Digital Payment Apps: A Study with the Special Reference to Banking Customers of Dakshina Kannada

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Digital Payment Apps: A Study with the Special Reference to Banking Customers of Dakshina Kannada

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'Necessity is the mother of Invention'

—**Plato**

ABSTRACT

Demonetisation laid a foundation to 'Digital India' or 'cashless India' and GST is acting as pillars in constructing 'Rising India'. Digital India paved new ways for many opportunities to Banking & Non-Banking sectors. Many Banks, Entrepreneurs, businessmen, telecom sectors, IT industries have utilized this opportunity and have contributed in digitalizing India by creating and popularizing Digital Payment Applications directing towards Financial Inclusion.

New, Innovative and trendy ideas are always welcomed by the youths of the country. Digital Payment Apps orM –Bankingprovide us with various options and make our life ease by bringing banks/ E-Wallets under our finger tips.Thus, my study will focus on the pros & cons of Digital Payment Apps and also will analyse the innovations in digital payments, levels of comfort and privacy security or trust of the Banking customers in using Digital Payment Apps. The study also attempts to explore new opportunities in M-Banking and help to serve customers in a better manner.

Keywords: *Demonetisation, Digital India, Cashless India, Financial Inclusion, Digital Payment Apps or M –Banking & privacy security.*

INTRODUCTION

'I dream of a Digital India where mobile and E- Banking ensures Financial Inclusion'

—**Narendra Modi**

November 8th 2016, India stood standstill when our honorable Prime Minister, Shri Narendra Modi declared Demonetisation in the National Television. Demonetisation was an attempt made by RBI in order to curb Black money and discourage various illegal activities sprouting within and outside India. Probably even the great Economists could not precisely predict

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that the step taken to develop India would turn into a nightmare in reality. Even till date economists have failed to measure the exact impact of Demonetisation. Nevertheless, this incident has exposed some of the major loopholes in our economic system & one being over dependence on physical cash & this gave birth to another dream project by our Prime Minister, Shri Narendra Modi. i.e., *'Digital India' or 'Cashless India'* and attaining *Financial Inclusion.*

But Financial Inclusion is not an easy task to be accomplished, especially in a country like India where majority of the population lives in remote areas and under poverty line without availability of the basic facilities required having hassle free banking. To add to the worst, concentrated working class of India, work under Unorganised Sector. Challenging the situation Mr. Narendra Modi and his team, came out with various incentive plans such as Lucky Grahak, Digi DhanVyaparYojana etc., along with NITI Aayog to embrace customers, businessmen and small petty shop owners to adopt Digital Payment options.Aadhaar card is linked with almost all theFinancial related accounts& Bio-metric system is used to operate such accounts, which helps the illiterates and also helps to trace Benami (Dummy) accounts. Talking ATMs are introduced in order to help the Blinds and illiterates. Non- Banking Financial companies are provided with license to install White Label ATMs. Pradana Manthri Dhan Jan Yojan (PMDJY) also stood as a Backbone to support Financial Inclusion.

Digital India has helped various Entrepreneurs to start-up various online business by utisiling their skills and talents in an innovative approach. This has reduced the physical movement of cash and also the cost involved in that. Digital India has contributed to higher employment opportunities which have led to higher GDP Growth. As every rose is attached with thorns, even Digital India is also attached with its own danger. There are so many cases filed againstthe fake bank callers who through fake identitycollect the confidential banking information by the banking customers and cheat them. The number of hackers have also been increasing day by day. Today, Privacy security has become a major problem all over the world. Even the most trusted and World famous Company like Facebook is also facing the allegation of breach the privacy contract. Owing to all these practical problems Indians are hesitating to adopt Digital Payment Apps.

Dakshina Kannada district is a beautiful district belted by Western Ghats on the east & Arabian seas at the west and is situated in Karnataka State. It is also famously known as Tulunadu. It consists of major Talukslike Mangalore, Surathkal, Puttur, Bantwal, Vittal, Mulki, Sullia, Moodaidri, Venur, Uppinangady, Nellyadi, Bethangady , Dharmasthala, Ujire and Subramanya. According to 2011 Census, Dakshina Kannada district ranks stands First in Literacy & Second in per capita income. Dakshina Kannada district is known for its Traditions & culture. But, these days it has been inculcating Modern cultures and techniques too in their daily life. Any new technology is gradually being adopted by the people of Dakshina Kannada. Therefore, the study is been made on the Digital Payment users of Dakshina Kannada District.

