

A Study on Collision of Digital Payment System with a Special Reference to College Students

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Abstract

A digital payment system refers to a method of electronic financial transactions that allows individuals and businesses to make payments and transfer money using digital channels such as computers, smartphones, or other internet-enabled devices. Digital payment systems have become increasingly popular due to their convenience, speed, and security compared to traditional cash-based transactions. The study aims to identify the perceptions towards digital payment mode and its impact on college students. The study was conducted for college students of Bantwala taluk, and data was collected from 60 students by Google form survey in the month of December 2023. The study concluded that digital payment has reduced the dilemma of transaction mode which influence the user to continue using digital payment over traditional mode of payment. It strengthened the sense of safety, accessibility and reliability which improved the use of digital payment. In addition, digital payment systems should minimize risk associated with its transactions and provide more secure and proficient acts of assistance to its customers.

Keywords

Digital payment, dilemma, traditional mode, influence, proficiency, safety, knowledge

Introduction

In recent years, the world has witnessed a rapid transformation in the way financial transactions are conducted. The advent of digital payment systems has revolutionized the traditional methods of exchanging money, bringing about a significant shift towards a cashless economy. This shift has been driven by technological advancements and changing consumer preferences. Digital payment systems encompass a wide range of electronic transactions, including mobile payments, online banking, contactless payments, and e-wallets, among others.

While the adoption of digital payment systems has been widespread across various demographics, college students, in particular, have emerged as a significant user group. This can be attributed to several factors, such as the tech-savvy nature of college students, their increased reliance on smartphones and digital devices, and the convenience offered by digital payment platforms. As a result, studying the impact of digital payment systems on college students becomes crucial to understand their behavior, preferences, and the implications for the future of financial transactions.

Banking cards

Banking cards offer consumers more security, convenience and control than any other payment method. The wide variety of cards available – including credit, debit and prepaid – offers enormous flexibility as well. These cards provide 2 factor authentication for secure payments ex. Secure PIN and OTP. RuPay, Visa, MasterCard are some of the example of card payment systems. Payment cards give people the power to purchase items in stores, on the internet, through mail-order catalogues and over the telephone. They save both customers and merchants time and money, and thus enable them for ease of transaction.

USSD (Unstructured Supplementary Service Data)

This service allows mobile banking transactions using basic feature mobile phone, there is no need there is no need to have mobile internet data facility for using USSD based mobile banking. It is envisioned to provide financial deepening and inclusion of under banked society in the mainstream banking services.

UPI (United Payment Interface)

UPI is an instant payment system developed by National Payments Corporation of India (NPCI). The interface facilitates inter-bank peer-to-peer (P2P) transactions. It is used on mobile devices to instantly transfer funds between two bank accounts. The mobile number on the device is required to be registered with the bank. The UPI ID of the recipient can be used to transfer money.

AEPS (Aadhaar Enabled Payment System):

AEPS is a bank led model which allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank using the Aadhaar authentication.

Mobile Wallets

A mobile wallet stores credit card or debit card information on a mobile device like your phone, a tablet or smart watch. Mobile wallets are a convenient way for you to buy things online or in stores that are set up to take payments through the wallet. They may also be more secure than physical payment cards because of the technology they use to protect your account information.

Point of Sale Machines (PoS)

The point of sale (POS) or point of purchase (POP) is the time and place at which a retail transaction is completed. At the point of sale, the merchant calculates the amount owed by the customer, indicates that amount, may prepare an invoice for the customer and indicates the options for the customer to make payment.

Mobile Banking

Mobile banking refers to the use of a mobile device, such as a smartphone or tablet, to access and manage one's banking accounts and conduct various financial transactions. Mobile banking apps offer a convenient and secure way to manage one's finances on the go, without the need to visit a bank branch or ATM.

Internet Banking

Also known as online banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institutions website.

