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MOVING TOWARDS CASHLESS ECONOMY: DIGITAL PAYMENT- AWARENESS AND CHALLENGES

KEY WORDS: Digital payment, cashless economy, Mobile banking, UPI

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ABSTRACT

Modern payment methods were made possible by the development of information and communication technologies. People's lives were made easier by the proliferation of smartphones and internet access, which also ushered in digitalization. In addition to enhancing trade and commerce, digitization also made the payment process is quick and easy. An attempt has been made to explore the various digital payment options which are available, its awareness and what are the challenges faced by people when they use digital payment methods. Data was collected from 151 respondents from Coimbatore city. It was found that people are very much aware about different digital payment options and they express their issues or challenges faced while making payment through internet. Chi-square test was also conducted to find the association between awareness and challenges faced by respondents.

INTRODUCTION

Digital payments refer to the electronic transfer of funds between parties, where no physical money is exchanged. This method of payment has gained widespread popularity due to advancements in technology, changing consumer behaviours, and the growing need for faster, secure, and more convenient ways to conduct financial transactions.

Types Of Digital Payments

- Credit And Debit Cards:** Traditional bank cards (Visa, MasterCard, etc.) that can be used for online transactions or through point-of-sale terminals.
- Mobile Payments:** Using mobile phones for transactions through apps or QR codes. Examples include Apple Pay, Google Pay, and Samsung Pay.
- Bank Transfers:** Digital transactions directly between bank accounts, often facilitated by systems like SWIFT, SEPA, or ACH in different regions.
- E-Wallets:** Digital wallets store payment information for quick transactions. Popular examples include PayPal, Venmo, and digital currencies like Bitcoin.
- Cryptocurrency:** A form of digital currency that operates on blockchain technology. Bitcoin, Ethereum, and others are increasingly used for digital payments.
- Buy Now, Pay Later (BNPL):** A flexible payment option that allows consumers to make purchases and pay for them in installments, often facilitated by apps like Afterpay or Klarna.

Key Features Of Digital Payments

- Convenience:** Digital payments can be made anytime, anywhere, through smartphones, computers, or other connected devices.
- Security:** With encryption technologies, multi-factor authentication, and fraud detection systems, digital payments can offer a high level of security for users.
- Speed:** Digital transactions are processed in real-time, reducing the delay typically associated with physical or manual payments.
- Global Reach:** Digital payments can be used for both local and international transactions, enabling seamless cross-border trade.
- Cost Efficiency:** Digital payments often involve lower transaction costs compared to traditional methods like cash handling or checks.

Benefits Of Digital Payments

- Accessibility:** Even people in remote areas with internet access can make payments and transactions.
- Transparency:** Transaction history is easily accessible, helping users track their spending and manage finances.

- Reduction In Cash Dependence:** Reduces the need for physical currency, which can be inconvenient and prone to theft.
- Growth Of E-commerce:** Digital payments have fuelled the rise of online shopping by making transactions secure and efficient.

Review Of The Literature

Darma, G. & Noviana, I.P. (2020) in their study found people still use traditional marketing strategies to promote their goods today. It is important for traders to use technology to market their products in the New Normal Era. Additionally, since cash is one of the mediums that viruses might exploit to spread, the public should have used digital payments instead of cash.

Alkhowaiter, W (2020) explored weight and meta-analysis and presented an extensive literature review. The adoption of digital payments and banking in GCC nations is best predicted by perceived security, perceived utility, and trust, according to an analysis of 46 studies.

Shivathanu B. (2019) researched on the adoption of digital payment systems during the demonetization era focused on how people used or accepted these systems. A conceptual framework served as its foundation, and the sample size was 766. According to the data analyzed, actual usage was influenced by behavioural intentions and resistance to innovation.

Pandey and Rathore (2018) found that it was crucial that individuals embrace the current payment method because of modernization and globalization. All of the information gathered has been examined in order to determine the effects and level of public acceptance of digital payments.

Statement Of The Problem

Digital payments have become an integral part of the global financial ecosystem, revolutionizing how transactions are conducted. However, despite their significant benefits, such as convenience, speed, and security, several challenges and issues persist that hinder their widespread adoption and optimal functionality. These challenges encompass various technological, security, economic, and regulatory aspects, which need to be addressed to ensure that digital payment systems can be universally adopted, secure, and efficient. The security and privacy concerns, accessibility barriers, consumer trust issues, and regulatory complexities must be addressed to ensure that digital payment systems are not only secure and efficient but also accessible and equitable for all.

Addressing these challenges is essential for unlocking the full potential of digital payments in driving economic growth and fostering financial inclusion worldwide.

Objectives OfThe Study

1. To explore the various digital payment options available.
2. To identify the challenges faced during digital payment.
3. To analyse the association between awareness and challenges faced during digital payment.

Research Methodology

- (a) **Sources Of Data-** Primary source of data has been collected through a structured questionnaire.
- (b) **Sample Size:** Data were collected from 151 respondents.
- (c) **Duration Of Study:** Six months (April 2024-October 2024)
- (d) **Area Of Study:** Coimbatore city, Tamil Nadu, India
- (e) **Statistical Tools Used:** Percentage analysis, Rank analysis, Chi-square test.

