

# PROBLEMS AND PROSPECTS OF DIGITAL PAYMENTS: AN EMPIRICAL STUDY OF HARYANA

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## ABSTRACT

Cashless India is a mission propelled by the Government of India drove by Prime Minister Narendra Modi to lessen the reliance of Indian economy on money. Transformation is the pulse of Economic Development and of a nation as a whole. In this line digital payments are the important drivers of transformation. Though digital payments' awareness programs are Digital payments are using worldwide but basically in India as this system is in its' infancy stage; people may be facing some problems to use this system. If there are some problems in the system, there must be the solution of these problems. In this research study the focus has been given to find the obstacles to use digital payments and on the basis of these obstacles some measures has been suggested to enhance digital payments. This study is conducted in Haryana. Sampling is done from Rewari and Rohtak districts of Haryana on the basis of convenience sampling technique. 384 respondents with in the age group of 18 to 60 years has been selected form the various socio-economic communes of the society from both the districts. To analyze the obstacles facing by the respondents; descriptive statistics have been used. Findings depicted that only 2% respondents have no obstacles to use digital payments but 98% respondents have obstacles to use digital payments and most of the respondents are facing obstacles to use digital payments like lack of adequate acceptance infrastructure followed by limited options for digital payment, low digital literacy and poor internet connectivity.

**Key Words:** Digital Payments, Obstacles

## I. INTRODUCTION

The last decade has seen tremendous growth in use of internet and mobile phone in India. Increasing use of internet, mobile penetration and government initiative such as Digital India are acting as catalyst which leads to exponential growth in use of digital payment (Sudhir et al., 2018). Digital payments are financial transactions made without the use of paper documents such as cheques. Electronic payments include debit card, credit card, smart card, e-wallet, e-cash, electronic cheques etc. Digital payment systems have received different acceptance level throughout the world; some methods of digital payments are highly adopted while others are relatively low (Abdul, 2016). 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 etc (Sarkar, 2019). The old age people are having the reluctance for using e-banking facilities, so importance to be given to those people and proper training on the usage of e-banking should be given to them and bankers have to adopt the right strategies to attract different age group and give more information about the e-banking services (Fozia, 2013). Digital transfers using apps has brought behavioral change and helped in the adoption of digital payment (Kamatchi Eswaran, 2019). Mobile wallets have seen notable traction, and it is possible that a large number of Indians will move straight from cash to mobile wallets (Meenakshi, 2015). Digital payment system is an electronic medium that allows consumers to make electronic commerce transactions for their purchase. Consumers have moderate level of perception about digital payment and there is significant difference between socio-economic status of consumers and their perception towards digital payment (Gokilavani et al., 2018). Slowly but steadily, the Indian customer is moving towards new banking services like internet banking & mobile banking. Mobile banking is a generic term for the delivery of banking services through mobile phones, personal digital assistant (PDA) (Wadhe & Ghodke, 2013). There are number of facilitators which are leading to the growth of digital payment and transition from cash economy to less cash economy. These facilitators include penetration of internet connectivity on smart phones, non-banking financial institution facilitating digital payment, one touch payment, rise of financial technology sector and push by Government either by giving incentives or tax breaks (Kamatchi Eswaran, 2019). Here it is interesting to know is there any obstacles to use digital payments in present Indian settings. So this will be the focus of the study.

## **II. MATERIALS AND METHODS**

- 1. Objective of the Study:** To study problems and prospects of Digital Payments.
- 2. Sample:** People within the age group of 18 to 60 years constituted the population of the present study. A sample of 384 respondents from different socio-economic characteristics was selected from the various communes of Rewari and Rohtak Districts of Haryana. For this, convenient sampling technique is followed.
- 3. Methodology for Analysis:** Primary data collected through questionnaires was analyzed quantitatively with the help of MS Excel.

