

Consumer and Online Payments

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Abstract

With the dawn of the internet era, people have been selling and buying commodities and online payment has been part of it all through the journey up till now. There are different methods to pay like credit card, debit card, internet banking and Unified Payment Interface (UPI), but still majority of people ordering online in India prefer payment on delivery method. With Digital India coming in to the picture, digital and online payments have got a new boost.

There has been research to study the attitude of consumers towards e-commerce, preference of consumers towards different e-commerce websites and platforms with different factors taken in considerations, how the behavior changes with demographics.

This research is trying to study and analyze various factors affecting the consumer behavior towards online payment methods using a quantitative research with primary data collected using forms. The factors include security concerns, trust factor, ways of payments available. The sample size is of 50, aging from 19 to 62 years. Additionally, we tried to find out the age group which is more comfortable with online payments. The results of this research are that security concerns, trust factor and payment methods play an important role while doing payments online, also the age group of 35 and below is more comfortable doing online payments.

Keywords: *Online ordering, E-commerce, Online payment method, Security concern.*

1 Introduction:

With increase in E-commerce websites and agencies accepting online payments in India, the use of online payments has been touching high. The usage of online payment methods is also seeing high usage is because of three other reasons. One, increase in usage of smart phones. Second, the price per GB of data has reduced drastically. And third, demonetization, that happened back in November 2016. These three factors, together have contributed to the boost in the online payments. According to the study published by PWC India in association with Assocham, it is expected that in four years the online payments would double, from \$ 64.8 billion in 2019 to \$ 135 billion by 2023, growing at a CAGR 20% [1]. This growth is highest in the world, with China at second position at about 18% CAGR. Though by volume still china will be ahead. The contribution of online payments in India to the world will rise from 1.58% to 2.02%. According to this study the major factors that have influenced the increase are the innovations in payment technology using Artificial Intelligence (AI), Internet of Things (IoT), Blockchain and real-time payments and the introduction of mobile Point of Sale (POS) devices.

Now talking about the performance in the past, online payments contribute a large chunk in cashless payments in India. The percentage increased from 17% in of total cashless payments in 2014 to 43% in 2018 [2]. The rise can be seen in the year 2016 and how it amplifies in 2017, the time after demonetization.

2 Literature Review:

There has been lots of research in the field of and for E-commerce, trying to find different factors affecting consumer buying patterns. A. Mitra (2011), he presented a study to describe the facilitators and status of E-Commerce in India, and tried analyzing the trends of E-Commerce and find the barriers of E-Commerce in India [3]. P. Singhal and S. Patra (2018) tried a local approach only few areas of Kolkata [4]. The objectives of their research were to find the level of awareness and preferences towards different products available on the market online. With trying to understand the price range that people of Kolkata spend on a single purchase. Also, to understand the factors affecting online purchase and choice of payment gateways. A. Bhatt (2014), studied the attitude of buyers and consumers towards online ordering and shopping based on consumer's behaviors, beliefs, preferences and opinions with studying how socio-demographic play a role in the buyer's/ consumer's attitude. Also, studying the patterns of online ordering and buying [5].

