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### "A STUDY ON CUSTOMER'S PERCEPTION TOWARDS DIGITAL PAYMENT WITH SPECIAL REFERENCE TO BAGALKOT CITY, KARNATAKA."

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**Keywords: Cashless transactions and, digital economy, digital payments, digital  
technology, Consumer Perception.**

#### **ABSTRACT**

The objective of this article is to define customers satisfaction and trust in cashless transactions in a specific sector of study, namely, the financial services industry in Bagalkot City, Karnataka's. This exploratory study is to analyse consumer satisfaction with cashless transaction systems by providing a digital payment platform. The primary goal of the study is to find customer satisfaction with cashless transaction systems using a survey method. Today, we can see a drastic rise in the use of online and mobile banking devices in India. Digital payment is a method of payment that is made utilising online technology. Even after the demonetization initiatives, the majority of The people started utilising electronic payments for their transactions. Digital payment solutions are being adopted by everyone, from the small merchant towards the next vegetable vendor.

The public's perception of digital payment has a significant and positive impact on its adoption. The structured questionnaire was used as a research analysis to effectively understand consumer attitudes toward digital payment. 260 people have conducted a poll for primary data using the convenience sampling technique for the empirical analysis of consumer's attitude.

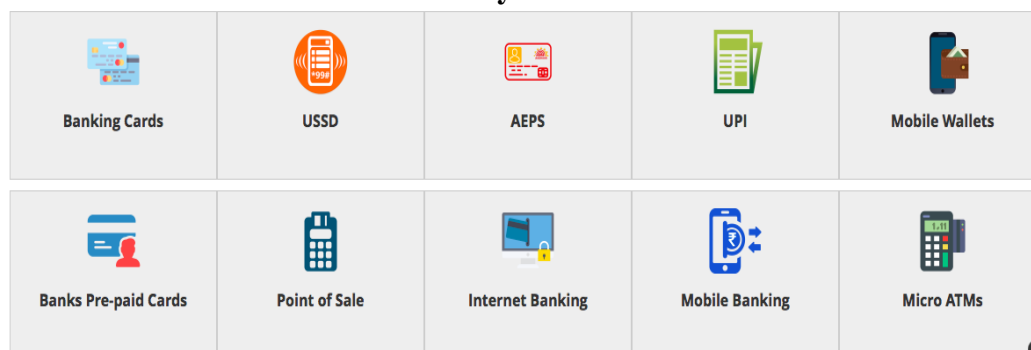
#### **Introduction**

The Reserve Bank of India and the Indian government are making various efforts to reduce the use of physical cash in the economy by promoting digital payment devices or modes such as prepaid instruments and cards. The RBI's effort to encourage these new types of payment and settlement facilities aims to achieve the goal of a less-cash society. The terms less-cash society and cashless transaction economy refer to the same thing: minimising cash transactions and settlement in favour of doing transactions digitally.

## DIGITAL PAYMENT SYSTEM AND METHODS :

- A Digital payment occurs when goods or services are purchased through the use of various electronic mediums. There is no use of cash or cheques in this type of payment method.
- Cashless Economy: In a cashless economy, all transactions are carried out using different types of payment methods and this does not involve the physical use of money for the purchase of various goods and services.

### Electronic Payment Methods



( Source [http://cashlessindia.gov.in/digital\\_payment\\_methods.html](http://cashlessindia.gov.in/digital_payment_methods.html) )

Credit and debit cards are one of the most widely used payment methods on the internet. Alternative payment options include bank transfers, electronic wallets, smart cards, and bitcoin wallets, among others (bitcoin is the most popular cryptocurrency).

In the e-payment mechanisms, they are Two types of the payment system, namely

- Credit payment systems, and
- Cash payment systems.

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Credit payment systems and cash payment systems are the two types of e-payment mechanisms.

### 1. Credit Payment System :

- **Credit Card** — This type of electronic payment system requires the use of a credit card issued by a financial institution to the cardholder for making payments online or via an electronic device, rather than cash.
- **E-wallet** — A type of prepaid account that keeps a user's financial information, such as debit and credit card information, to facilitate online transactions.
- **Smart card** — A chip card is a plastic card with a microprocessor that may be loaded with money and used to make transactions.

