

# Consumer Perceptions On Digital Payments And Digital Payment Apps – An Exploratory Survey

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## Abstract

In present day Digital means of transactions has found to be inevitable as the connectivity among the common people have been effectively ensured by hassle free Internet Connections and Networks. As the trend goes in this form, it is necessary to enable to Payments service provider to look in to demands and expectations of the users. As the means of transactions have the ultimate economic value, Payments service providers have to assure safety and security without excuse, to the users. This paper tries to identify the factors that influence the customer to go for digital payments through a Sample Consumer Survey. It also identifies the perceptions of the Consumers (in Pondicherry) with respect to varied payment apps facilitating digital payments and highlights the possibility of accelerated growth. The influencers of probable accelerated growth are to be explored in the further study and those would certainly enable the players in digital finance to expand their Business Base.

Keywords: Digital Payments, Transactions, Payment Apps, Consumer Perception,

## Introduction

The advent of secure technologies like block chain technologies to manage secure online interactions, transactions, online education, etc., has aggravated the usage of digital solutions and applications to effect faster Business / Individual activities as a whole. The evolution of appropriate policy to regulate the

digital infrastructure would certainly facilitate the increase in the volume of digital transactions and payments. It has been reviewed that much work has been done on digital parameters that impacts the varied segments of people. Countries should also consider the management of internet as important to enhance the networks through regulating Zero-rating plans, cautiously. Moreover, Internet shutdowns have maximized the difficulties of the citizens, who have desperately depended on these services, during the situations like curfews / lockdowns. Government is also trying to implement the policy of providing subsidies to the affected citizens through digital payments during the crisis situations. So, it is necessary to explore the perception of the people upon the digital payments. This paper tries to highlight the customer expectations and hindrances, while using varied Payment apps for making payments digitally, with reference to Pondicherry.

### **Present Scenario of Digital Payments**

In accordance with a study done in an European country it has been understood that Digital payments are most preferred by the majority of individuals, entities, etc due to the following reasons like Acceptance by all merchants, Instant transaction, easy functionalities, safety & Security and cost efficiency. According to Economic Times the digital payments methods would generate revenue 7.6 trillion dollars by 2024 ( Infosys Report), more than triple the 10 trillion dollars by 2026 (Phone pe & BCG Study – March 2022) and 321.7 billion by 2027 ( Silicon India, March, 2023). The scope for introducing digital currency and various government schemes accelerated the adoption of digital payment methods by the Indian Citizens. And many banks like HDFC is about to enter in to digital offline payments under RBI's Regulatory Sandbox Program (ET Daily 03<sup>rd</sup> March, 2023). Mobile devices, Internet and the advent of smart phone technologies has made the real - time digital payments possible with enhanced personalization and Experience (Infosys White paper, 2019).

### **Unified Payments Interface and Scenario of Digital Payments in Indian Platform**

Unified Payments Interface (UPI) was launched in the year 2016 by National Payment Corporation of India (NPCI). UPI allows its users to transfer money from Peer to Peer (P2P) or Person to Merchant (P2M) by handling multiple bank accounts with single application. Nowadays, Indians are getting

accustomed to the usage of Unified Payments Interface (UPI) due to its ease of use, security, real-time alerts, etc. (Gaurav Tyagi, et.al, 2022). It enables the transfer for money for their bank accounts to the respective recipients without disclosing private information like Bank account numbers, Branch Codes, etc. Moreover, cashback offers given to penetrate into the market have made the customers feel comfortable with digital payments. Google (UPI App) offers Cash back offers on Transaction basis.

Google pay is losing its market share to Paytm and phonepe due to increasing server issues and inconveniences, when compared with other applications. But still, Google pay has best user interface that supports the Users (Gaurav Tyagi, et.al, 2022).

Amazon pay offer more cashback and offers and Merchant prefer Paytm as they offer soundbox with QR that enables their tracking of their income (Gaurav Tyagi, et.al, 2022).