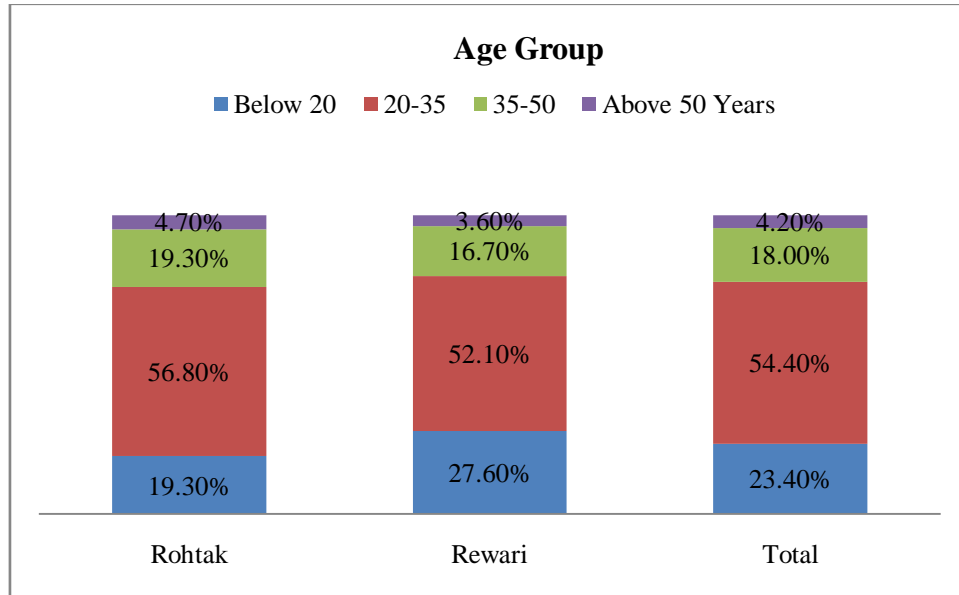
## **III. RESULTS AND DISCUSSION**

The results are bifurcated into **two sections**; Profile of the respondents & Problems and Prospects of digital payments:

**1. Profile of the respondents**

**1.1 Age Wise Classification of the Respondents**

Age factor is the main factor of any demographic research. Different age group’s needs, understanding and adoption technology is different. Hence it is important to know age of the respondent to know about digital payments. The distribution is demonstrated in Fig. 1.1:



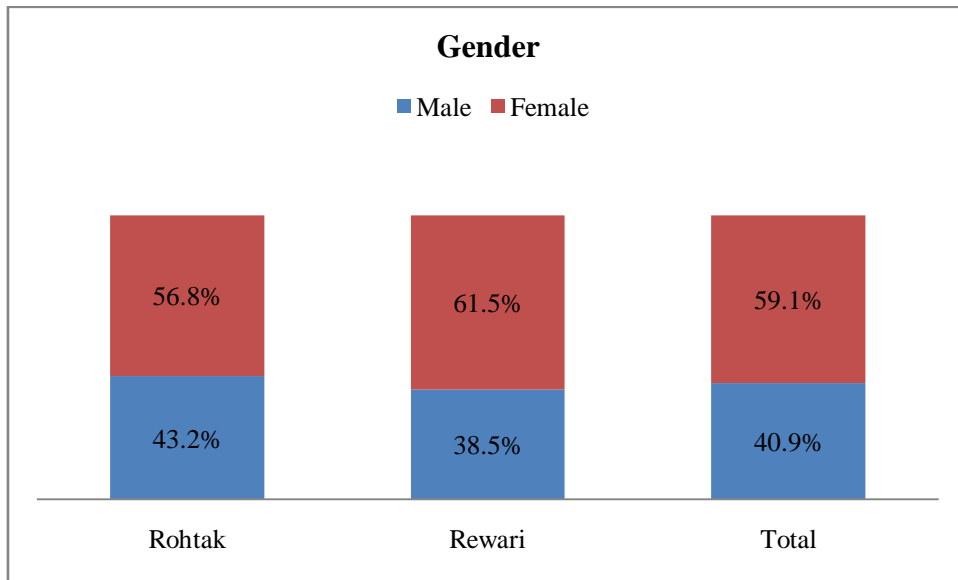
**Fig. 1.1: Demographic Profile of Respondents’ Age Group**

Source: Primary Data

As Fig. depicts the percentage of the respondents from the age category below 20 are higher in Rewari district as compared to Rohtak district but percentage from rest of the categories are higher in Rohtak district as compared to Rewari district. From both of the districts most of the respondents are from the age category 20-35.

