Digital Payments Amongst Rural Population: A Study In Chennai

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Abstract

Customers in the modern-day value convenience and creativity in financial dealings even more than security in financial dealings. The emergence of new possibilities in information and communication technology brought about by the advent of digitalization has had a profound impact on the entire payment system. There has been a quick shift from the traditional payment system to the more convenient digital payment system. The Indian government has taken several initiatives to promote and encourage the use of electronic payment methods throughout the country. The goal is to be as inclusive as possible in reaching as many individuals as possible. Most Americans who lack basic literacy and computer skills are concentrated in the country's rural areas. The tides are turning, and residents of rural places

are becoming more aware of the benefits of going digital. This research aims to better understand how people in rural areas of Tamil Nadu's Chennai feel about using digital payment methods. One hundred samples were taken at random from each of the twelve blocks in the district. Since more than half of the sample respondents only have a high school education, the interview schedule being used to collect data has revealed that rural residents view digital payments as obviously beneficial but also quite complex and involving risk in their functioning.

Keywords: Digitalization, Digital Payments, Rural Population, Technology.

Introduction

The earliest humans were self-sufficient, creating their own food, clothing, and living spaces. As civilization progressed, goods were first bought and sold in return for other goods; subsequently, gold came to be employed as a medium of trade. The introduction of currency trading allowed for international trade to occur, albeit at the expense of a great deal of time and effort. The trading process reached its pinnacle of development when computers and information technology were widely available. Products or commodities can be purchased from anywhere in the world and sent to their final destination in a matter of seconds. Thanks to developments in IT, we now have the convenience of a digital Payment System or Digital Payment Processing System. Due to its ability to transcend geographical, temporal, linguistic, and monetary boundaries, digital payments, henceforth referred to as OPPS, have had a profound effect. When it comes to Ecommerce, OPPS is where it's at. The advent of e-commerce platforms facilitated the instantaneous, cross-cultural exchange of goods and services in a variety of currencies. Any improvement made to digital payments will boost user adoption by providing further peace of mind, while also boosting merchant sales. Payment systems are crucial to the success of a country's monetary policy, financial system, and overall economy because they facilitate better macroeconomic management, free up capital previously used for clearing and settlement, lower float levels, and tighten the reins on monetary aggregates. Payment systems are used by businesses across industries to facilitate the transfer of money and the provision of competitive financial services.

There has been an incredible expansion of cashless transactions and the cashless economy during the past decade. There has been a dramatic increase in the use of digital payments, and not just in the industrialised world. We are currently in a period of transition for the majority of the market. Every retail setting, from supermarkets and superstores to online marketplaces and other cutting-edge offerings, now accepts cashless payments. Plastic card use, online purchasing, and electronic payments generally are gaining traction and quickly overtaking the conventional payment method. Consumers are being encouraged to switch from a cash-based to a cashless system thanks to government initiatives to provide high-tech services in conjunction with other institutions, which in turn increases efficiency and decreases process costs. Because of this, the concept of a cashless future society has emerged. Consumer interest is a primary factor in pushing the cashless society forward. This is currently making progress due to the widespread availability of internet with user-friendly software and hardware.

There have been many shifts in the Indian banking industry. Since its independence, it has changed dramatically. In the 1990s and 2000s, a series of changes caused by both independent and induced needs of the environment radically altered how people viewed banking. Banks started using tech to improve service quality and speed. Customers can now conduct financial transactions from locations previously inaccessible to them, thanks to advancements in information technology. In India, people have been influenced and shifted away from using currency due to technological developments.

Despite the government's many initiatives in recent years, digital payment acceptance remains slow overall and particularly in rural areas. Some of the reasons for not adopting a cashless economy include a conventional value system, a lack of technology literacy, low levels of talent and adaptability, and a stubborn mentality. Customer attitudes are the result of an individual's evaluation of how they feel about the outcome of a given behaviour (Fishbein & Ajzen, 1975)[1]. According to Grewal et.al (2000)[2] there are four distinct roles that attitude plays in a person's life, including the Knowledge Function, which provides a framework for thinking about and making decisions about things like

[1] Fishbein, M., &Ajzen, I. (1975). Belief, Attitude, Intention and Behavior: An Introduction to Theory and Research. Addison-Wesley.

