



A Study on Usage of Digital Payment Systems among Rural Populace with Special Reference to Mysore District

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ABSTRACT

The digitization of payments is one of the ongoing initiatives for technical improvements and innovations. Because of the digitalization of payments, the digital economy is changing dramatically. It has stimulated innovative banking and financial solutions in addition to promoting financial inclusion in the country.

It has also enhanced our payment system to meet global payment requirements. The development of digital payment and e-channel systems has been greatly aided by ICT. It helped and encouraged the Indian payment industry to reach its vast potential.

Additionally, demonetization has boosted financial inclusion in the nation, expedited the development of digital payments, and highlighted the importance of digital payment services in the contemporary world. In India, the payment procedure has changed over time. From bartering to one-click purchases using payment software to credit and debit card payments, India has advanced significantly in its payment journey. Furthermore, the use of the Unified Payment Interface (UPI) and other cutting-edge contactless payment systems has increased dramatically since the shutdown, despite the fact that many people began using them before the outbreak.

Key Words: Introduction, Literature, Definitions, Types, Benefits, Objectives, Data Analysis and Interpretation.

Introduction

Transaction that occur online or through digital platforms without a physical money exchange are known as digital payments. This indicates that both the payer and payee exchange money through electronic channels. To support and encourage digital payments across the nation, the Indian government has been implementing number of initiatives. The government wants to establish a “digitally empowered” economy that is “Faceless, Paperless, and Cashless” as part of the “Digital India” campaign. Digital payments come in many forms.

The Population of India, a developing country is 1.39 billion (139 Crore) of these over 65% of people reside in rural India, while 35% do so in metropolitan areas. About 63% of the GDP comes from metropolitan areas, whilst the rural economy contributes about 27%. A substantial contribution to the nation’s economic growth can be made by the rural populace.

Rural areas lack modern schooling and are still not fully digitalized, making them undeveloped. With 65 percent of the population living in rural areas, there is a lot of potential there that might help India reach its goal of having a \$5 trillion economy by 2024–2025. I refer to this enormous gap as the "Digital Literacy Gap" that needs to be closed.

In order to close this gap and transform India into a nation empowered by technology, the government launched programs like Digital India in 2015. As India transitions to a digital nation, the revolution has already started. However, there are a few reasons why it hasn’t happened in India’s interior.

India's digital economy was worth between \$85 and \$90 billion in 2020, and by 2030, it is predicted to grow to \$800 billion. Following demonetization, there was a successful transition to digital payments and the use of digital services in metropolitan areas. However, cash continues to be the main form of payment in rural India.

One of the causes is a lack of digital literacy. Additionally, a stronger emphasis on rural areas is required to reach a \$800 billion digital economy.

Review of Literature

- **Gupta (2022)**, Stated that, The Digital literacy of Indian people is low level, Digital payment system is not fully developed and spread all over India. The social and infrastructure problems are there influences to use of digital payment system. But now a day’s mobile banking is becoming famous in the India because it is easy to use and anytime can use. It is also required to improve the digital literacy among the people. So, Indian culture ought to likewise help government to receive these framework and strategies according to Indian for our country improvement and development.
- **Bahadur (2022)**, estimated that removing specific publications will have a negligible effect on the overall outcome of the analysis. We are confident in our research provides a foundation for a comprehensive comprehension of the current situation of digital payment from the customer's perspective.

- **Pandey (2022)**, found that the perception of digital payment tools affects an individual's payment behavior. Digital payments are not only driven by a positive outlook on digital payments, but also a negative outlook on cash. Contrary to popular and traditional belief, customers in India are said to be willing to reduce their online fraud experience because of the greater convenience that digital payment methods offer.
- **Prakash (2022)**, examined the consumer perception towards digital payment. The E-transfer of money has been around us for few years now and the country has greatly benefited from this technological advancement. The usage, comfort ability is being wider and wider day by day govt. support e-payment system for the development. Made human life convenient as a person can pay his payments online.
- **Pushparaj (2021)**, attempted to understand customer perception regarding digital payment. It was found that demographic factor such as gender and education have much impact on the adoption of the digital payment. There was no significant difference is perceived by the respondents on the basis of age and occupation Result indicates that adoption of digital payment is influenced by the education level of the customer.