**1.2 Gender wise Classification of the Respondents**

The gender plays a vital role in payment system. Males and females subjective norms and interests in using this system can be different. So it is important to know the gender of the respondent. The distribution is demonstrated in Fig. 1.2:



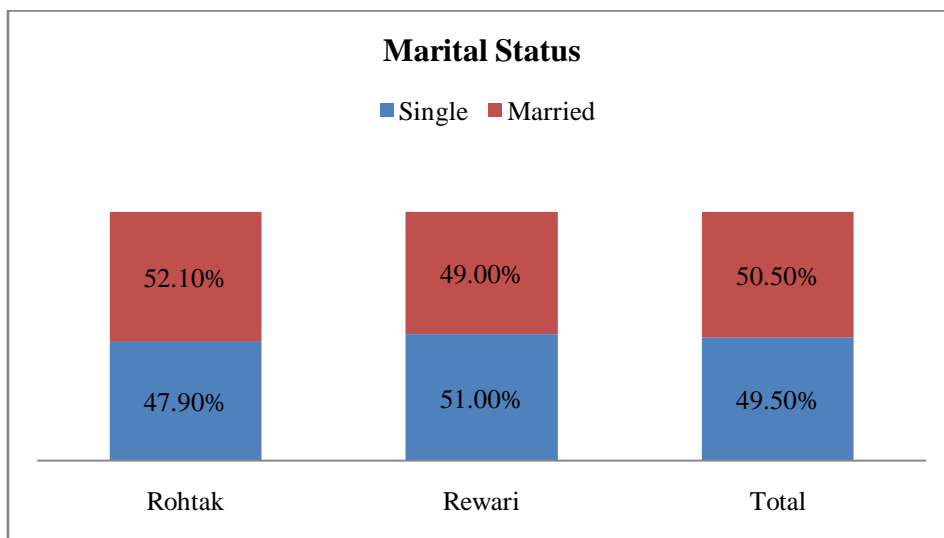
**Fig. 1.2: Demographic Profile of Respondents' Gender**

Source: Primary Data

Table 1.2 depicts in Rohtak, 43.2% male and 56.8% female respondents and in Rewari district a total of 38.5% male and 61.5% female respondents have been surveyed. The percentages of female respondents are higher in Rewari district as compared to Rohtak district of Haryana. From both of the districts most of the respondents are female.

**1.3 Marital Status of the Respondents**

The awareness & perception may be differ by his/her status of the marriage because the marriage might make the person more responsible. While taking purchase decision it may differ according to marital status. The distribution is demonstrated in Fig. 1.3:



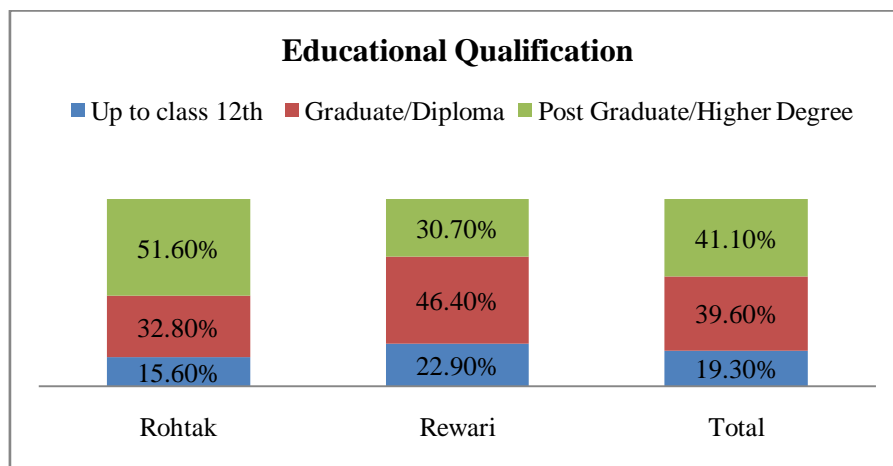
**Fig. 1.3: Demographic Profile of Respondents' Marital Status**

Source: Primary Data

As the Fig. 1.3 depicts that the percentage of single respondents are higher in Rewari district as compared to Rohtak district but the percentage of married respondents are higher in Rohtak district. From both of the districts almost equal number of respondents has been participated.

**1.4 Educational Qualification of the Respondents**

On the basis of educational qualification the awareness & perception towards digital payments may be differ. If a person is illiterate or having low level of education; may or may not be digitally literate. So it is important to know educational qualification of the respondents to study about digital payments. The distribution is demonstrated in Fig. 1.4:



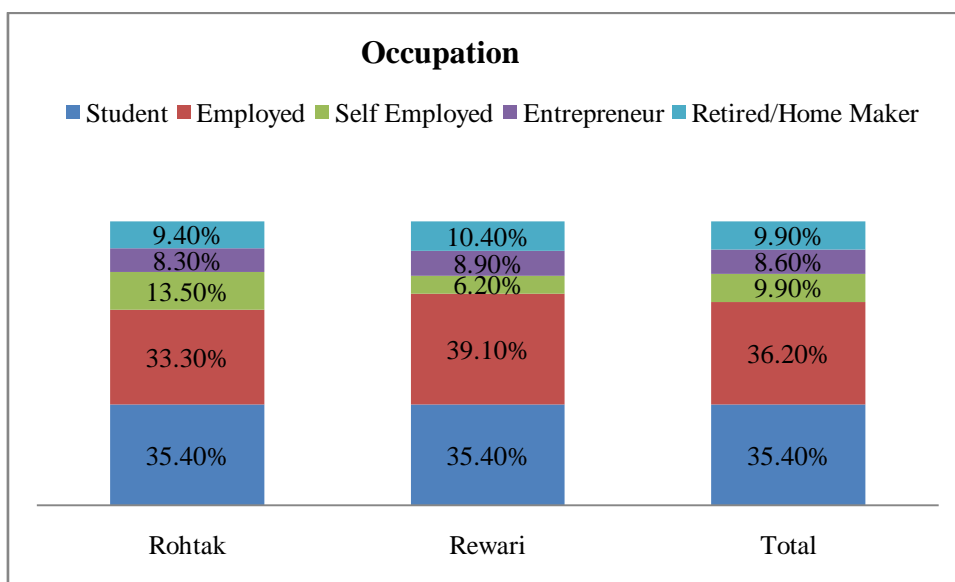
**Fig. 1.4: Demographic Profile of Respondents' Educational Qualification**

Source: Primary Data

As Fig.1.4 depicts the percentage of the respondents surveyed from the category post graduate/higher degree is higher in Rohtak district as compare to Rewari district but from the rest of the categories the percentage of the respondent surveyed is higher in Rewari district.

**1.5 Occupation of the Respondents**

Occupation of a person denotes status in the society. It also plays a vital role for digital payments. Occupation shows a person for his capacity for expense. So this is important for digital payment to know occupation of the respondents. The distribution is demonstrated in Fig. 1.5:



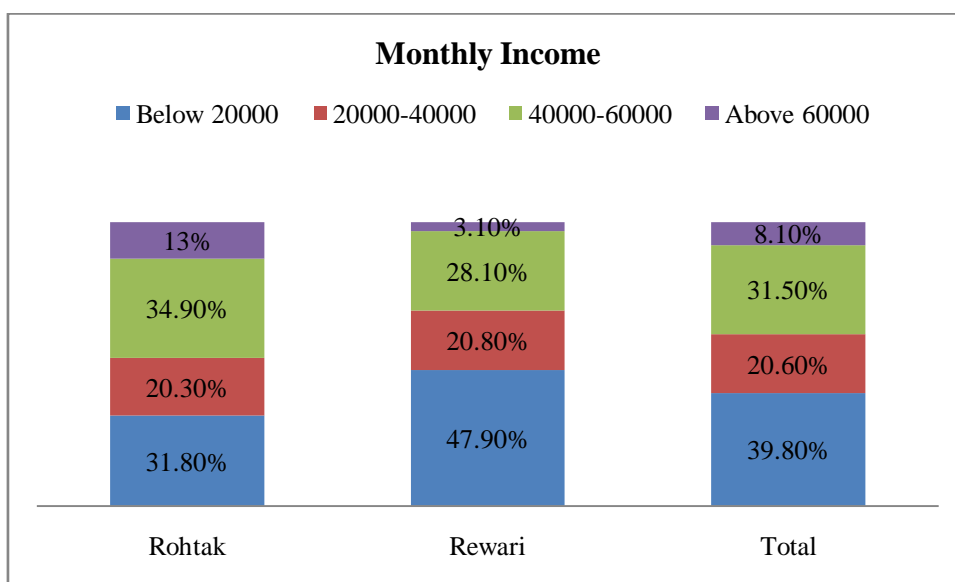
**Fig. 1.5: Demographic Profile of Respondents' Occupation**

Source: Primary Data

As Fig. 1.5 depicts almost equal percentage of the respondents have been surveyed from the student category and entrepreneur category in both of the districts. In rest of the categories the percentage of the surveyed respondents is higher in Rewari district as compared to Rohtak district.