## 2. Cash Payment System :

- **Direct debit** — The account holder directs the bank to electronically collect a certain amount of money from his account to pay for products or services.
- **E-check** — An old paper check that has been converted into a digital version. It's an electronic money transfer from a bank account, usually a checking account, that doesn't require the usage of a paper check.
- **E-cash** — E-cash is a type of electronic payment system in which a set amount of money is saved on a customer's device and made available for online transactions.
- **Stored-value card** — A card with a predetermined amount of money that can be used in the issuer's store to complete a transaction. Gift cards are a common example of cards with stored value.

### ❖ Review of literature :

#### i. Mr Pradeep H Tawade 2017 :

Future and scope of cashless economy in India. This paper helps in assessing the future trends and the impact of going cashless. In the Indian economic scenario. After the study was conducted it was seen that the government of India should consider many more steps in digitalizing India. And payment methods should be made more secure and risk-free.

#### ii. Kishore Da Rupsa Mahapatra ( 2020 ) :

Article on CUSTOMER PERCEPTION TOWARDS PAYMENT BANK: A CASE STUDY OF CUTTACK CITY focused on the last decade has seen tremendous growth in the use of internet and mobile phone in India. Increasing use of the internet, mobile penetration and government initiative such as Digital India are acting as a catalyst which leads to exponential growth in the use of digital payment. But still many people are there who were not ready to accept this system of banking as they have thought of being cheated. This paper helps to identify the customer perception towards payment bank.

#### iii. Dr Anthonima k. Robin 2018 :

This study focuses on a cashless transaction is having a long term impact on the lives of the people. As there are two sides of the coin there is the positive and negative impact of the scenario generated after demonetization with the increasing usage of cashless means people tend to save as they are from carrying a wallet full of physical notes along with us, which is not all safe in a world full of anti-social activities.

#### iv. Dr Rashami Gujarati 2017 :

India's march towards a faceless paperless, cashless economy. The paper is aimed towards creating a sense of awareness about the cashless economy, its benefits, challenges and the steps taken by the government towards a cashless economy. After the research conducted it was seen that a cashless economy comes with various benefits but brings in a lot more challenges with it.

#### v. Preeti Grag & Manvi Panchal 2017:

Examine that many people positive opinion about the cashless transaction and the usefulness of a cashless economy as it helps to fight against terrorism. Corruption, money laundering but one major problem in the working of cashless economy in

India is cybercrimes and illegal access to primary data. Therefore it's important to strengthen internet security from protection against online funds. A huge number of the population in India is still below the literacy rate living in rural areas.

❖ **Objectives of the study:**

- To learn more about people's demographics, attitudes, perceptions, and evaluations of digital payment channels, we conducted a survey.
- To assess how customer satisfaction is with digital payment mechanisms.
- The purpose of this project is to investigate the concept of cashless transactions and the advantages of a cashless economy.
- To study consumer awareness trust and confidence in a cashless transaction.

❖ **Research Methodology :**

The research study is conducted in Analytic nature using both secondary and primary data. Secondary data collected from many published sources. Primary data are collected from the Public with help of a structured questionnaire d interaction with them. The questionnaires were distributed to 260 respondents in different markets place of Bagalkot City using the Purposive sampling technique for the empirical analysis. Secondary data is collected from different brochures of the bank, websites of the bank, magazines and journals.

• **Sampling Techniques and Size & Sampling Area :**

Sampling is a process or technique for selecting samples. A Practical sampling method is employed. In Bagalkot City, the study gathered 260 samples from customers in Bagalkot City Area.

• **Tools used :**

The original data were analysed using percentages and graphs with help of SPSS software.

❖ **Data Analysis and Interpretation :**

• Data analysis is a process of inspiring, cleansing, transforming, and modelling data to discover useful information, informing conclusion, and supporting decision making, data analysis has multiple facets and approaches, encompassing diver's technique under a variety of names, and is used in different business, science, and social science domains.