RESEARCH METHODOLOGY

The study has utilised both primary and secondary data. Primary data has been collected through online survey method. Secondary data are collected from the Web, books, journals and brainstorming with few experts who are working in the Municipal corporations, Panchayaths, Online shopping site's deliverymen etc.

SCOPE OF THE STUDY

This study is limited to 550 Digital Payment Application users of Dakshina Kannada District of Karnataka. For the purpose of the study,there is no differentiation between E-Banking Payment Apps & Non- Banking Payment Apps.

LIMITATIONS OF THE STUDY

➢ The study is made on the Digital Payment Application users of Dakshina Kannada District of Karnataka only.

➢ Limited Time has also been a constraint.

➢ Survey is conducted through online therefore there was no direct interaction with the respondents, which may pop out to the major drawback of the study as their experiences could not be completely analysed.

CONCEPTUAL FRAMEWORK

• **Digital Payment Applications:** After the booming of android cellphones and spread of internet Banking Industry boosted through Digital Payment Applications. Banks started designing & launching their own digital Apps which will help in serving the customers better. Through these apps Bank customers need not actually enter the bank premises. All the facilities such as Balance enquiry , E- statement, Opening new RD, FD, Demat, Online Trading accounts & mutual funds, E-transfer of funds from one account to another, Payment of various Bills, Applying for new cheque books, Debit cards, credit cards etc.,given in the bank is given through these apps at their fingertips. Digital Payment Apps can be broadly classified into Banking Payment Apps & Non- Banking Apps.

• **Banking Payment Apps:** Almost all Banks have come out with their own apps to cater the needs of the customers. For eg: Axis Bank launched Axis Mobile, ICICI Bank launched iMobile, SBI launched SBI buddy, etc.

• **Non- Banking Payment Apps:** Analysing the opportunities and to learning the drawbacks of Digital Payment facilities given by the Banking campanies even Non-Banking companies joined the Rally by providing speed and hassle-free Digital payment apps. Therefore, Apps such as Bhim, Phonepe, true caller , freecharge, Tez, Paytm etc., became substitute for such Banking Digital Payment Apps. These apps also almost provided the services provided by Banking Apps.

• **E- Wallet**: E- Wallet is a Digital Wallet. Most of the Digital Payment Apps of Banking & Non- Banking Sectors provide such a Wallet. Here, the customer can Add money or E-transfer cash to these wallets using their Debit Card/ Credit cards through E-transfer Channels and then utilise the E-Wallet to make payment whenever required. Here, the advantage for the customer is that he need not carry physical Cash with him every time.

• **Demonetisation:** Demonetisation is the process of rendering the legal currency of a nation invalid. Demonetisation is an act taken by the government of any country in order to unroot the black money & to reduce the illegal and anti- national activities which is a threat to the nation.

- **Financial Inclusion:** Financial Inclusion is a process of providing banking facilities to the Poor and unbanked areas at an affordable cost keeping in mind the sustainability not only to the customers, but also to the bankers.

OBJECTIVES

➢ To study the impact of Demonetisation on Digital India or Cashless India.

➢ To identify the problems that people of Dakshina Kannada face is utilization of Digital Payment System.

➢ To identify the areas of development in the field of Digital Payment in Dakskina Kannada District.

➢ To study the factors that governs adoption of Digital Payment Apps.

LITERATURE REVIEW

1. Shamsher Singh & Ravish Rana in their Study on, "Study of Consumer Perception of Digital Payment Mode" reveals that its only the Education that has impact on Adoption of Digital Payment System. Areas for regions with highly qualified population in Delhi use more of Digital Payment system.

2. Henny Medyawati & Muhamad Yunanto in their Study on, "Factors Affecting the Intention of Using Internet Banking: A Case Study on One of the National Private Bank" ,explain that is the consumer Perception on computer anxiety , interest on usage of internet banking, ease of use, quality of service and Trust which has the impact on Using Internet Banking. Customers do fear of losing money due to increasing crime, inspite of that they still have confidence in the BAG.