**1.6 Monthly Income of the Respondents**

Income of a person is the important demographic indicator affecting consumer for digital payments. Consumers are differ with respect to disposable income. So it is necessary to know about income for study about digital payments. The distribution is demonstrated in Fig. 1.6:



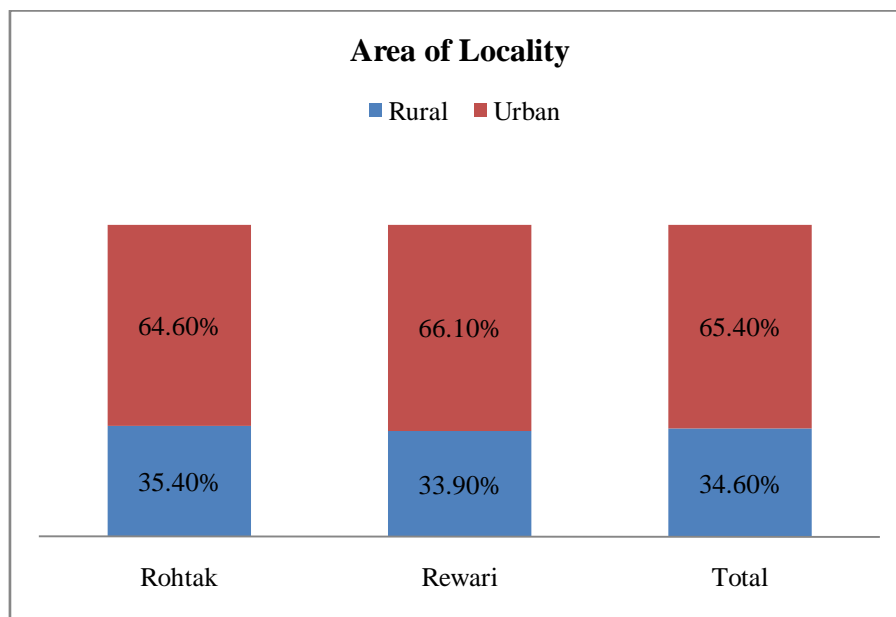
**Fig. 1.6: Demographic Profile of Respondents' Monthly Income**

Source: Primary Data

As table 1.6 depicts almost equal percentage of respondents have been from the category earning income Rs. 20000-40000 in both of the districts. The percentage of the respondents surveyed from the category earning income below Rs. 20000 is higher in Rewari District as compared to Rohtak district but in rest of the categories the percentage of respondents surveyed is higher in Rohtak district.

**1.7 Area of Locality of the Respondents**

On the basis of area of locality the awareness & perception towards digital payments may be differ. If a person belongs to rural area; may or may not having this type of facilities. So it is important to know area of locality of the respondents to study about digital payments. The distribution is demonstrated in Fig. 1.7:



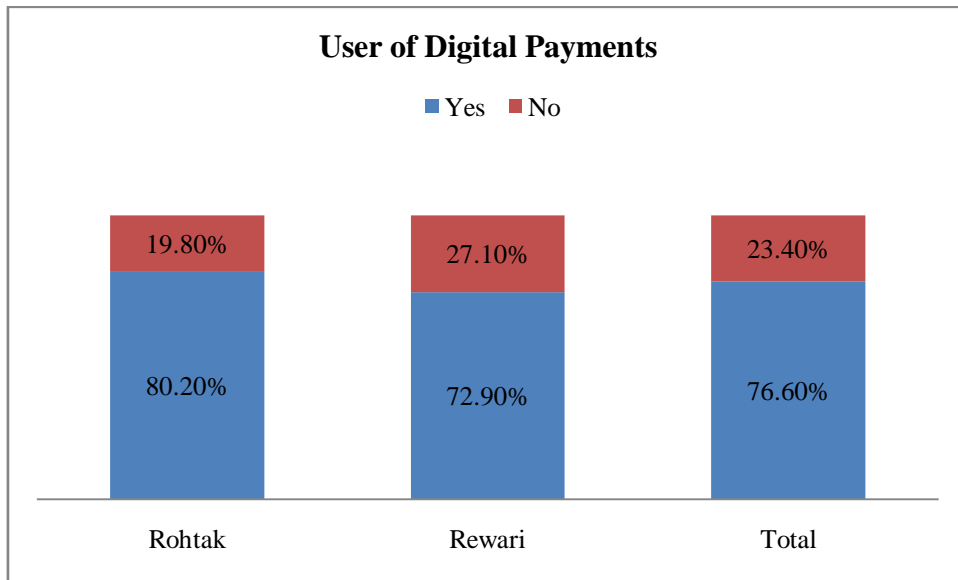
**Fig. 1.7: Demographic Profile of Respondents’ Area of Locality**

Source: Primary Data

As Fig.1.7 depicts almost equal percentage of the respondents has been surveyed from rural as well as from urban areas.