Analysis And Interpretation

Table 1: Demographic Structure OfThe Respondents

Demographic Factors		No. of Respondents	Percent age
Gender	Male	69	45.6
	Female	82	54.3
Age	Under 25	30	19.8
	25 years - 34 years	67	44.3
	35 years - 44 years	38	25.2
	45 years and above	16	10.6
Occupation	Employed	92	60.9
	Self Employed	31	20.5
	Student	18	12
	Retired	10	6.6
Income Level	Below Rs.30,000	50	33.1
	Rs.30,001 - Rs.60,000	56	37.1
	Rs.60,001-Rs.1,00,000	32	21.2
	Above Rs.1,00,000	13	8.6
Educational Qualification	High School or Below	4	2.6
	Bachelor's Degree	76	50.3
	Master's Degree	61	40.4
	Doctorate or Professional Degree	10	6.6
Marital Status	Single	77	50.9
	Married	74	49.1

Hence, from the above table, it can be seen that majority of the respondents are female (54.3%), majority of the respondents lies between age group 25-34 years (44.3%), majority of the respondents are in occupation category of employed (60.9%), majority of the respondents are in income bracket of 30,001-60,000 (37.1%), majority of the respondents are holding bachelor's degree (50.3%) and majority of the respondents are single (50.9%).

Table 2: Awareness OfThe Digital Payment Options

Payment options	Awareness	Percentage	Rank
Internet banking	86	56.9	IV
Mobile banking	121	80.1	II
Debit/Credit cards	151	100	I
UPI: G-pay, Apple pay, Paypal etc	115	76.1	III
Mobile wallets	80	52.9	V
Pos terminals	71	47	VI
ATM	67	44.3	VII
Contactless	43	28.47	VIII

It can be clearly seen from the table 2, the awareness of the digital payment options by the respondents and rank given as per highest to lowest awareness.

Hence, 100% respondents are aware of the debit or credit card mode of payment, which is actually a traditional way or

the first step of digital payment, 80% of the respondents are aware of mobile banking using banking apps. Similarly, UPI which includes Google pay, Apple pay, Paypal etc. (76% awareness), Internet banking (56.9%) and so on. The least awareness is about contactless payment i.e. 28.47%.

Accordingly, rank has been given, Highest awareness i.e Debit/Credit cards- Rank I, Mobile banking- rank II, UPI- rank III and so on. Lowest rank is given to contactless i.e. VIII because of least awareness.

Table 3: Challenges Faced During Digital Payment

Challenges/Issues	No. of respondents	Percent age	Rank
Internet issue/Server down	96	63.5	III
Payment denied	91	60.2	IV
Online fraud	69	45.6	VII
Transaction limit	87	57.6	VI
Loss of cards	113	74.8	II
Password threat	89	58.9	V
Difficulties with refund	120	79.4	I
Transaction costs	46	30.4	VIII

Table 3 shows the challenges faced by respondents during digital payment. Here, majority (79.4%) respondents faced problem with refund, 74.8% respondents faced issues related with loss of cards, 63.5% of respondents faces issues with internet service or server down and so on. But only few respondents i.e. 30.4% faced issue with transaction cost.

Similarly, ranks are also given as per challenges or issues faced by respondents, so rank I- Difficulty with refund. Majority of the respondents feel refund is a biggest challenge, once amount got deducted, it takes too long to refund or sometime no refund. Rank II- loss of cards, again here card is lost, it become difficult to first realize and get bank to block the card and in between many fraud transactions takes place. Rank III- Internet issue or server down, respondents feel that for doing digital payment it requires strong internet connection. In any case if internet connection become weak or server become down, it is not possible to make payment. Rank IV- payment denied.

Many times, even after making payment, message showed payment denied, or transaction not successful etc. so on. The lowest rank is given to transaction cost which actually shows that transaction cost is not a big issue and cost is generally less as compared to traditional mode of payment.

Awareness And Challenges Faced During Digital Payment

H₀: There is no significance association between awareness and challenges faced during digital payment

Table 4: Chi-square analysis- Awareness and challenges faced during digital payment

Variables	Chi-square test	p-value	S/NS
Awareness and challenges faced	73.758	0.000	S

The p-value (0.000) is less than 0.05, Hence null hypothesis failed to accept. Therefore, there found to be an association between awareness and challenges faced during digital payment by respondents.

Demographic Factors And Awareness Of The Digital Payment Options

H₀: There is no significance association between demographic factors and awareness of the digital payment options

Table 5: Chi-square Analysis- Demographic Factors And Awareness OfThe Digital Payment Options

Variables	Chi-square test	p-value	S/NS
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Gender	22.683	0.000	S
Age	34.068	0.001	S
Occupation	47.25	0.000	S
Monthly income	21.416	0.006	S
Qualification	24.999	0.015	S
Marital status	5.820	0.213	NS

The p-value is less than 0.05 for five out of six factors.

Therefore, it could be concluded that there is a significance association between Gender, Age, Occupation, Monthly income and qualification of the respondents and awareness of the digital payment options.

Demographic Factors And Challenges Faced By Respondents During Digital Payment

H₀: There is no significance association between demographic factors and challenges faced by respondents during digital payment

Table 6: Chi-square Analysis- Demographic Factors And Challenges Faced By Respondents During Digital Payment

Variables	Chi-square test	p-value	S/NS
Gender	5.496	0.240	NS
Age	30.318	0.003	S
Occupation	33.536	0.001	S
Monthly income	23.584	0.003	S
Qualification	32.332	0.001	S
Marital status	13.625	0.069	NS

The p-value is less than 0.05 for four out of six factors. Gender and Marital status show no association with challenges faced during digital payment.

Therefore, it could be concluded that there is a significance association between Age, Occupation, Monthly income and qualification of the respondents and awareness of the challenges faced during digital payment.

CONCLUSION

Digital payments have transformed the financial landscape, offering a faster, more secure, and accessible way for individuals and businesses to conduct transactions. This study put light on the awareness about digital payment and the challenges faced during digital payment. In conclusion, while digital payments are already a cornerstone of modern economies, their future success will depend on overcoming the barriers that currently limit their widespread adoption. If these challenges are met, digital payments have the potential to redefine how we engage with money, payments, and financial services, making the global economy more efficient, accessible, and inclusive.

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