FINDINGS

1. Most of the Digital Payment users use Digital Payment Apps only to pay Telephone bills and Electricity Bills. The reason behind this is that none of the Digital Payment apps have tie- up with municipal corporations or area governance to pay other bills like Water Bills, DTH, Property tax etc.

2. The study reveals that major part of the respondents who use Digital Apps are Post- Graduates .i.e., 67.24 per cent, 32.76 percentare graduates. Therefore, we can come to an conclusion that education has a vital role to play in Digitalisation of India.

3. Study also reveals that 94.7 per cent of the study population is happy with India getting Digitalised. The 5.3 per cent of them are not happy. The reasons could be the evil side of the Digitalisation.

4. 64.8 Per cent of the respondents have admitted that their usage of Digital Payment has increased after Demonetisation and the remaining 35.2 per cent admit that there is no impact on their Digitalisation.

5. The study reveals that 58.22 Per cent of the respondents frequently use online payment, 18.6 Per cent use is very often and remaining 23.62 Per cent use it Occationally. It is a positive sign that more than half of the respondents are using online payment frequently, which shows the success of online payment Apps.

6. Around 7 Per cent of the respondents feel it is not safe using online payment, 21 Per cent feel it is safe & large number of the population , i.e., around 72 Per cent of them feel that it depends on the precautionary measures that the user takes. So, the users know that security of online payment largely depends on the safety precautions of the user.

7. The precautionary measures can be by one of the factor that is the mode of downloading Payment Apps. Approximately 89 per cent of the respondents download the apps only from Google Playstore, which they consider it to be safe .Around 8 per cent of them are not very particular with download medium, 1 per cent download it by the link sent by the sender & remaining 2 percent Shareit from their friends.

8. The study also shows that 35.1 per cent of respondents only trust Banking payment Apps and the remaining 64.9 per cent use Non- Banking apps for payment. That means the prefer Non- Banking Payment Apps because of its Advance technology and speed.

9. Respondents use various types of Digital Payment Apps. Out of which most preferred apps are Paytm & Tez. This is because these Apps provide incentives like Cash back& Lucky Customer.

10. Digital Payment Apps can be used for various purposes. When they were asked to Rank Top 5 of them, Online shopping bagged 1st, Mobile recharge 2nd, Transfer fund 3rd, Payment in Restaurants' and lodges – 4th and Payment in Petrol Bunks & Booking movie tickets bagged 5th Rank. Therefore, online shopping is the favorite amongst other options.

11. The study on the level of satisfaction of using Digital Payment shows that 32.7 per cent are highly satisfied, 56.4 per cent are satisfied and 10.9 per cent are neutral. To achieve 100 percent of satisfaction the drawbacks should be first set right.

12. The study also highlights that hardly people of Dakshina Kannada pay only Electricity Bill & Telephone bills through Digital Payment System. The major reason is that no Digital Payment Apps are linked with Facilities in DK i.e., Water Bills, DTH, LPG, Property Tax, etc. Only Paytm app provides with Electricity payment option, which many are unaware off.

13. A Study of Frequency of Usage of Digital Payment Apps and Age & Gender

Age & Gender (%)	Frequency of Usage (%)						Total
	Frequently		Often		Occasionally		
	Male	Female	Male	Female	Male	Female	
21 to 30	16.38	23.66	10.92	5.46	1.82	10.92	69.16
31 to 40	7.28	1.82	1.82	1.82	1.82	3.64	18.20
41 to 50	1.82	3.64	NIL	NIL	3.64	NIL	9.10
51 to 60	1.82	1.82	NIL	NIL	NIL	NIL	3.64
61 & above	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total	27.30	30.94	12.74	7.28	7.28	14.56	100.00

Source: Primary Data

The study stresses on the fact that the girls, between the age group of 21-30 frequently use Digital Payment apps. Girls usually prefer online shopping & this shows that Digital Payment Apps are user friendly and comfortable for Online shopping.