Literature Review

Consumer perception toward digital wallet has found that the study was accomplished to explore consumer awareness, perceptions, and willingness to use digital wallets. Specifically, the study explored awareness, usage, and the likelihood of using smartphones for completing the monetary transactions. With the increased penetration of internet connectivity and smartphones has led to an increase in the number of digital wallet users. Digital-wallet is getting trendier and trendier among the consumers. As per the findings of the study, digital-wallet is getting popularity among young lots such as students and employees. The study witnessed that Paytm is leading among the other wallet providers. Akhila Pai H. (2018)

Survey conducted on payment methods and practices among college students, the results of the survey that they developed was to introduce students to these and other changes in payment technologies. The survey can be used to encourage more discussion when history of money, types of money, or monetary aggregates are introduced. Technological innovations have changed the way we pay for goods and services. While cash and checks are still popular, the degree to which we use paper-based payment methods is steadily declining. Most notably, in the last few years we have begun to rely heavily on electronic payment options including credit and debit cards, online bill payments, and e-money. David Boldt et al (2011)

A study on digital payment in India with perspective of consumer's adoption, discussed in their paper that in India there has been a sudden surge in the usage of digitalized payment. But still there is almost 90% transactions which are done through paper currency. Digital payments not only helps individual to payments or receive money it also performs multiple functions such as giving reminder about dues of any kind of payments to be made, it gives various offers to the user and its saves a lot of time, as per the initiative taken by the government of India to make a digital India and due to the increase in smartphone selling and availability of internet at a high speed and at an affordable price this is one of the core factors for consumers to adopt the digital payment system as everything can be done at our finger tips and we don't need to go anywhere to use it. They had used the TAM (Technology Acceptance Model) in this study to find out the factors which are strengthening the e-payment system the factors are innovation, incentives, and legal frame work and customer convenience. Sanghita Roy, Dr. Indrajit Sinha (2014)

A study of consumer perception towards digital found that the majority of the respondents agreed with the benefits of mobile wallet/digital payment in the purchase of products, improving the quality of the decision, helpful in buying products as compared to traditional methods, the consumer perception of digital payment has a significant and positive impact on adoption of digital payment. The structured questionnaire was used as research tool for understanding consumer perception on digital payment. Primary data was collected from 221 respondents. Frequency analysis was used to analyses the responses. From the research it is clear that majority of the respondents agree that mobile wallet/digital payment provides benefits to individual for purchase of products, improve the quality of decision, helpful in buying products as compared to traditional methods. They also agree that interaction with mobile wallet is helpful and that they trust the service providers. M Sudhir and P Narayanamma. (2018)

Objectives

To analyse the impact of digital payment system in college students.

To understand the factors which influence the digital payment system and consequences of digital payment.

To explore the various digital payment modes and its awareness among college students.

To analyse the opportunities and challenges in digital payment system

Methodology

Primary data

This study is conducted to know the impact of digital payment system. The population of the study focused mainly on college students of Bantwala taluk. A self-reporting questionnaire was used to collect data. The questionnaire was administered among college students through Google form, and the study received 60 responses.

Secondary data:

The secondary data is about the area of research which is mainly gathered from the internet articles, journals, and some of the concepts were also referred from various research articles related to the topic.

The following are the tool applied for the collection of data.

Percentage method

Tabular method

Data Analysis and Interpretation

Table No.1
personal profile of the respondents

Variable	Options	Frequency	Percentage
Age	16-18	8	13.3%
	18-21	2	3.3%
	21-23	43	71.7%
	23 and above	7	11.7%
	Total	60	100
Gender	Male	19	31.7%
	Female	40	66.7%
	Prefer not to say	1	1.7%
	Total	60	100
Educational qualification	PUC	7	11.7%
	Graduation	2	3.3%
	Post-graduation	51	85%
	Others	0	0%
	Total	60	100

(Source: Primary data)

The above table show that, out of 60 respondents 71.7% of the respondents are the age group of 21-23. 13.3% of the r respondents are among the age group of 16-18, 3.3% of the respondents are between the age of 18 to 21, and the11.7% are the age of 23 and above. Most of the respondents are female and majority of the students are post graduates.