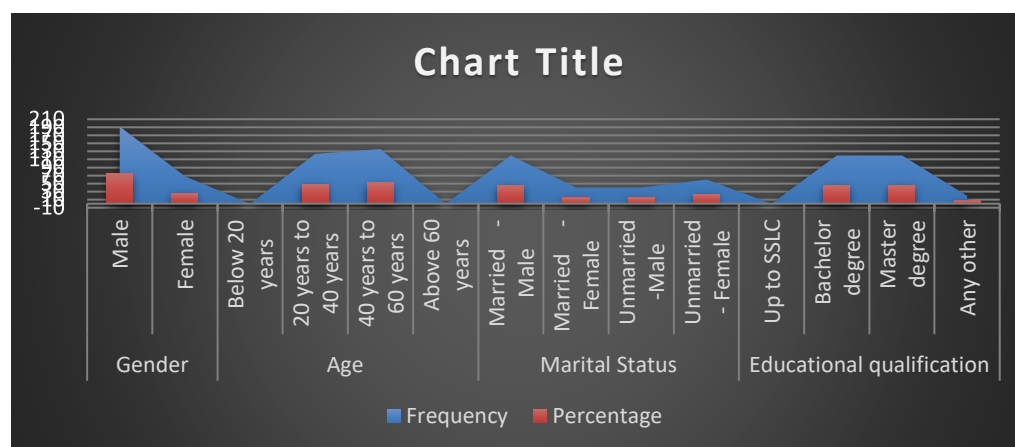
• Data interpretation is the process of making sense out of data has been processed, this collection may be present in various forms like bar graphs, line chart and tabular forms and other similar forms and hence needs an interpretation of some kind. Here we will learn about data interpretation with the help of many important techniques and example. We will see how we can make sense out of the graphical data and another form of it.

**Percentage Analysis**

Table 1: Demographic Profile of Respondents

Variable	Characteristics	Frequency	Percentage
<b>Gender</b>	<b>Male</b>	192	74

	<b>Female</b>	68	26
<b>Age</b>	<b>Below 20 years</b>	0	0
	<b>20 years to 40 years</b>	124	48
	<b>40 years to 60 years</b>	136	52
	<b>Above 60 years</b>	0	0
<b>Marital Status</b>	<b>Married - Male</b>	120	46
	<b>Married - Female</b>	40	15
	<b>Unmarried -Male</b>	40	15
	<b>Unmarried - Female</b>	60	23
<b>Educational qualification</b>	<b>Up to SSLC</b>	0	0
	<b>Bachelor degree</b>	120	46
	<b>Master degree</b>	120	46
	<b>Any other</b>	20	8

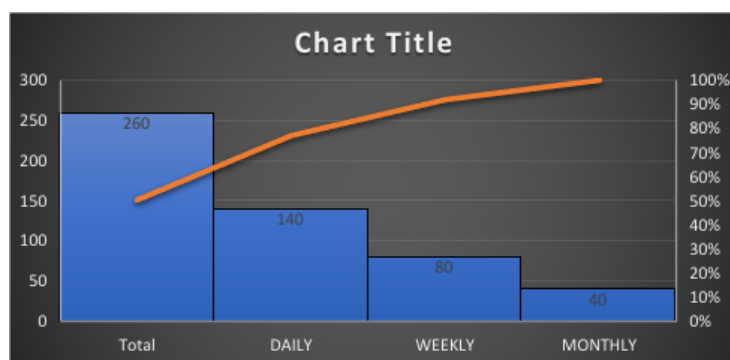


(Source: Field survey)

From the above table, it is inferred that the majority of the respondents 74% are male and the remaining 26% of the respondents are female. The majority of the respondents fall into the age group of 40 years to 60 years 52%, 48% of the respondents are 20-40 years and none of the customers is used cashless transaction above 10 years. The maximum number of respondents are students 46%,

**Table 2: Duration of using Cashless Transaction Service.**

Factors	No. of Respondent	Percentage	Cumulative percentage
DAILY	140	54	54
WEEKLY	80	31	85
MONTHLY	40	15	100
Total	260	100	100

