



CONSUMER PREFERENCE OF DIGITAL PAYMENT SYSTEM

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ABSTRACT

The establishment of a "Faceless, Paperless, and Cashless" digitally enabled economy is the government's aim with the Digital India program. The study focused Customers preference of the digital payment system. The study was conducted in Udumalpet, Tamilnadu with 120 respondents. This study's main objective was to assess the preferential mode of digital payment system. Chi-Square test and weighted average method are used to analyse the data. The results of the study show that there is a significant difference between respondents' levels of awareness and educational background, as well as between respondents' age, gender, occupation, and monthly income and payment method. Google Pay is the most preferred option among customers.

KEYWORDS : awareness, Digital payment, preference, Google pay.

INTRODUCTION

Payments made through a variety of electronic media are referred to as "digital payments." Payment using these ways does not need to be done with cash or a check. By 2024, the total transaction value of the worldwide digital payments market is anticipated to reach US\$11.55 trillion.. By 2028, the total transaction value is predicted to have grown at an annual rate of 9.52% (CAGR 2024–2028), or US\$16.62 trillion.

The ecosystem for digital payments has grown significantly in India as a result of the country's rising internet and smartphone penetration rates. Another important factor contributing to the expansion of India's digital payments ecosystem is e-commerce. Over 30 crore people and over 5 crore businesses use UPI, which accounts for the lion's share of the more than 40% of digital payments made in India. Everywhere from big box stores to street vendors uses UPI. By 2026, the Indian market sector is projected to have grown to \$200 billion at a compound annual growth rate of 31%.

REVIEW OF LITERATURE

Ravichandran M and Srinivasan R (2021), in his article entitled "A study on awareness and usage of electronic payment system special reference to trichy district" shown that the majority of individuals are aware of and use digital payments.

Urvasi Trivedi and Sheetal Chawan (2022), "A Study of consumer preference for cashless payment methods in Delhi NCR" found that they have been influenced by a number of factors and have been adopting cashless payments for the past few years. The majority of people choose UPI and e-wallets over ATMs and debit cards. However, 9% of people still choose to pay with cash as of right now.

Sharmsi Sukumaran K (2020), in his article titled as "A study on customers perception towards digital payment with special reference to ernakulam city indicates that the most popular and often used digital payment method is Google Pay.

Priyanka Zala (2018), According to the results, credit cards, debit cards, and net banking are the most popular payment methods and are used by clients most frequently. The use of debit cards and age are significantly correlated.

OBJECTIVES OF THE STUDY

1. To assess the association between educational qualification and Awareness level among udumalpet customers.
2. To know the relationship between demographic factors and the mode of payment of udumalpet digital users.
3. To identify the customers preferential mode of digital payment system

HYPOTHESIS OF THE STUDY

H01= There is no significant difference between Educational qualification and awareness about the digital payment

H02 = There is no significant difference between residential area of the respondents and mode of payment.

H03 = There is no significant difference between Gender of the respondents and mode of the payment

H04 = There is no significant difference between Age of the respondents and mode of the payment

H05 = There is no significant difference between Educational qualification and mode of the payment

H06 = There is no significant difference between Occupation of the respondents and mode of the payment

H07 = There is no significant difference between monthly Income of the respondents and mode of the payment

RESEARCH METHODOLOGY

PRIMARY DATA: In order to get first-hand information for the study's primary data, questionnaires are utilized. These inquiries concern the customer's preferred digital payment method. The primary data used in this study was obtained from customers of Udumalpet Taluk through scheduled interviews.

SECONDARY DATA: The secondary data acquired from scholarly articles and annual reports that have been published.

SAMPLING: Using a suitable sampling technique, 120 Udumalpet Taluk consumers were chosen to provide their feedback on the digital payment system. For this research investigation, the weighted average method and the Chi Square test were employed.

TABLE 1 DATA ANALYSIS AND INTERPRETATION

The association between Educational qualification and awareness about the digital

Payment

Chi – Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60.768a	8	.000
Likelihood Ratio	51.479	8	.000
Linear-by-Linear Association	9.778	1	.002
N of Valid Cases	120		

INTERPRETATION

The chi-square test results indicate a statistically significant difference between educational qualification and awareness about digital payment. With p-values of 0.000 for all three test statistics, we reject the null hypothesis (H0) and conclude that there is indeed a significant association between educational qualification and awareness about digital payment. This implies that individuals with different levels of educational attainment have varying degrees of awareness regarding digital payment methods. Therefore, educational qualification appears

to play a crucial role in shaping awareness about digital payment systems.