Table no.2:
Awareness about the digital payment

Particular	No. of respondents	Percentage
Highly aware	22	36.7%
Aware	16	26.7%
Moderately aware	0	0
somewhat aware	22	36.7%
Not aware	0	0
total	60	100

(Source: primary data)

Above data shows that 36.7% of respondents are highly aware about the digital payment, 26.7% of the respondents are aware and rest 36.75 of the respondents are somewhat aware. This shows awareness about the digital payment system is very high among the students

Table no.3
Reason for choosing digital payment system

Particular	No. of respondents	Percentage
Easy to use	16	26.7%
Quick payment	7	11.7%
Time saving	2	3.3%
Rewards and cash backs	1	1.7%
All the above	34	56.7%
Total	60	100

(Source: Primary data)

From the above table, we could analyses that 26.7% of respondents use digital payment as it is easy to use, 11.7% respondents use for quick payment, 3.3% respondents use as it saves time, 3.3% respondents use for rewards and cash backs, and rest of the 56.7% use for all the aforesaid benefits. This shows all the aforesaid factors influence the students to choose digital payment.

Table no.4
Rating factors as the parameters of digital payment apps

Factors	Responses	frequency	percentage
Internet connectivity	Extremely satisfied	9	15.0%
	Satisfied	37	61.7%
	Neutral	13	21.7%
	Dissatisfied	0	0
	Extremely dissatisfied	1	1.7%
privacy	Extremely satisfied	6	10.0%
	Satisfied	43	71.7%
	Neutral	9	15.0%
	Dissatisfied	1	1.7%
	Extremely dissatisfied	6	10.0%
User friendly	Extremely satisfied	12	20%
	Satisfied	37	61.7%
	Neutral	11	18.3%
	Dissatisfied	0	0
	Extremely dissatisfied	0	0
convenient	Extremely satisfied	10	16.7%
	Satisfied	41	68.3%
	Neutral	6	10.0%
	Dissatisfied	2	3.3%
	Extremely dissatisfied	1	1.7%
Easy financial transaction	Extremely satisfied	15	25%
	Satisfied	33	55.0%
	Neutral	7	11.7%

	Dissatisfied	1	1.7%
	Extremely dissatisfied	4	6.7%

(Source: Primary data)

From the above table it is shown that most of the students are satisfied by the overall factors of digital payment apps, all items for the construct were assessed using the like scale ranging from (1) strongly agree to (5)strongly disagree.

Table no.5
Preference on continue using digital payment app

Particular	No. of respondents	Percentage
Very likely	20	33.3%
Likely	30	50.0%
Neutral	10	16.7%
Unlikely	0	0
Very unlikely	0	0
Total	60	100

(Source: Primary data)

The above table indicate that, 33.3% respondents are very likely to continue using digital payment app, 50% of the respondents are likely to use digital payment app, and rest of the 16.7% of users are neutral about using digital payment app. So it is clear that most of the responders were likely to prefer and use digital payment apps.

Findings

Majority of the respondents were females (66.7%) and most of them aged between 21-23 years of age (71.7%) and most of the students are Post Graduates (85%)-(Table No.1).

Majority (36.75%) of respondents are somewhat aware of Digital payment system (Table No 4.3)

Majority of respondents (56.7) feels that all the features of digital payment are very important to choose digital payment mode (Table No.3)

Majority of the respondents are satisfied by the factors of digital payment apps.

(Table No.4)

Majority of the respondents (50.0%) are likely to prefer digital payment app (Table No.5)

Suggestions

Banks should educate users about the benefits and proper usage of digital payment system

Aim to reduce transaction fees associated with digital payments especially for small value transactions.

Digital payments primarily rely on an internet connection, enabling offline payment capabilities can expand access and increase reliability

Conclusion

Digital payments have become an integral part of our modern financial landscape. With the increasing digitization of transactions, digital payment methods have gained immense popularity due to their convenience, security, and efficiency. From mobile wallets to online banking and crypto currencies, the options for digital payments are diverse and continually expanding. As technology continues to advance, we can expect digital payments to become even more seamless and integrated into our daily lives, transforming the way we transact and interact with money. Therefore, digital payment system should be strengthened to improve safety and security of financial transactions of consumers and it must be simplified and make it user friendly. In addition, digital payment system should minimize risk associated with transactions of consumers and it must adopt appropriate measures to overcome undue delay in its processes.

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