Definition of Digital Payment

The Payment and Settlement Act, 2007 has defined “Digital Payments as any transfer of money or funds which is made by any individual through instruction, approval or order to a bank for debiting or crediting an account maintained with that bank with using electronic ways and includes Debit and credit card payments, Automated Teller Machine (ATM) transactions, Point of Sale (PoS) transfers or micro ATMs, direct deposits or withdrawal of money, Mobile Payments, Net Banking, card payments etc” (Payment and Settlement Act, 2007 and <https://rbidocs.rbi.org.in>). The digital payment services have aided in financial inclusion in the economy.

Benefits of Digital Payments System

1. Economic Involvement of Women 2.
- Inclusive Development
3. Openness and Safety
4. Inclusion of Finances
5. Saving Money 6.
- Adaptability to Climate Change

Advantages of Digital Payment Systems

1. Lower Transaction Expenses
2. Safe Online Payment Processes
3. Time and Resource Savings
5. Full Access to the Electronic Payment Process

6. Better Supplier Connections through Electronic Payments
7. Electronic Payments Facilitate Hybrid and Remote Work Settings
8. The ability to make recurring payments

Top 7 Digital Payment Apps in India

1. **PhonePe:** Recharging mobile phones, sending and receiving money, and paying bills are all possible with this widely used app. It provides a range of financial services and facilitates UPI transactions.
2. **Google Pay:** With this app, users can effortlessly pay their bills, send money, and make payments. For speedy transactions, Google Pay leverages UPI and frequently offers cashback.
3. **Paytm:** Paytm is a feature-rich app with bill-paying, shopping, and a digital wallet. Paytm Bank services for investments and savings are also available to users.
4. **Amazon Pay:** Using their Amazon account balance, customers may pay for goods, recharge phones, and pay bills with Amazon Pay, which is integrated into the Amazon shopping app.
5. **BHIM (Bharat Interface for Money):** The National Payments Corporation of India (NPCI) is the developer of this UPI-based application. Simple money transfers and payments from bank accounts are made possible by it.
6. **Mobikwik:** Mobikwik is a digital wallet that enables online payments, bill payment, and recharge. It also provides investment alternatives and lending services.
7. **Jio Pay:** The MyJio app is a free platform offering digital payment options like JioPay, JioAutoPay, UPI, and JioMoney. It also enables users to recharge services, manage Jio devices, access entertainment, and utilize JioMart and JioHealth, along with customer support. Users can customize their profiles and app language for a tailored experience.

Objectives of the Study

- To study the awareness level of digital payment system among the Rural Populace.
- To know the problem faced by the rural Populace using of digital payment systems.
- To offer suggestions to improve and identify the future of Digital Payment System in Rural areas.

Research Gap

It has been clear that digital payment is very important for growth of the economy. Government has been trying to transform the country as “Digital India”. For achieving this goal it is necessary to know the awareness and perception Rural Customer. The impact of digital payment has been studied by many researchers. According to a study by the Internet and Mobile Association of India (IMAI), around 16 percent of the rural users access the internet for digital transactions, as compared to nearly 45 percent of the urban users. The researchers are yet to work on impact assessment of digital payment system on various rural area customers. It would be interesting area

of our research to focus on Rural Customer about digital payment system with special reference to Mysore district. The study will draw attention to the knowledge gap of digital payment system among Rural Customer with reference to Mysore District.

Need for the Study

Digital payment is the most popular platform for usage of money. It communicates with the entire world which can result in recognition. As my report is perception on digital payment among rural customer, this study is helpful in finding the customer perception and causing factors behind the perception. This study is useful to identifying whether the perception of customer is positive or negative.

Scope of the Study

Over the past years, smart devices have risen from a mere trend to an integral part of our daily life. As our shopping habit transform, before the appearance of smart devices, keeping record of personal spending would mean going through a time consuming process of manually recording transactions using paper and storing the physical records for future references.

Usage of electronic wallet is being increased even though the customers feel low level of security, widespread fraud, cultural resistance, poor operational infrastructure and management.

Research Methodology

The current study is based on primary and secondary data collected from 30 respondents from the different rural area of Mysore. A well-structured questionnaire is designed to collect the information from the respondents the questionnaire is designed to study the customer perception analysis towards digital payment mode. Likert five point scales is using for obtaining responses.