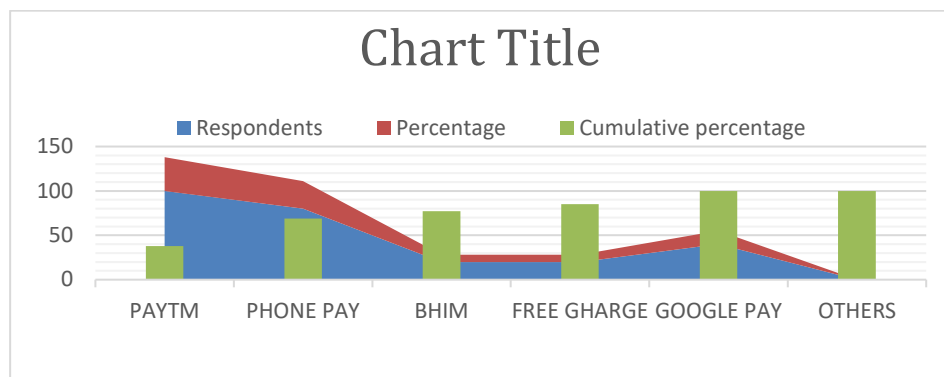


(Source: Field survey)

Table. 02 shows the percenter consequence of the use the cashless transactions by the respondents. All most 54 % of the respondents carried out the transactions in daily 31 per cent of the respondents carried out the transactions weekly. 15 per cent of the respondents are stated that Monthly.

**Table No. 03 Types of mobile payments App usage.**

Factors	Respondents	Percentage	Cumulative percentage
PAYTM	100	38	38
PHONE PAY	80	31	69
BHIM	20	8	77
FREE CHARGE	20	8	85
GOOGLE PAY	40	15	100
OTHERS	0	0	100

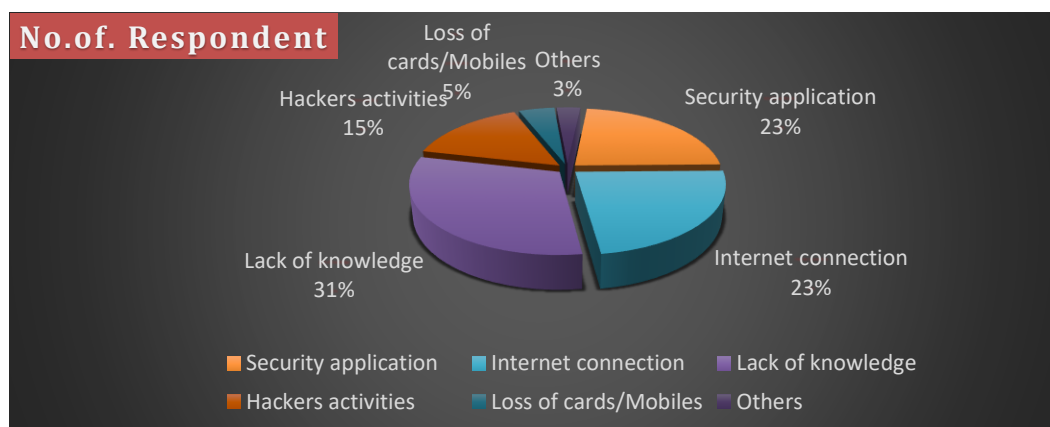


(Source: Field survey)

Table no. 03 shows that methods to use the cashless transaction by the sample respondents. 38 per cent of the respondents were used Paytm, 31 per cent of the respondents used PhonePe, 8 % per cent of the respondents through BHIM and 8 per cent FREE CHARGE. 15 per cent of the respondents through the GOOGLE and 10 per cent of the respondents used others like POS, digital wallets, etc. The study reveals that the majority of the respondents used various methods for cash-less transactions.

**Table No. 04 Problem Associated with cashless transactions** (Source: Field survey)

Factors	No .of. Respondent	Percentage	Cumulative percentage
Security application	60	23	23
Internet connection	60	23	46
Lack of knowledge	80	30	76
Hackers activities	40	15	91
Loss of cards/Mobiles	12	6	96
Others	8	3	100