Further, the Jan Dhan Yojana Program, which accelerated the opening of 440 million bank accounts and 1.25 billion Aadhar – based unique identification numbers (KYC), Billion mobile phones devices and Internet access have laid the foundation for the tremendous growth of digital payments. This has been popularly mentioned as JAM trinity (Jan Dhan, Aadhaar, Mobile). Ruchin Goyal, et.al., 2022 – BCG, Mumbai).

Moreover, UPI system energised the non-cash payment especially P2P fund transfers and low value Merchant (P2M) payments. UPI has experienced 9 times of increase in transactions volume (i.e. from 5 million in financial year 2019 to about 46 million in Financial Year 2022. (Ruchin Goyal, et.al., 2022 – BCG, Mumbai).

Similarly POS Machines, QR Codes has also penetrated among 75% of Business to consumer(B2C) merchants. This has increased payments through UPI from 12% in 2018 to 45% in 2021 (Phonepe pulse transaction trends data). (Ruchin Goyal, et.al., 2022 – BCG, Mumbai)

#### **Objectives of this Paper:**

- To identify the reach of various digital payment methods by conducting Consumer perception survey in Pondicherry.

- To explore the characteristics of digital payment options and identify the growth potential of digital payment methods.

### **Research Methodology**

A sample of 200 respondents was chosen at Convenience in Pondicherry, to explore the reach of digital payments methods among them. The Consumer Perception survey has been conducted and 40 qualified responses have been received by the researcher. This study explore the awareness, Choice, usage, Comparative opinions on Various Digital apps, pre-requisites, safety, experiences, etc., on digital payments among the respondents from Puducherry and tries to give an idea about Acceptance of Digital mode of transactions among the residents of Pondicherry.

The following questions have been answered by 40 respondents residing in Pondicherry

1. What are the methods of Payment do you use?
2. Do you have any idea about digital payment methods?
3. If yes, what type of Digital Payment method do you mostly use?
4. What type of payments do you make using a Digital Payment?
5. Why do you choose Digital Payment?
6. Why digital payment is better than cash?
7. Is digital payment good or bad?
8. According to you, which mobile app is best for Digital Transaction?
9. Which income class are you from (Low/Middle/Upper)?
10. How does occupation influence over digital payment transactions, what do you do?
11. How far education helps in digital world. Are you digitally literate?
12. What are the key prerequisites to enable digital payments?
13. Do you think digital transactions are safe enough?
14. What is the best way to pay online?
15. What are the advantages of digital transactions in your point of view?
16. Please share your good and bad experience on digital payments?

**Nature of Customer Response upon Digital Payments:**

From the responses, it has been observed that 70% of the respondents are favouring digital payment usage and 30% are feeling uncomfortable with the digital payments. Here Positive responses indicate responses favouring Digital payments and Negative response indicate responses that not encouraging Digital payments.

Response Type	Count	Percentage
Positive Responses	112	70%
Negative Responses	48	30%
<b>Total No. Of Respondents:</b>	160	100%

**Factors Influencing Digital Payments:**

Majority of the respondents were comfortable with digital payments due to convenience, availability of Mobile apps, Easy to use, Reachability, Offers and rewards and one-stop solution.

Similarly, some respondents are reluctant to use digital payment apps due to Data insecurity, Network Issues, Payment Failure, Illiteracy and Hesitancy, etc.

Factors	No. Of Responses	Support / Barrier
Convenience	24	112
Mobile Apps	20	
Easy To Use	20	
Reachability	16	
Offers & Rewards	12	
One-Stop Solution	12	
Saves Time	8	
Online Fraud	16	12
Data Insecurity	8	
Network Issues	8	
Payment Failure	8	
Illiteracy & Hesitancy	8	
<b>Total</b>	160	

**Top Mobile Digital Payment Apps Usage in Pondicherry:**

In Pondicherry, it has been observed that majority of the respondents were using google pay for making digital payments, followed by Bank Portals, Phonepe, etc.