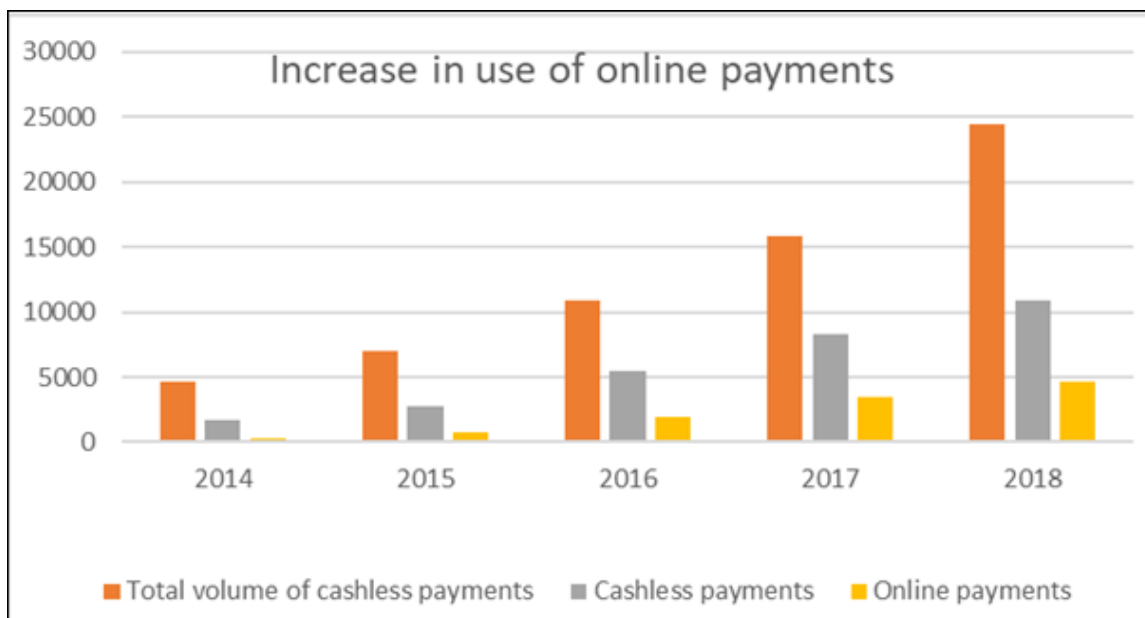


Figure 1. Increase in use of online payments

A. Cash

Cash is the oldest form of technology that is being used for buying and selling commodities. It is passed the test of time and survived in the system. It has number of advantages [6]. First, it is safe and it is relatively stable than other forms. It encourages confidence in the banking system. It is universally acceptable and can be accessed from anywhere. It can be used by anyone, those who do not have a bank account can also use cash. It is resilient, it even works when the servers fail or the power goes down.

However, on the flip side it has disadvantages as well. It is safe only in low values and it is very difficult to carry in large volumes. Also, it is not possible to do a transaction from a remote location using cash.

The data from Bank for International Settlements (BIS) and Indian Brand Equity Foundation (IBEF) were referred. The BIS is an agency which helps central banks of different countries and help them to stability. It also monitors and analyses different financial statements of a country. IBEF is an entity established by the Department of Commerce, Ministry of Commerce and Industry and Government of India.

3 Method And Data:

The approach used in this research paper is empirical and the data used is primary. A Google Form was used to collect data from 50 people. The online approach was adopted to circulate the form as the area of this research is also related to online, i.e. Online Payments. The form included basic questions like age to know the demography of the people being surveyed and then it was followed by different questions on online payment methods and factors influencing a consumer to use them. Five-point Likert Scale was used with these questions to measure the role played by the factor influencing the behavior. The scale was used to measure the factor with 1 meaning least and 5 meaning highest.

This study tried to relate online payment with the consumer and their corresponding behavior. The questions asked to the people were based on their past experiences while ordering online or doing an online payment of their utilities. The sample belongs to different parts of India, and vary in age from 19 to 62 years, which included students, working professionals, business persons and retired people.

Table 1. Sample Details

Data Point	Numbers	Percentage
Total no of people surveyed	50	100%
No of Females	21	42%
No of Males	29	58%
Average Age	30	-

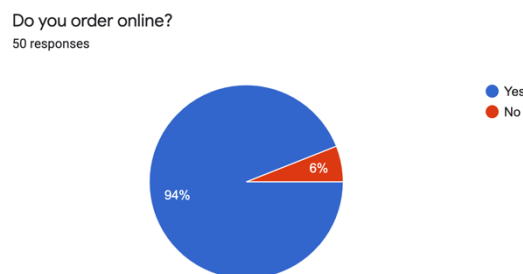


Figure 2. People ordering online

Out of the 50 people surveyed, 94% people ordered online, i.e. 47 people. 82% people preferred online payments will ordering or just paying bills for the utilities like electricity bills, phone bills, etc.



Figure 3. People preferring online payments

People choosing to pay online, 36% people preferred their payments with UPI, 32% with cards (debit/credit), 16% with mobile wallets like PayTM, HDFC PayZapp, etc., 6% use internet banking.

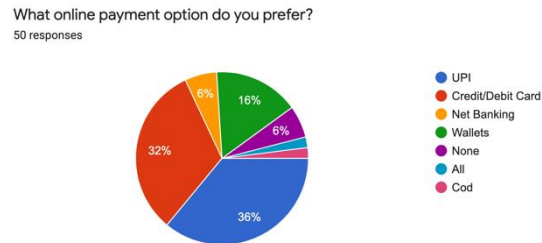


Figure 4. Payment options

4 Results:

The results and their discussions are as follows.

