



A study on CONSUMER BEHAVIOUR towards Digital payments in the City of Bangalore.

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ABSTRACT

In the recent years, digital payments and its services has gained lot of popularity because of increase in bank accounts and banking transactions. **Digital Payment** is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in the digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments.

There has been a change in the consumer behaviour relating to payments. Indian consumers prefer paying in hard cash but on November 8th 2016, the honourable Prime Minister of India announced the demonetization of Rs 500 and Rs 1000 denomination currency notes which accounted for 80% of currency in circulation. The effect of demonetization was such that most of the ATM's went dry which forced the customers to make digital payments with the help of Internet Banking there by contributing to cashless economy. Also because of Covid 19, both in the first wave and second wave, which forced the people to stay indoors has contributed to the increase in digital payments. This has led to change in the attitude of consumer behaviour with regard to the payments.

Consumers earlier where hesitant to make use of digital payments because of fear of security features, but because of demonetization and Covid 19, majority of the consumers are no longer hesitant to make use of digital payments. But not every consumer is making use of digital payments may be because of lack of awareness, because of fear of losing money and because they do not have bank accounts.

The number of consumers making digital payments in metropolitan cities is much higher than tier 2 and tier 3 cities because of factors such as easy availability of smart phones and because of fast life. One of the advantages of using digital payments is exact change can be given if the bill amount is odd number and not the round figure.

Keywords: Digital Payment, Consumer behaviour, Demonetization, Digital India, Covid 19

Introduction

Consumer is a person or a group who intends to order, orders, or uses purchased goods, products, or services primarily for personal, social, family, household and similar needs, not directly related to entrepreneurial or business activities.

Behaviour is the range of actions and mannerisms made by individuals, organisms, systems or artificial entities in some environment. These systems can include other systems or organisms as well as the inanimate physical environment. It is the computed response of the system or organism to various stimuli or inputs, whether internal or external, conscious or subconscious and voluntary or involuntary.

Consumer behaviour entails "all activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioural responses that precede or follow these activities." The term consumer can refer to individual consumers as well as organisational consumers, and more specifically, "an end user, and not necessarily a purchaser, in the distribution chain of a good or service."

According to the American Marketing Association, **consumer behaviour** can be defined as "the dynamic interaction of affect and cognition, behaviour, and environmental events by which human beings conduct the exchange aspects of their lives."

As a field of study, **consumer behaviour** is an applied social science. Consumer behaviour analysis is the "use of behaviour principles, usually gained experimentally, to interpret human economic consumption." As a discipline, consumer behaviour stands at the intersection of economic psychology and marketing science.

Digital Payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in the digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments.

Now many foreign investors want to invest in digital payment industry which is new attractive destinations because of scope of tremendous expansion in India. There are number of facilitators which are leading to the growth of digital payment and transition from cash economy to less cash economy. These facilitators include penetration of internet connectivity on smart phones, non-banking financial institution facilitating digital payment, one touch payment, rise of financial technology sector and push by government either by giving incentives or tax breaks. These all factors are creating positive atmosphere for growth of digital payment in India and towards greater accountability towards the flow of money, reduction in black economy and bringing more people into the banking system.

Financial transactions including digital payments through internet are risky because of hackers. One common method is “Phishing” where fake e-mails are sent to the customers from hackers asking for their login name and password of their Internet Banking account. Another method is “Phishing” is directing the customers to fake websites which look exactly similar to Bank’s websites.

Phishing can also occur when a user downloads any free software from internet. The downloaded software may contain spyware programmes which send confidential information without the knowledge of the user to hacker. These hackers also use software called as keylogger which stores the information about the keys pressed and pages visited.

Literature Review

Vidya Shree DV and Nitua Shree G (2015) in the article titled “A study on new dynamics in digital payments system”, the research found that individuals are more mindful about online payments through portable applications and there is more extensive expansion in the development rate. The study also found that Paytm and Pay U give simple payment structure contrasted with digital payment system.

Brahmbhatt, (2018). The payment industry has undergone a drastic change in the Indian scenario. The system has evolved from a barter system to E-wallets.

Atul Gupta, (2019). in his study “UPI – Redefining digital payments – A Critical Review” states the statistical data about the usage of UPI mobile interfaces. The data was extracted from the government websites like RBI and NPCI. This article discusses the various challenges and opportunities of Digital Payments and UPI.

Radhika Basavaraj Kakade and Prof Nupur A, Veshne, (2020). in their study reported that the UPI had made digital transaction for individuals as easy as sending text messages. Service is available 24X7, not like RTGS or NEFT, which do not work on holidays or during non-banking hours. This will bring enormous efficiency to the system and help India become truly a cashless economy.

Chandrakala, (2021). One of the reasons for this change is the moving of our economy to a cashless economy. A cashless economy is an economic system in which there is little or very low cash flow in society. Goods and services are paid through electronic media in a cashless economy. It includes e-banking, debit and credit cards, card-swipe, or point of sale machines and digital payments.

Ashwini, (2022). There are many other advantages of digital payments as it solves the problem of change, secures the bank details, digital wallets are easy to access for day-to-day transactions, digital payments and wallets can become remainders for future payments etc.