TABLE 2 The Significant Association between Demographic Factors and the Mode of Payment Chi- Square Test

Demographic Factors		Mode Of Payment			Total (%)	Chi – Square Value	P value
		Cash (%)	Digital Payment (%)	Cheque (%)			
Residential Area	Rural	46.7	51.7	01.7	100	4.411	.110
	Urban	28.3	68.3	03.3	100		
	TOTAL	37.5	60.0	02.5	100		
Gender	Male	13.7	80.4	05.9	100	23.575	.000
	Female	55.1	44.9	00.0	100		
	TOTAL	37.5	60.0	02.5	100		
Age (In Years)	Up to 30	30.4	65.2	04.3	100	32.821	.000
	30-40	13.2	84.2	02.6	100		
	40-50	62.5	37.5	00.0	100		
	Above 50	91.7	08.3	00.0	100		
	TOTAL	37.5	60.0	02.5	100		
Educational Qualification	Up to SSLC	92.3	00.0	07.7	100	47.206	.000
	HSC	91.7	08.3	00.0	100		
	UG Degree	28.1	70.2	01.8	100		
	PG Degree	12.5	87.5	00.0	100		
	Professional	21.4	71.4	07.1	100		
	TOTAL	37.5	60.0	02.5	100		
Occupation	Agriculturist	54.2	45.8	00.0	100	48.330	.000
	Self Employed	11.1	88.9	00.0	100		
	Private Employee	13.5	81.1	05.4	100		
	Govt Employee	16.0	80.0	40.0	100		
	House Wife	91.7	08.3	00.0	100		
	Students	84.6	15.4	00.0	100		
	TOTAL	37.5	60.0	02.5	100		
Income (In Rs)	Up to 10000	46.2	50.0	00.0	100	13.807	.032
	10001-25000	41.7	58.3	00.0	100		
	20001-50000	54.2	45.8	05.9	100		
	Above 50000	14.7	79.4	05.9	100		
	TOTAL	37.5	60.0	02.5	100		

INTERPRETATION

Various significant connections between preferred ways of payment and demographic characteristics are revealed by the presented chi-square test findings. In terms of residential areas, urban residents appear to favour digital payment slightly more than rural ones, but this difference is not statistically significant (p = 0.110). Nonetheless, there is a clear correlation between gender and payment preference, with men substantially more likely than women to choose digital payment methods (p = 0.000). Age also shows a strong correlation with payment choice; younger people, especially those under 30, show a greater preference for digital payments than do older age groups (p = 0.000).

Moreover, educational qualification is significantly associated with payment preference, with higher educational attainment correlating with a greater likelihood of preferring digital payment methods (p = 0.000). Occupational category also demonstrates a significant association with payment preference, where self-employed individuals and private employees exhibit a stronger preference for digital payments compared to other occupational groups (p = 0.000). Lastly, income level displays a significant association with payment preference as well, with individuals earning higher incomes showing a greater propensity towards digital payment methods (p = 0.032). These findings underscore the importance of demographic factors in influencing payment behavior and suggest the need for tailored strategies to promote digital payment adoption and financial inclusion across different demographic segments.

Table 3 Preference Mode Of The Digital Payment Weighted Average Method

S.No	Digital Payment Modes	Highly Agree	Agree	Neutral	Dis Agree	Highly Dis Agree	Total	Mean Score	Rank
		5	4	3	2	1			
1	Debit card	40	15	17	20	28	120	3.08	3
		200	60	41	40	28	369		
2	Credit Card	24	10	24	16	60	120	2.70	5
		120	40	72	32	60	324		
3	Google Pay	50	11	24	16	11	120	3.31	1
		250	44	72	48	11	398		
4	Mobile banking Apps	36	11	24	02	28	120	2.73	4
		180	44	72	04	28	328		
5	BHIM pay	12	24	01	12	71	120	2.11	7
		60	96	03	24	71	254		
6	Phone Pay	24	34	38	00	24	120	3.28	2
		120	136	114	00	24	394		
7	AEPs	12	40	12	01	55	120	2.63	6
		60	160	36	02	55	315		
8	Internet Banking	12	00	01	12	95	120	1.51	8
		60	00	03	24	95	182		

INTERPRETATION

The table offers information on how satisfied users are with different digital payment methods. With the greatest mean score of 3.31 and the top rank, Google Pay is clearly the most popular choice. This suggests that consumers are quite satisfied, especially in the "Highly Satisfied" category. With a mean score of 3.28, Phone Pay, which comes in second place and likewise reflects high user satisfaction, is not far behind. Third place goes to debit cards, indicating a mediocre degree of satisfaction. Conversely, internet banking receives the lowest ranking, meaning that people are not as satisfied with it. Overall, these results highlight how important user experience and satisfaction are in digital payment platforms, with Google Pay and Phone Pay being highly preferred by users and Internet Banking having the lowest degree of satisfaction.

RESULT AND DISCUSSION OF THE STUDY

1. The respondents' degree of awareness is primarily impacted by their educational background. Given the substantial influence that educational attainment has on awareness levels, it would be advantageous to initiate focused education efforts with the goal of raising awareness among those who have less education. These initiatives might concentrate on spreading awareness of a range of subjects, such as digital payment methods and financial literacy.

2. Age, gender, educational qualification, occupation, monthly income of the respondents are Influenced to choose digital mode of payment.

3. Customers' preferred method of payment is Google Pay. Since Google Pay is the most popular method of payment among users, it is imperative that other digital payment providers improve the usability and functionality of their offerings. Competing platforms can draw in more customers and grow their market share by enhancing features like security, simplicity of use, and accessibility.

CONCLUSION

The study's conclusions demonstrate how important demographic variables like income, age, gender, and educational background are in determining whether or not people adopt and prefer digital payment systems. The degree of education becomes a significant factor in determining awareness, suggesting that specific educational initiatives are necessary to raise awareness among groups with lower educational attainment. Customers' choice for Google Pay further emphasizes how crucial it is for digital payment platforms to always innovate and improve in order to stay competitive in the industry.

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