A. Usage of online payment

The surveyed people, 38% people always choose online payments, with 36% people almost always choose online payment method. The mode of the data is 5 and median is 4.

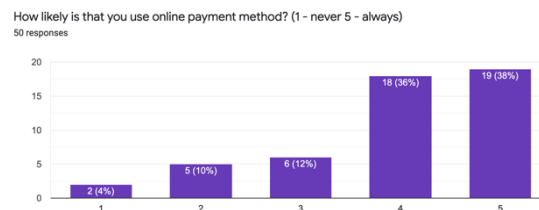


Figure 5. Usage of online payment method

B. Payment methods

The role of payment options on the consumer gave the following results, for 34% people payment options play highest role while ordering or paying online. For 40% people this high and only 18% it is moderate and the rest 8% don't consider it as a great factor. The mean and the mode are 4.

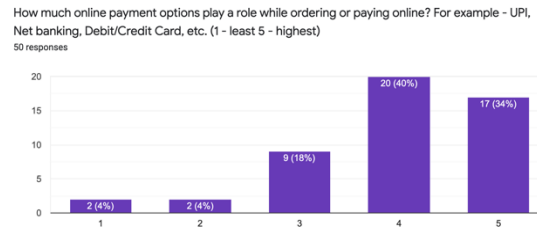


Figure 6. Payment method as a factor

C. Platforms and websites

The role of online platforms is also a very critical factor while ordering and paying online. According to the survey for 32% people give platforms to be of highest importance. Followed by 48%, feel that it is of high importance. The mode and median are 4 for these.

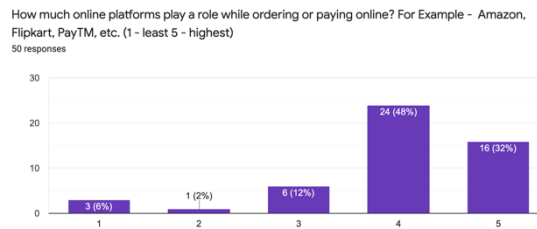


Figure 7. Platform as a factor

D. Offers and discounts

Offers and discount play a pivotal role. In total, 70% people consider it either highest or high factor of influence of online payments. The mode is 5 and the median for the factor is 4.

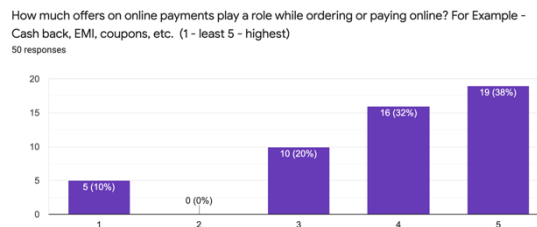


Figure 8. Offers and discounts as a factor

E. Security

The last and the most important factor is the concern of security. And the survey has given the results as following, 52% of people shop or pay online in accordance with the security offered. The mode and the median of this factor are 5.

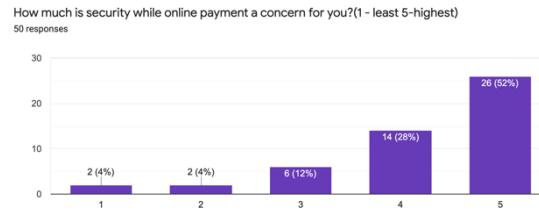


Figure 9. Security as a factor

5 Conclusion:

The study is successful and there are number of conclusion of the study. First, large number of people are ordering online and the numbers are going to increase exponentially in the coming years. Second, majority of people order online or pay online considering following factors, most important being security followed by available online payment options. Then comes into play the platform or the website that is offering and the offers, promotions and vouchers which are valid on different payment methods. Third, the security concern is equal in the minds of younger generation as with the older, not so tech savvy generation.

Comparing the results to the existing literature we find a contradicting point that according to P. Singhal and S. Patra (2018), majority of people preferred debit/credit card option, and only few used UPI [4]. But in this research, UPI is preferred more than the debit/credit card option. The reason of contradiction could be the change in the consumer's behaviour, UPI was comparatively newer option then (2018).

6 Limitations And Future Scope:

Though the research has given us preliminary results but have some limitations as well. The sample and research was limited to Pune, Maharashtra. The sample size is small.

The research should be done on a larger scale giving age and gender more microscopic approach. The region can be broadened and the research can be done with considering India as a whole.

Also, additional factors can be added that influence the online ordering and online paying behaviour of the consumer.

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