Research Design

The research design used in this study are EXPLORATORY RESEARCH DESIGN. It is a methodology approach that investigates research questions that have not previously been studied in depth. And also is often qualitative in nature.

Research Method

Descriptive Research Method is used in this research, it includes surveys and fact findings enquiries of different kinds. The major purpose of descriptive research of the state of affairs as it exist at present.

Analysis and Interpretation

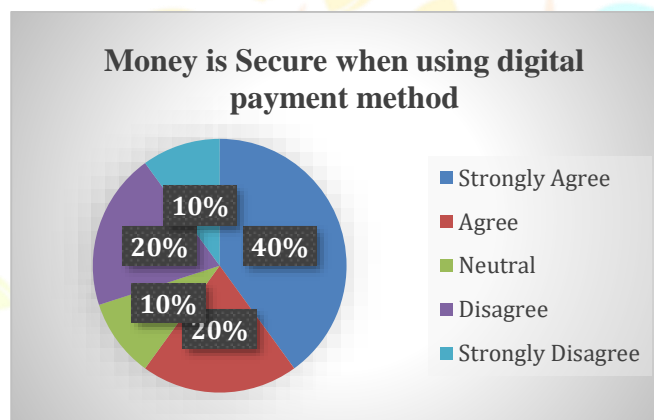
Data analysis is the systematic approach to applying statistical and logical techniques to describe, illustrate, condense, recap, and evaluate data. Data Interpretation is a process where analyzed data is used to make

conclusions on the meaning and implications of some particular study and decide on how insights will be applied in a practical environment.

1 .Money is secure when using digital payment method.

Particulars	Frequency	Percentage
Strongly Agree	12	40
Agree	6	20
Neutral	3	10
Disagree	6	20
Strongly Disagree	3	10
Total	30	100

Source: Primary data (Questionnaire)

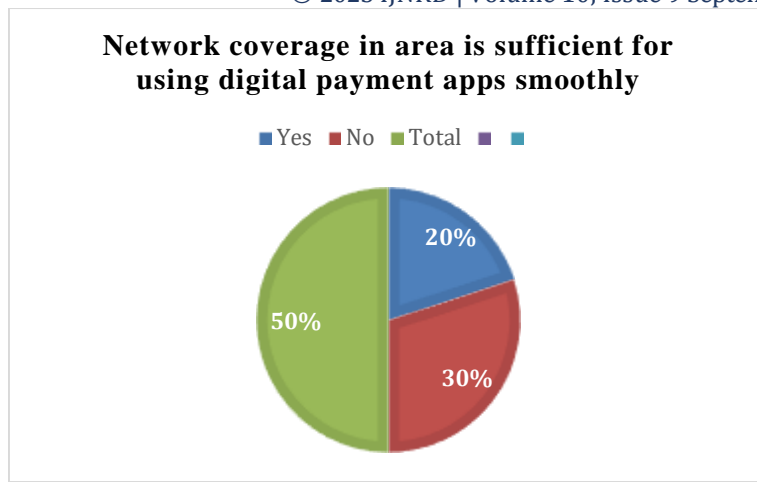


The above table shows that 12 respondents corresponding to 40% of the total respondents are strongly agreed, 6 respondents corresponding to 20% were agreed, 3 respondents corresponding 10% were neutral, 6 respondents corresponding to 20% were strongly disagreed and 3 respondents corresponding to 10% were disagreed. The majority of the respondents who have been given their responses are strongly agree.

2. Network coverage in area is sufficient for using digital payment apps smoothly.

Particulars	Frequency	Percentage
Rarely	15	50
Oftenly	3	10
Moderately	6	20
Very Rarely	3	10
Very oftenly	3	10
Total	30	100