Payment Apps	Count	Percentage
Google Pay	9	28%
Paytm	7	22%
Bank Portal	5	16%
iMobile Pay - ICICI Bank	4	13%
IndOASIS - Indian Bank	4	13%
Phone Pe	1	3%
BHIM Axis Pay - Axis Bank	1	3%
YONO SBI - SBI Bank	1	3%
TOTAL	32	

#### Digital Payment Application:

It has been observed that Majority of the respondents in Pondicherry are using Digital payment applications for making payments for Mobile re-charge, Money Transfer, Purchases from Online Retail stores and Restaurants. Only few respondents were using it Petrol Bunk, Online movie app subscription, Book shop, etc.

#### Discussion on Findings

Applications	Count	Percentage
Mobile recharge	8	21%
Money Transfer	6	16%
E-commerce (Flipkart / Amazon)	5	13%
Restaurants	4	11%
Grocery Store / Super market	3	8%
Bus / Train / Movie Ticket	3	8%
Clothing Stores & Jewellery shops	2	5%
Juice / Snacks corner	2	5%
Food order (Zomato / Swiggy)	2	5%
Petrol Pumps	1	3%
App subscription (Hotstar / Amazon Prime)	1	3%
Book Shop	1	3%
Others	2	5%

Males prefer digital payments more than females. Similarly younger individual uses digital payments more than the elder. Education is the driver of confidence level to use digital payments.

Essentials like groceries attract lesser digital payments than the luxury symbols like gold which could be inferred from the

higher income group (high digital payments) and low income group (low digital payments). As some of the respondents experienced frauds, while making digital payments for the purchase of groceries, they hesitate to use digital payment option in Grocery outlets. It is very hard to find evidence of such kind in digital transactions of other types like purchase of durables, etc.

House wives, Unemployed and self employed were reluctant to use digital payments.

Individuals living with high income groups are quick enough to go with digital payments, when compared with the disadvantaged groups.

It has been found that the perception of cash improves among the counterparts, the digital payment are likely to decrease across all purchase categories. So digital payments have prove themselves as the good substitutes for cash through cheapness, convenience and privacy of cash use.

The perception on high valued payments through digital were less affected, when compared with low value payment made digital.

On a whole the consument expressed the positive sentiments towards technology-based inventions like digital payments which would like to be driven effectively by the efficient technologies like Block Chain Technologies.

Covid-19 Impact on Digital payments.

Consumer makes digital payments or involved in digital transaction for atleast 5 to 6 times in a week and 1 among 3 people are into digital transactions at least once a day.

The lockdown have stimulated the individual to search for alternate in effecting transactions, in which Digital payments have served its purpose by ensuring contactless payments. It was also inferred that the Covid 19 have made the people left with no option other than digital, in effecting their Business / Consumption transactions.

Presently, even the women started using digital payment predominantly, as they could keep records of their payments, when they do it through digital mode. They also consider it as safe and trustworthy due to wide scale acceptance in the market across the world (**Sanjeev sinha 2021**).

### Concluding Remarks

It has been identified that two third of the urban women, use digital modes of payment (Sanjeev sinha, 2021) for varied transactions. If, this situation is true, it can be assumed that the proportion of opposite gender would be certainly more than the above. Now, the shopping bills, fund transfers, travel & leisure booking and toll payments are being made through digital payment modes. Even the on demand services, you-tube, Amazon Prime, Hotstar and Netflix, receive digital payments to offer streaming services to the users. Credit Cards that have been predominantly used for making digital payments before pandemic and the Covid 19 Pandemic has accelerated the adoption of this mode of digital payment,

Further, it is necessary to explore the consequences of those (people) without access to digital communications and operations, as the Government has already starting offering subsidies and other monetary benefits to the needy, only through digital payments.

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