STATEMENT OF PROBLEM

Of late in India, we have seen a significant change in the behaviour of Indian consumers with regard to the digital payments. Almost 50 per cent of the Indian population is using mobile phones for their professional and personal works. India has more than 150 million mobile phone users and is expected to grow approximately 3.5 times in next five years. Young Indians are more attracted towards new mobile technologies like mobile payments, mobile wallets, etc. because they enjoy using it and prefer it for all their banking needs. In India, mobile payment services are growing significantly from the last few years, as it is convenient and easy to use.

One way that marketers look at consumer behaviour is by analysing demographics. Knowing statistics such as age, income and education level can help predict behaviour of consumers. The current situation of the Indian economy demonstrates that cashless transactions are becoming increasingly frequent especially in metropolitan, tier1 and tier 2 cities. As a result, several efforts have been undertaken by government so that more people use digital payments. More awareness programs are also initiated by the government. to change the India's economic Environment especially in rural areas, villages and Taluks.

OBJECTIVES OF THE STUDY

- To Analyse the purpose for which customers make use of digital payment.
- To find out is there any difference in opinion between male and female respondents towards digital payments.
- To find out the problems faced by consumers while making digital payments.

HYPOTHESIS:

H₁₀: There is no purpose for which customers make use of digital payment.

H₁₁: There is purpose for which customers make use of digital payment.

H₂₀: There is no difference in opinion between male and female respondents towards digital payments.

H2₁: There is difference in opinion between male and female respondents towards digital payments.

H3₀: There are no problems faced by consumers while making digital payments.

H3₁: There are problems faced by consumers while making digital payments.

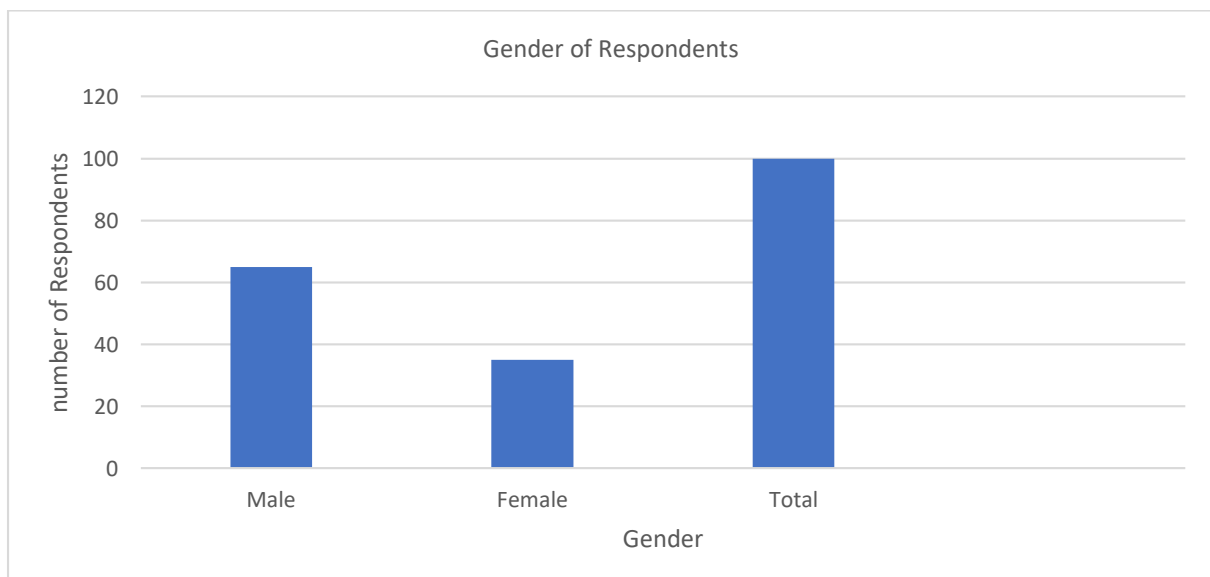
RESEARCH METHODOLOGY

The research work follows the features of Descriptive research. The primary source of data collected is through Questionnaire. The Sampling method used is non-probability technique and Sample design used is Bar graphs. Both the primary sources and secondary sources of data have been used to conduct the study. The primary data for the study has been collected by approaching the Self-employed and salaried employees directly and through google form. The secondary data are collected from Newspapers, Research articles and journals including e journals.