[2] Grewal all (2000) The role of the social-identity function of attitudes in consumer innovativeness and opinion leadership, Journal of Economic Psychology 21 (2000) 233

brands and buying. The Value-expressive Function involves the construction of attitudes that serve to express and aid in the development of an individual's core values and sense of identity. The utilitarian function, the third, is grounded in classical condition theory and reflects the idea that individuals are more likely to have a favourable impression of something that provides them with some sort of reward than of something that does not. The Ego-Defensive Function is the fourth and focuses on how people adopt attitudes to protect their sense of self against perceived dangers or criticism. In addition to these reasons, there are others that push consumers towards a cashless society.

Sanket Dhanorkar (2017)[3] indicates that eighty-four percent of consumers say they prefer cashless transactions because of convenience; 49 percent say they do so because of discounts and cash back rewards; 54 percent say they do so because it's simple to keep tabs on their spending; and 34 percent say they do so because of a lack of cash. Consumers may be drawn to cashless transactions for a variety of reasons, including to avoid hassle, save time, and avoid losing money, but other studies have found that government mandates, increased security measures, increased transparency, increased digital literacy, peer pressure, technological innovation, and the expansion of services to underserved populations both in rural and urban areas are also important. Some of the primary motivators for consumers to switch to cashless payment systems are the cash back and discount offers made by most of the companies, as well as the 'Cash Pickup' service that allows them to add funds to their digital wallets without using traditional banking facilities. With the present setting the present study is intended to find the solution for the following objective;

1. To analyze the perception of rural population on the digital payments

Reviews of literature

According to Hugh Thomas (2018), although many nations are making strides towards a cashless society, we now know that each region's unique set of challenges will ultimately determine the best way to get there. The cashless policy programme recently introduced by the Nigerian banking sector was discussed in length by Atanda et.,al.(2012).

[3] Sanket Dhanorkar (2017) available at: economic times.indiatimes.com/articleshow/56269830.cms?utm_source=content of interest & utm_medium=text&utm_campaign=cppst ET Bureau| Updated: Jan 02, 2017, 04.45 PM IST

The primary goals of the cashless policy are to ensure timely cash transfers within the system and to improve the efficiency with which financial resources are distributed among economic actors in the economy at the lowest possible cost. According to Bansi and Urvi (2012), the economy needs to adapt to new technologies in a timely manner. There have been some significant shifts in the nature of the transaction as a result of the many economic developments. Additionally, plastic money has become an integral feature of all modern transactions.

Research Methodology

This study uses primary data in an investigative and qualitative research approach. The selected businesses will be polled in order to acquire primary data via this method. For this study, we drew on a wide range of secondary sources, including periodicals, the web, and print and online versions of academic and professional journals, as well as newspapers and company reports. Respondents were drawn from the digital payment-using rural community in and around the city of Chennai in the Indian state of Tamil Nadu. One hundred samples were taken at random from each of the twelve blocks in the district. The data collection strategy is an interview schedule.

Analysis and discussion

Table 1: Demographic Profile of the Respondents

Classification	No of Respondents	Percentage
Gender		
Male	56	56
Female	44	44
Age (Years)		
16 - 25	12	12
26 – 35	28	28
36 - 45	38	38
Above 45	22	22
Marital Status		
Married	76	76
Unmarried	24	24
Others	0	0
Educational qualification		
No formal education	15	15
HSC	37	37
UG	28	28

PG	08	08
Diploma and others	12	12
Occupation		
Farmer	26	26
Professional	06	06
Self employed	24	24
Public employee	04	04
Private employee	34	34
Others	06	06
Total	**100**	**100.0**

Source: Compiled and calculated using primary data

The above table represents the demographic profile of the respondents who are the rural people. Out of 100 samples selected 56 respondents were male, 38 Respondents were between 26-45 years of age, 76 respondents were married, and 37 respondents have Higher Secondary level of educational qualification and finally 34 respondents are private employees.