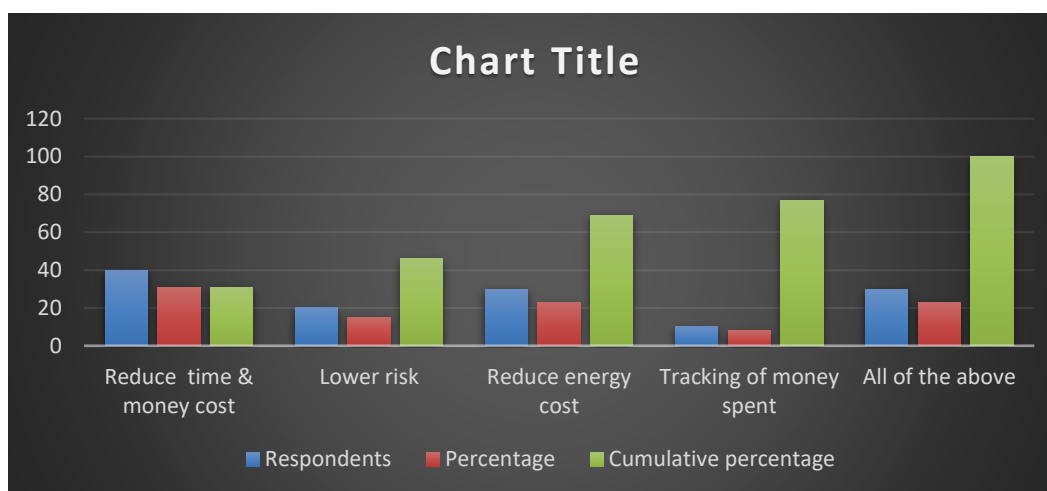


(Source: Field survey)

Table No.04: Presents the data on respondents opinion about problems of cashless transactions. The data reveals that 23 per cent of the respondents stated lack of security and safety, 23 % of lack of infrastructure and internet facility. 30 % of lack of knowledge about online service, 15% of fear of hacking, 6% are loss of their cards and all and rest of the respondents due to other reason.

**Table No. 05 Benefits of cashless transaction**

Factors	Respondents	Percentage	Cumulative percentage
Reduce time & money cost	40	31	31
Lower risk	20	15	46
Reduce energy cost	30	23	69
Tracking of money spent	10	8	77
All of the above	30	23	100



(Source: Field survey)

**Table No 05** Shows that Benefits of cashless transaction, All of the respondent's response positively gained from this system; 31% of response is to reduce the time and cost of the transaction, 15% are reply lower risk of the transaction, 23 % of help to reduce energy and 8 % of public response tracking of money spent and rest of 23 % All of the above.

## ❖ FINDINGS AND SUGGESTIONS

### FINDINGS

- The study identified that most of the respondents were under the group of 20 years to 40 years.
- The study that 74% of the respondent male and 26% of female are cashless transaction in the study area.
- The study finds out that The most serious challenge to the digital payment system is secure.
- The fundamental cause for payment digitization is demonetization.



- The majority of respondents believe that a lack of awareness and education is responsible for India's slow adoption of digital payments.
- The study identified that 38% of respondent use the Paytm app for mobile or online payment, of a respondent the using BHIM app and, 31% of respondent PHONE pay app and 15% of respondent GOOGLE pay app transaction.
- The study says that most respondents are cashless transaction can reduce time and money cost and believe that all the above are the benefits of cashless transactions. Reduce time and money cost Lower risk and Reduce energy cost.
- The majority of respondents believed that India's limited implementation of online transactions is due to a lack of awareness and education programmes

### **SUGGESTIONS :**

- Government has to bring transparency and efficiency to the e- payment system. The government of India should try to educate people about the benefits of going cashless before taking any crucial steps.
- The govt. and RBI encourages cashless transaction by licensing payments banks, promote mobile wallet and withdrawing service charge on credit/debit cards and digital payments.
- Several consumers are use cards for all of their necessities, yet using debit or credit cards incurs an additional cost. It is essential to remove additional charges for the basic use of cards to encourage consumers to engage in digital modes.
- People and government should work together to develop infrastructure and technology to digitalize India.

### **❖ CONCLUSION :**

According to the findings, many respondents have a pessimistic attitude toward cashless transaction systems. Customers agree with the government that a cashless economy is beneficial in combating terrorism, corruption, and money laundering, among other things. After all, one of the most critical consequents of cashless transactions in India is cyber-crime and unauthorized disclosure. As a result, it's important to improve internet security to defend against online fraud. In current senior With the growing use of cashless payments, physical cash transactions have almost been replaced in the current scenario. The findings reveal the majority of the consumers prefers cashless facility has the most comfortable mode of payment followed by digital method f system.

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