DATA ANALYSIS AND INTERPRETATION:

1. Gender of the respondents

Gender	Number of Respondents	Percentage
Male	65	65%
Female	35	35%
Total	100	100%

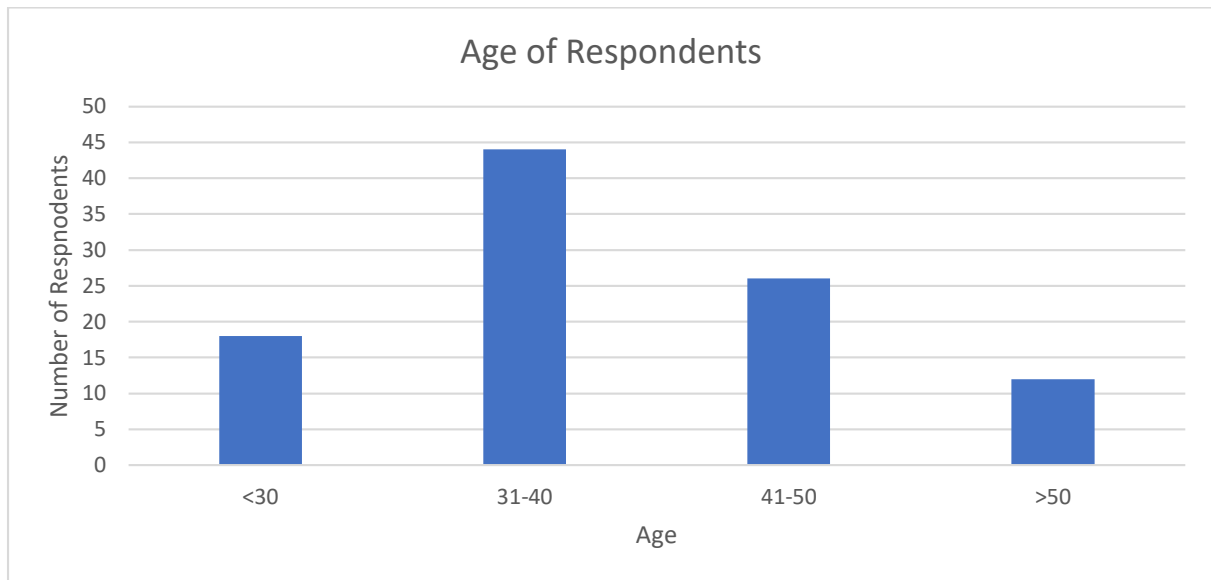


Interpretation:

Out of 100 respondents surveyed, 65% are male and 35% are female.

2. Age of the respondents

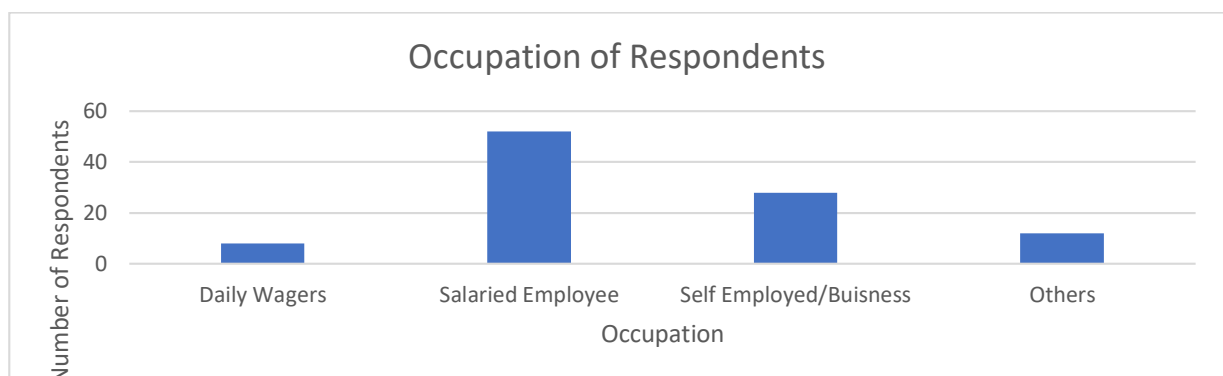
Age	Number of Respondents	Percentage
<30	18	18%
31-40	44	44%
41-50	26	26%
>50	12	12%
Total	100	100%

**Interpretation:**

Out of 100 respondents surveyed, 18 percent respondents age is below 30 years, 44 percent respondents age is in between 31-40, 26 percent respondents age is in between 41-50 and remaining 12 percent respondents age is above 50 years.

3. Occupation of the respondents

Occupation	No of Respondents	Percentage
Daily Wagers	8	8%
Salaried Employee	52	52%
Self Employed	28	28%
Others	12	12%
Total	100	100%