Perception

Table 2: Perception towards Digital Payment

Statements	**NT**	**RT**	**N**	**ST**	**AT**
Digital payment ensure privacy and transparency	0	2	5	28	65
Digital payment is unavoidable in the competitive economy of India	8	11	11	18	52
Digital payment have clear future in global age and improves the quality of service	0	2	9	29	60
Digital payment create more social relations and fulfill all the requirements in time	2	7	18	18	55
Digital payment make on line purchase of goods and services easier	1	3	19	30	47
Effecting business transactions flexibly	6	12	13	22	47

Quick processing of transactions and minimum human intervention	0	2	6	15	77
More formalities are required to get e- channels issued from the banks	1	4	12	18	65
Digital payment charge more hidden cost and sometime creates technical hurdles	28	12	36	12	12
Digital payment helps to manage information efficiently	6	12	13	47	22
Digital payment creates confusion for customers due to lack of required information	16	53	22	2	7

Source: Compiled and calculated using the primary data

The above table denotes the respondents' perception towards digital payments. In the first statement that depicts digital payment ensure privacy and transparency, majority of respondents at 65 per cent expressed that the statement was always true. A total of 52 per cent of respondents stated always true to the fact that Digital payment is unavoidable in the competitive economy of India. A total of 60 respondents expressed always true to Digital payment have clear future in global age and improves the quality of service. 55 respondents expressed always true to the fact that Digital payment create more social relations and fulfill all the requirements in time. 47 respondents stated always true to Digital payment make on line purchase of goods and services easier. 47 per cent of the respondents expressed always true to the fact that the digital payments effecting business transactions flexibly. 77 the respondents stated always true to the fact Quick processing of transactions and minimum human intervention. 65 per cent of respondents expressed always true to the statement that more formalities are required to get e- channels issued from the banks. 36 respondents stood neutral with Digital payment charge more hidden cost and sometime create technical hurdles. 47 respondents stated somewhat true to Digital payment helps to manage information efficiently. Finally, 53 respondents true to the fact that Digital payment creates confusion for customers due to lack of required information.

H_{01}: The association between the perception of digital payments and the demographic profile of the respondents is not significant.

Table – 3: Chi-square analysis

Variables	x^2	P-value	S/ NS
Gender	16.484	0.008**	S
Age	1.978	0.025*	S
Marital status	26.790	0.045*	S
Educational qualification	19.395	0.002**	S
Occupation	12.008	0.001**	S

*Significant at 5 per cent level **Significant at 1 per cent level

Source: Compiled and calculated using the primary data

The table above represents the analysis of association using chi-square analysis between the perception and the demographic profile of the respondents. It is clear from the table that the all the personal profiles; are found significant at 1 per cent. Hence the null hypothesis is rejected and concluded that the association between perception of digital payments and the demographic profile of the respondents is significant viz, gender, age, marital status, educational qualification and occupation.

Recommendation and Conclusion

There has been an incredible expansion of cashless transactions and the cashless economy during the past decade. There has been a dramatic increase in the use of digital payments, and not just in the industrialised world. We are currently in a period of transition for the majority of the market. Every retail setting, from supermarkets and superstores to online marketplaces and other cutting-edge offerings, now accepts cashless payments. Plastic card use, online purchasing, and electronic payments generally are gaining traction and quickly overtaking the conventional payment method. Consumers are being encouraged to switch from a cash-based to a cashless system thanks to government initiatives to provide high-tech services in conjunction with other institutions, which in turn increases efficiency and decreases process costs. Because of this, the concept of a cashless future society has emerged. Consumer interest is a primary factor in pushing the cashless society forward.

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