Figure 7



Source: Primary data

### 8.7: Overall rating on Online payment System

It reveals that the sample included 80 respondents from both urban and rural areas, with 48.3% evaluating the online payment system as 4 stars, 30% rating it as 5 stars, and 18.3% rating it as 3 stars. The lowest ratings 1star received minimal percentage of responders, such as 1.7%, due to security and other minor problems.

## 9. Conclusion

The study investigates the perceptions of urban and rural customers who use online payment systems, as well as the impact of online payments on Indian banking clients. The combined results indicate that rural people require more knowledge and training in order to bridge the rural-urban divide. According to the research, both rural and urban customers use online payment for cash transactions, shopping, and bill paying. The majority of people are using online payments, but security concerns, such as cyber fraud and hackers, must be addressed before more people utilise online payments, both urban and rural. The survey emphasises the percentage of people who are aware of how to use technology to its full potential. Banks should take significant steps to raise knowledge about the proper use of technology and security while using online payment systems.

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