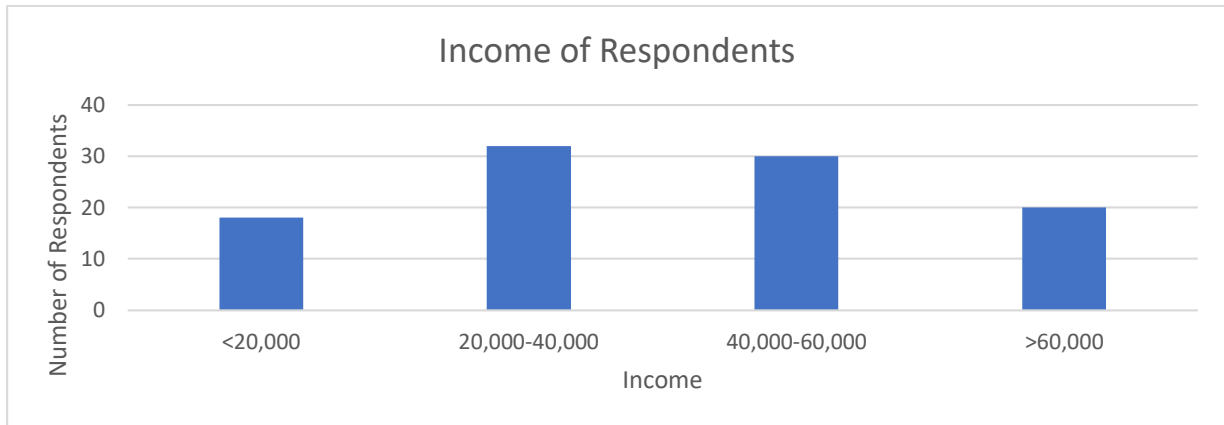
**Interpretation:**

Out of 100 respondents surveyed, 8 percent respondents are daily wage laborers, 52 percent are employees drawing salary, 28 percent are self-employed and remaining 12 percent are others.

4. Income of the respondents

Income	No of Respondents	Percentage
<20,000	18	18%
20,000-40,000	32	32%

40,000-60,000	30	30%
>60,000	20	20%
Total	100	100%

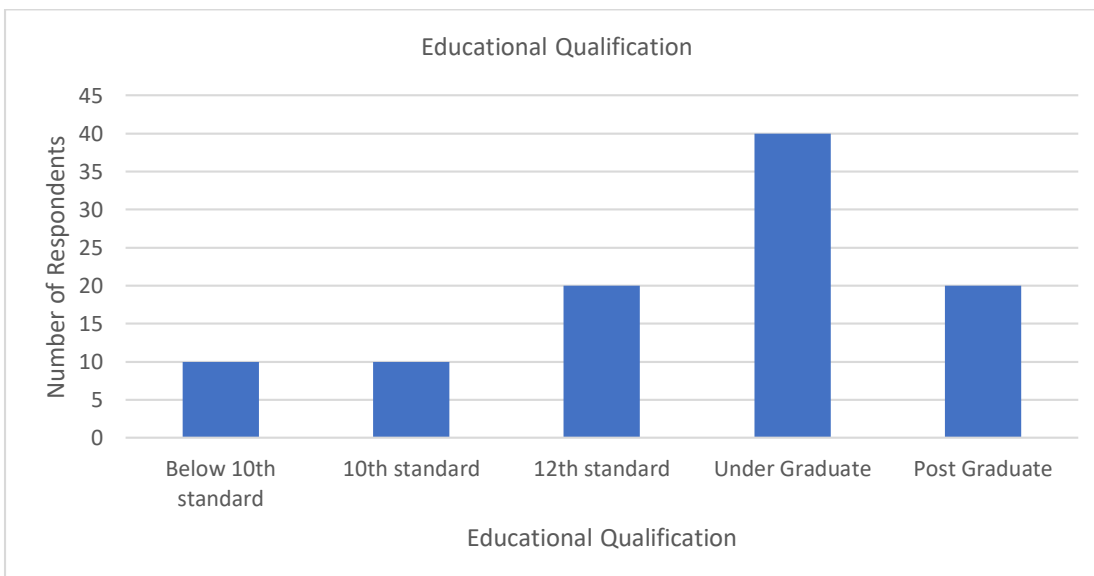


Interpretation:

From the above table it is clear that 18 percent of respondent’s salary is less than Rs. 20,000, 32 percent respondent’s salary is in between Rs. 20,000 to Rs. 40,000, 30% respondent’s salary is in between Rs. 40,000 and Rs. 60,000 and 20 percent respondent’s salary is above Rs 60,000.

5. Education Qualification

SL no	Qualification	Number of respondents	Percentage
1	Below 10th standard	10	10
2	10th standard	10	10
3	12th standard	20	20
4	Under Graduate	40	40
5	Post Graduate	20	20