Source: Primary data

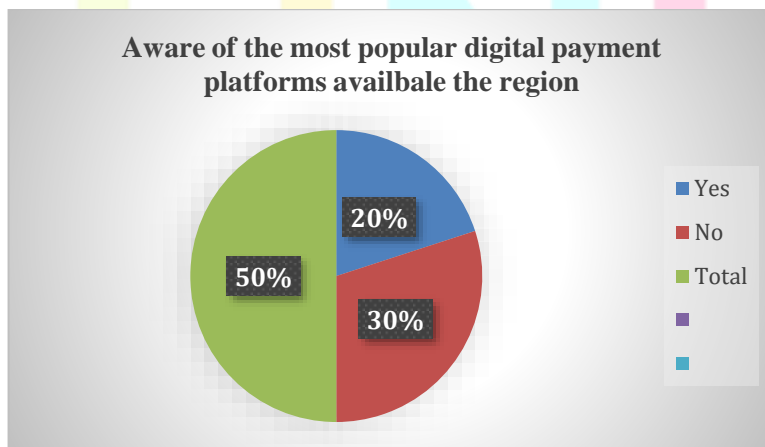


The above table shows that 15 respondents corresponding to 50% of the total respondents are rarely, 3 respondents corresponding to 10% were oftenly, 6 respondents corresponding 20% were moderately, 3 respondents corresponding to 10% were very rarely and 3 respondents corresponding to 10% were very oftenly when using digital payments apps smoothly with network coverage. The majority of the respondents who have been given their responses are rarely

3. Aware of the most popular digital payment platforms available the region.

Particulars	Frequency	Percentage
Google Pay	18	60
Phonepe	9	30
Paytm	0	0
Mobile Banking App	3	10
Paypal	0	0
Total	30	100

Source: Primary Data



The above table shows that 18 respondents corresponding to 60% of the total respondents were using Google pay, 9 respondents corresponding to 30% were using Phonepe, 0 respondents corresponding 0% are Paytm, 3

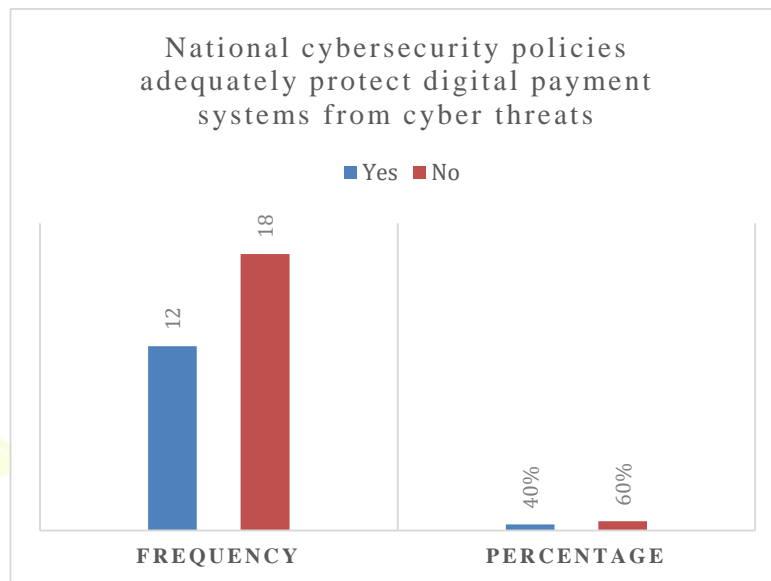
respondents corresponding to 10% were using Mobile banking and 0 respondents corresponding to 0% are paypal.

The majority of the respondents who have been given their responses are Googlepay

4. National cybersecurity policies adequately protect digital payment systems from cyber threats.

Particulars	Frequency	Percentage
Yes	12	40
No	18	60
Total	30	100

Source: Primary data



The above table shows that 12 respondents corresponding to 40% of the total respondents were yes, 18 respondents corresponding to 60% were no on the statement of national cyber security policies adequately protect digital payment systems from cyber security. The majority of the respondents who have been given their responses are No.

Conclusion

With maybe little cash on hand and unending munchies in sight, most customers are hurrying to complete cashless transactions. More businesses will be encouraged to accept digital or electronic currency by the new measure. Cashless methods of payment are more convenient, straightforward, and safe than cash withdrawal. A cashless society is one that has successfully finished the stages of development, modernization, and payment system implementation. It reduces transaction costs, encourages accountability and transparency, and shrinks the size of the grey or informal sector. However, the government needed to put in place the proper procedures for handling complaints and take the requisite steps to improve people's digital literacy. Double-time authentication and adequate cyber security should be features of every digital payment app.

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