14. Study of Relationship Between Age & Level on Satisfaction with Regards to Digital Payment Apps.

Gender (%)	Level of Satisfaction (%)			Total
	Highly Satified	**Satisfied**	**Neutral**	
21-30	29.12	38.26	3.64	71.02
31-40	3.64	9.00	3.64	16.28
41-50	1.82	1.82	5.46	9.1
51-60	1.82	1.82	-	3.64
61 & Above	-	-	-	-
TOTAL	36.4	50.9	12.74	100

Source: Primary Data

The study between the Age and Level of Satisfaction clearly highlights that, the youngsters between the age group 21-30 use Digital Payment Apps more are satisfied to a great extent because youths are more technical driven & usage level decreases with increasing of age. Therefore user-friendly technology should be replaced in order to attract the senior age group customers.

15. A Study of Relationship Between Level of Education & Level of Satisfaction of Usage of Digital Payment Apps.

Level of Satisfaction (%)	Level of Satisfaction (%)			Total
	Highly Satified	**Satisfied**	**Neutral**	
S.S.L.C	NIL	NIL	NIL	NIL
PUC	NIL	NIL	NIL	NIL
Graduation	14.54	14.54	5.42	34.5
Post Graduation	25.48	32.74	7.28	65.5
Total	40.02	47.28	12.7	100

Source: Primary Data

The study reveals that the Post –Graduates are more satisfied than the graduates.

16. A Study on the Relationship Between Level of Education & Frequency of Usage.

Level of Education (%)	Frequency of Usage (%)			Total
	Frequently	**Often**	**Occasionally**	
S.S.L.C	NIL	NIL	NIL	NIL
PUC	NIL	NIL	NIL	NIL
Graduate	23.66	1.82	7.28	32.76
Post Graduation	34.56	16.34	16.34	67.24
Total	58.22	18.16	23.62	100

Source: Primary Data

The study reveals that the higher the education the usage of digital payment Apps are frequent. i.e, the Post Graduates use Digital Payment Apps more Frequent that Graduates

17. Study of Relation Between Gender & Level of Satisfaction

Gender (%)	Level of Satisfaction (%)			Total
	Highly Satified	**Satisfied**	**Neutral**	
Female	21.8	23.64	7.26	52.7
Male	10.9	32.76	3.64	47.3
Total	32.7	56.4	10.9	100

Source: Primary Data

The study reveals that females are highly satisfied by Digital Payment Apps, But Male's satisfaction level is lesser than females. This shows that Males expect more advancement related to technology and better facilities in the Digital Apps.

SUGGESTIONS FOR DEVELOPMENT

1. Digital Payment apps should have tie- up with municipal corporations to facilitate payment of Water bills, LPG, DTH , Property Tax, etc.. This step will reduce the time of the customers' who otherwise have to monthly stand in the queue and make the payment.

2. Advance technology, Speed operating system should be adopted and High Security System should be use to safeguard the privacy of the customers.

3. There are umpteen numbers of apps sprouting day by day. This again creates a question of trustworthiness. Therefore special license have to be provided to those apps which deal with payment system. And as much as possible unified Digital payment Apps should be developed.

4. High Speed internet facility should be provided.

5. Adoption of Scan & Pay option should be encouraged at every Point of Sale.

6. To encourage high usage of Digital Payment Apps, incentives such as Cash back schemes such be adopted.

7. In case of error in Payment, easy and quick Compensation should be made in order to reduce risk.

8. Free Wi-Fi facility should be provided to make payment in places like auto, buses, Point of Sale, Malls, etc.

9. Technology should be developed were internet is not required to Scan & Pay. So that, even non- internet users can also use digital payment Apps.

CONCLUSION

According to the World Bank's 2017 Edition of Global Economic Prospectus, India stands as the 4th Fastest Growing Economy in the world. Even in the Global Ranking India has jumped to 100th position from 130th Position. International Companies are looking forward to join hands with India, which points out the fact that India has large scope for growth in future, where Digitalised India will play a vital role.

Therefore, spread of Higher education, familiarization of latest technology, high speed internet, Increase basic equipments and facilities to Digitalisation, Innovative ideas, Opportunities for Entrepreneurs, Improved Infrastructure, Strict Regulations, High Security System , etc, should be inculcated to uplift India from the stage of Developing Country to a Developed Country

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