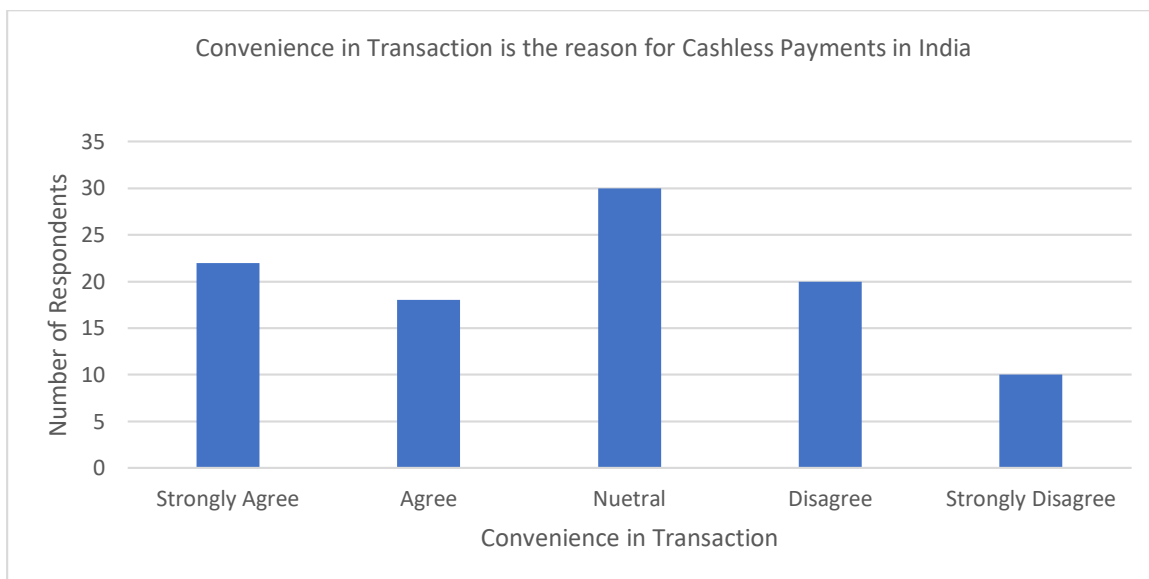


Interpretation:

From the above table it is clear that 10 percent of respondent’s Educational qualification is below 10th standard, 10 percent respondent’s Educational qualification is 10th standard, 20 percent respondent’s Educational qualification is 12th standard, 40 percent respondent’s Educational qualification is under graduation and 20 percent respondent’s Educational qualification is Post graduation.

6. Convenience in transaction is the reason for cashless payments.

Opinion	Respondents	%
Strongly Agree	22	22%
Agree	18	18%
Neutral	30	30%
Disagree	20	20%
Strongly Disagree	10	10%
Total	100	100%

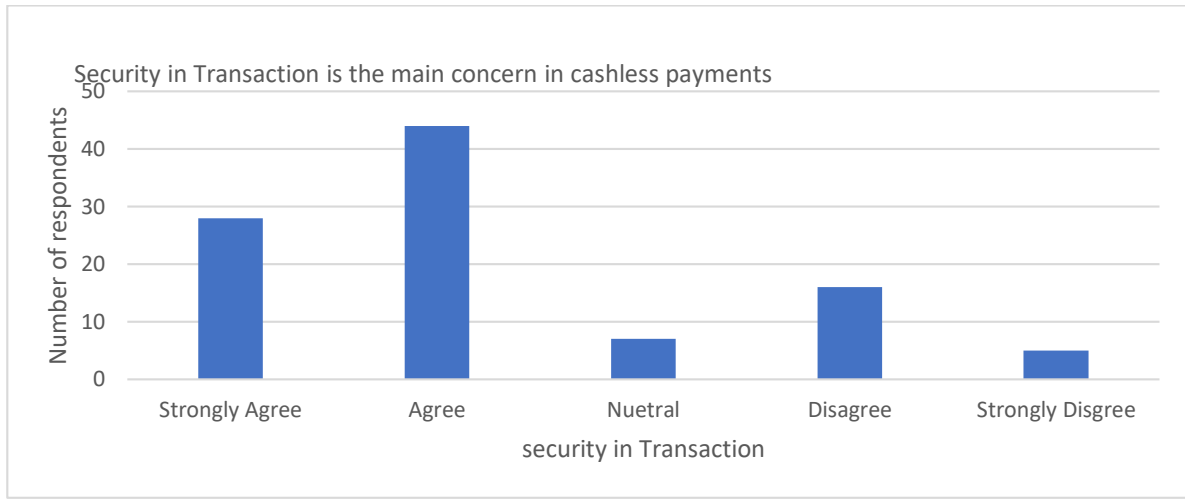


Interpretation:

The data in the above table indicates that 22 percent of respondents Strongly agree, 18 percent of the respondents agree, 30 percent of the respondents are neutral, 20 percent of the respondents disagree and remaining 10 percent of the respondents strongly disagree about convenience in the transaction is the reason for cashless payment in Bangalore City. About 40 percent of them felt the same.

7. Security in transaction is the main reason for concern in Cashless payments.

Opinion	No of Respondents	%
Strongly Agree	28	28%
Agree	44	44%
Neutral	7	7%
Disagree	16	16%
Strongly Disagree	5	5%
Total	100	100%

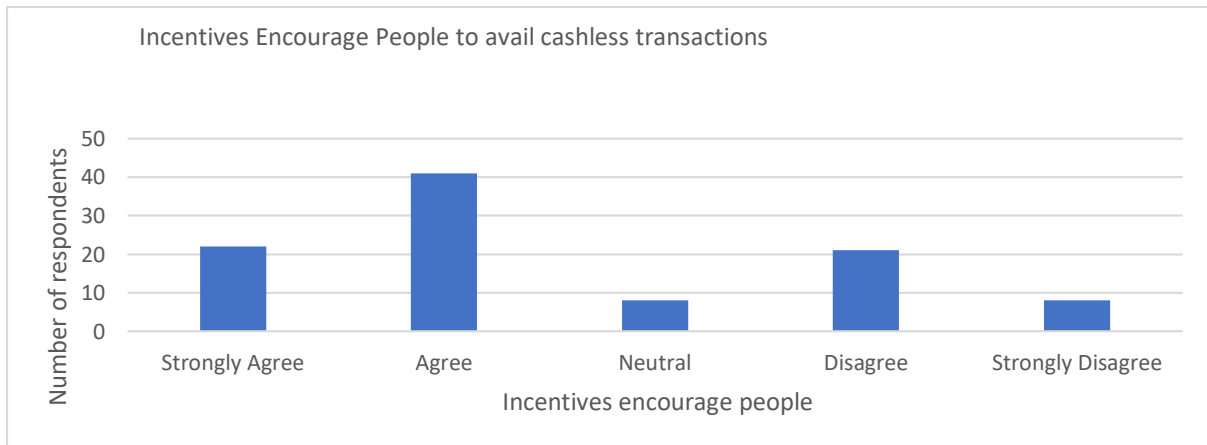


Interpretation:

The data in the above table indicates that 28 percent of respondents Strongly agree, 44 percent of the respondents agree, 07 percent of the respondents are neutral, 16 percent of the respondents disagree and remaining 05 percent of the respondents strongly disagree about convenience in the transaction is the reason for concern in cashless payment in Bangalore City. About 72 percent of them felt the same.

8. Incentives encourage people to avail Cashless transaction

Opinion	Number of respondents	Percentage
Strongly Agree	22	22%
Agree	41	41%
Neutral	8	8%
Disagree	21	21%
Strongly Disagree	8	8%
Total	100	100%

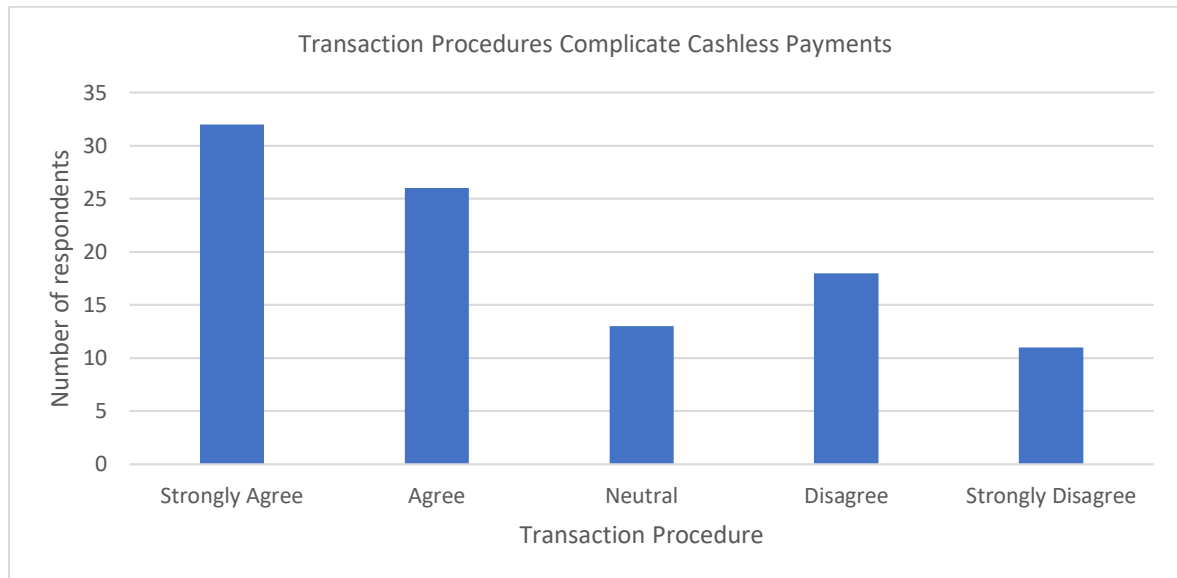


Interpretation:

The data in the above table indicates that 22 percent of respondents Strongly agree, 41 percent of the respondents agree, 08 percent of the respondents are neutral, 21 percent of the respondents disagree and remaining 08 percent of the respondents strongly disagree about incentives encourage people to avail or choose cashless payments or transactions in Bangalore City. About 63 percent of them felt the same.

9. Transaction procedures complicate Cashless payments

Opinion	Number of Respondents	Percentage
Strongly Agree	32	32%
Agree	26	26%
Neutral	13	13%
Disagree	18	18%
Strongly Disagree	11	11%
Total	100	100%

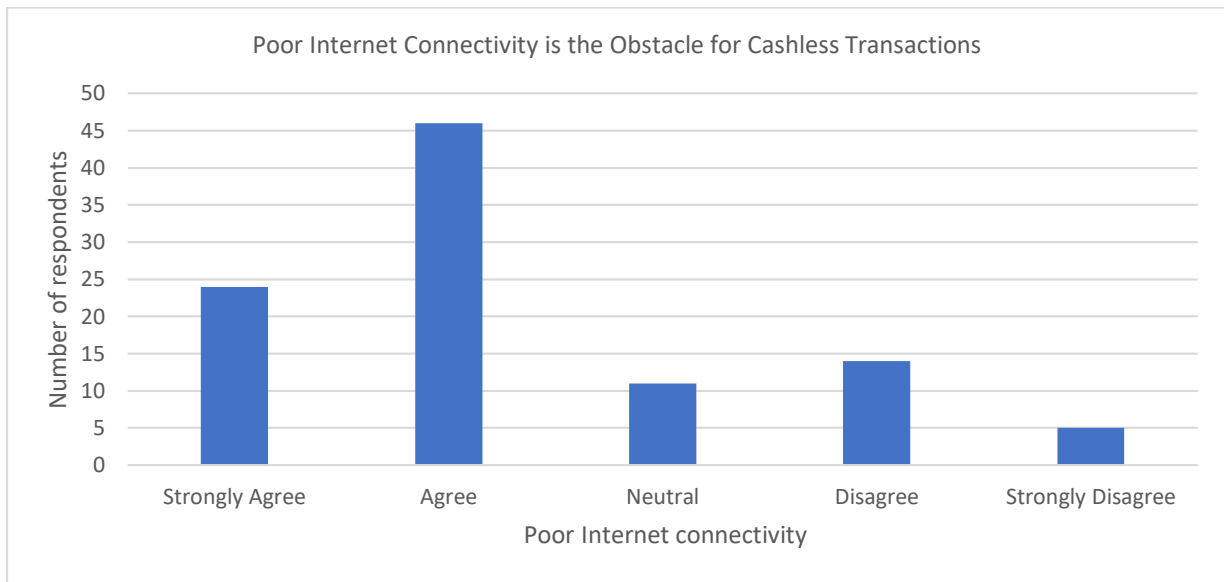


Interpretation:

The data in the above table indicates that 32 percent of respondents Strongly agree, 26 percent of the respondents agree, 13 percent of the respondents are neutral, 18 percent of the respondents disagree and remaining 11 percent of the respondents strongly disagree about transaction procedures and transaction costs complicates cashless payments in Bangalore City. About 58 percent of them felt the same.

10. Poor internet connectivity is the obstacle for cashless Payments

Opinion	Number of Respondents	Percentage
Strongly Agree	24	24%
Agree	46	46%
Neutral	11	11%
Disagree	14	14%
Strongly Disagree	5	5%
Total	100	100%

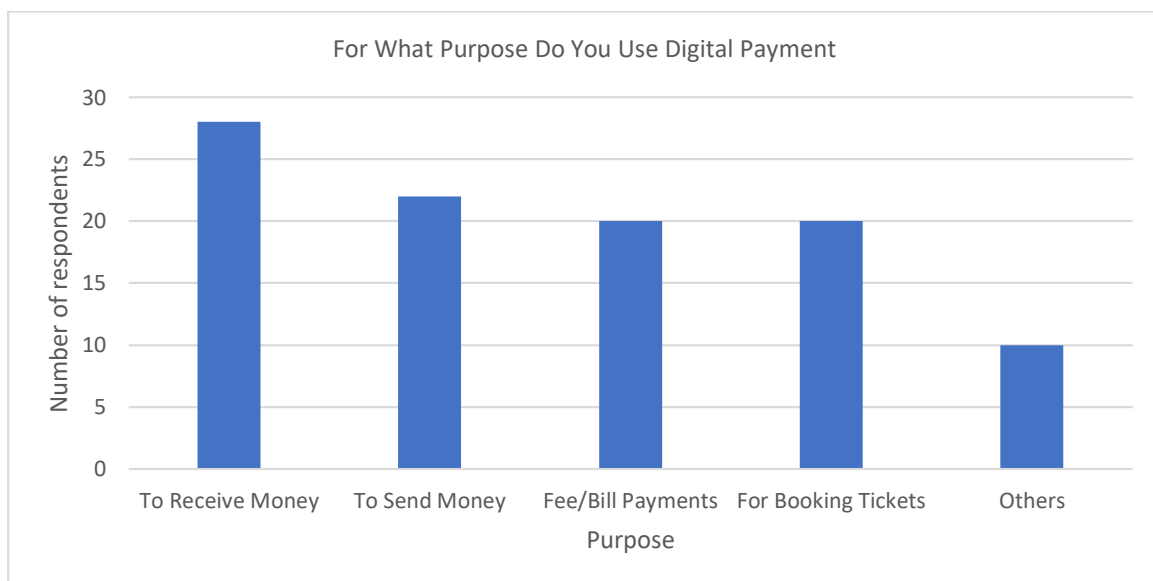


Interpretation:

The data in the above table indicates that 24 percent of respondents Strongly agree, 46 percent of the respondents agree, 11 percent of the respondents are neutral, 14 percent of the respondents disagree and remaining 05 percent of the respondents strongly disagree about poor internet connectivity is the obstacle for cashless payments in Bangalore City. About 70 percent of them felt the same.

11. Purpose for which Digital Payments are used.

SL no	Purpose	Number of respondents	Percentage
1	To Receive Money	28	28
2	To Send Money	22	22
3	Fee/Bill Payments	20	20
4	For Booking Tickets	20	20
5	Others	10	10

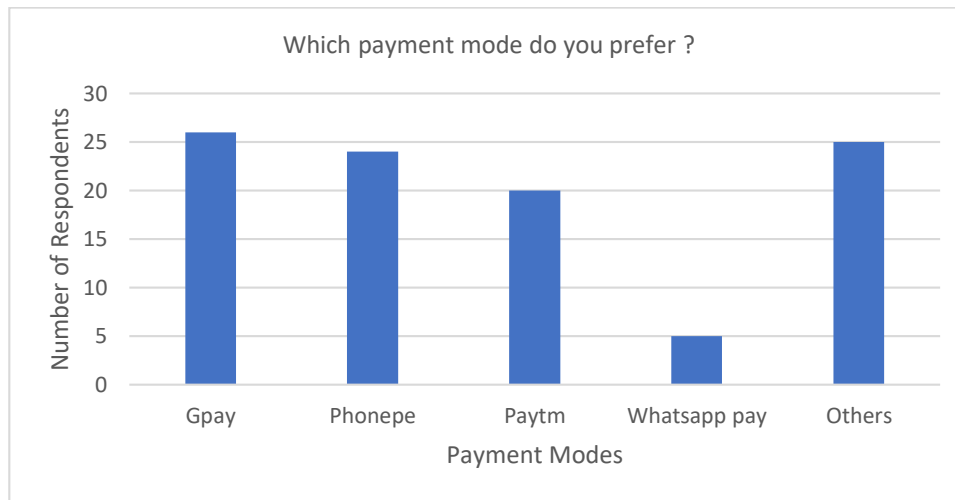


Interpretation:

The data in the above table indicates that 28 percent of respondents use digital payments to receive money, 22 percent of respondents use digital payments to send money, 20 percent of respondents use digital payments for Fee/ Bill payments, 20 percent of respondents use digital payments for booking tickets and 10 percent of respondents use digital payments for other purpose.

12. Payment Modes

SL no	Mode of Payment	Number of respondents	Percentage
1	Gpay	26	26
2	Phonepe	24	24
3	Paytm	20	20
4	Whatsapp pay	5	5
5	Others	25	25



Interpretation:

The data in the above table indicates that 26 percent of respondents use digital payment mode Google pay to receive money, 24 percent of respondents use digital payment mode Phone pay, 20 percent of respondents use digital payment mode Paytm, 05 percent of respondents use digital payment mode Whatsapp Pay and 25 percent of respondents use digital payment mode of others like Amazon Pay etc.

FINDINGS

- Out of 100 respondents surveyed, 65% are male and 35% are female.
- Out of 100 respondents surveyed, 18 percent respondents age is below 30 years, 44 percent respondents age is in between 31-40, 26 percent respondents age is in between 41-50 and remaining 12 percent respondents age is above 50 years.
- Out of 100 respondents surveyed, 8 percent respondents are daily wage laborers, 52 percent are employees drawing salary, 28 percent are self-employed and remaining 12 percent are others.
- From the above table it is clear that 18 percent of respondent's salary is less than Rs. 20,000, 32 percent respondent's salary is in between Rs. 20,000 to Rs. 40,000, 30% respondent's salary is in between Rs. 40,000 and Rs. 60,000 and 20 percent respondent's salary is above Rs 60,000.
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- The data in the above table indicates that 22 percent of respondents Strongly agree, 18 percent of the respondents agree, 30 percent of the respondents are neutral, 20 percent of the respondents disagree and remaining 10 percent of the respondents strongly disagree about convenience in the transaction is the reason for cashless payment in Bangalore City. About 40 percent of them felt the same.
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SUGGESTIONS

- The main limitation of Digital payment being security issues that is found to be the main problems in digital payment whereas there is need for digital payment to be made more accessible among retailers and distributors.
- Government must organize more awareness programs among the public about the use of digital payment.
- Internet speed must be increased. Private players in internet should also help in improving reach of internet. Safety issues of usage of internet must be addressed.
- Banking should encourage more usage of credit and debit cards. Mobile wallets must be encouraged. Technology can play a role here. Retailers and distributors must be encouraged to use digitization more.
- Also, future research can focus on using structured interviews, observation, and projective techniques to gain new insights into consumer perception and attitude towards digital payments. If secondary data is collected, then content analysis can be used.
- There is limitation is the Sample size which is 100, if the sample size is increased to 400 /500 better analysis can be done and the percentage of people using digital payments may be increased.

CONCLUSION

Literature review finds that slowly the Digital payment is gaining popularity among the Indian consumers. Paytm and Phone pay is the most popular digital payment among the customers followed by Google Pay. There are different payment vendors like Phone pay, PayPal, Amazon Pay, Google Pay, Paytm, Stripe, Square, Adyen, Skrill, Wepay, Apple pay, Bit Pay, and many more, the latest being Whatsapp Pay, which is a latest inclusion in digital payment and money transfer.

There is still apprehension towards digital payments due to security concerns, but convenience is drawing the customers to use this medium. There are lot of benefits associated with digital payments like it is time saving, still there are a lot of people about 40 to 50% of the population who are not using this and do not want to use this because of lack of awareness and other reasons.

Also, there is a digital divide in our country, most people do not use smart phones, hence they cannot make digital payments which is a limitation. But the technology is growing at a very fast pace surely, the vision of the government will be fulfilled with Digital India and will help to develop ATMA NIRBHAR BHARAT which is the slogan for becoming a stronger India in the 21st Century.

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