**1.8 User of Digital Payments**

A person may or may not be the user of digital payments. If he is a user; might be aware of not the various modes of digital payment and also users’ or non-users’ perception might be differ. So it is important to know the person is user of non-user of digital payments to study about digital payments. The distribution is demonstrated in Fig. 1.8:



**Fig. 1.8: User of Digital Payments**

Source: Primary Data

As Fig.1.8 depicts the percentage of the respondents surveyed from the user of digital payments is higher in Rohtak district as compared to Rewari district.

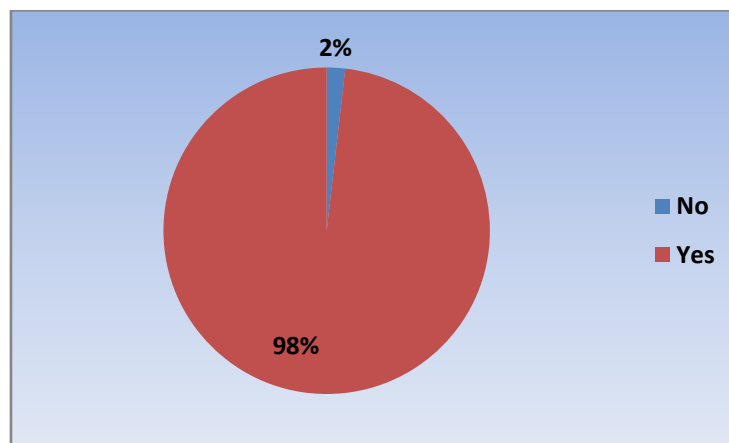
**2. PROBLEMS AND PROSPECTS OF DIGITAL PAYMENTS**

In this section problems and prospect of Digital Payments has been analyzed on the basis of two questions asked from the respondents:

- Are there any obstacles to use digital payments?
- What are the obstacles you face to use Digital Payments?

**The responses of the respondents are analyzed as follows:**

**2.1 Are there any Obstacles to use Digital Payments?**



Source: Primary Data

**Fig. 1.9: Are there any Obstacles to use Digital Payments?**



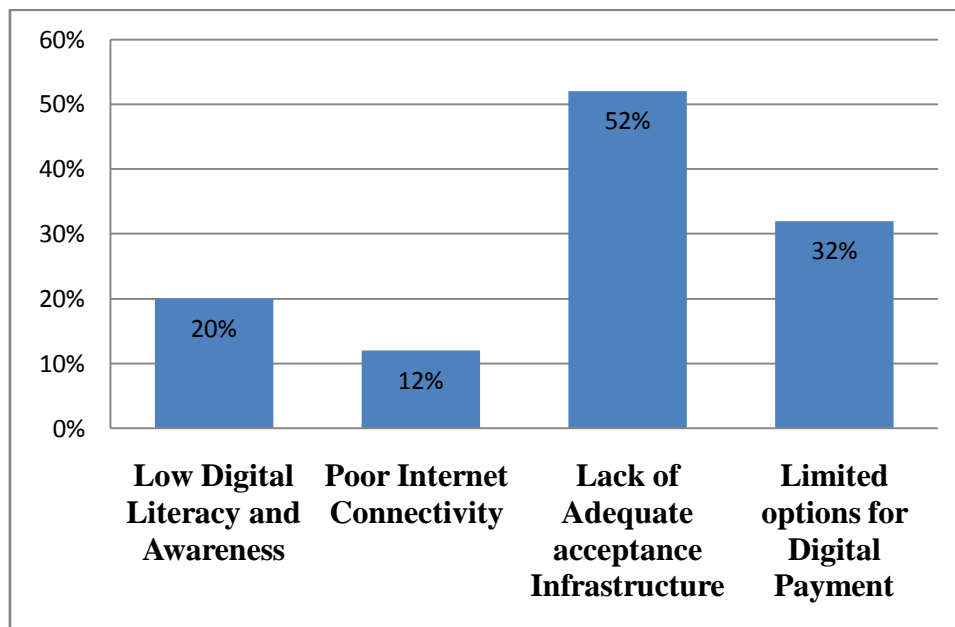
Fig. 1.9 depicts that only 2% respondents have no obstacles to use digital payments but 98% respondents have obstacles to use digital payments.

**2.2 What are the Obstacles you Face to use Digital Payments?**

**Table 1: Obstacles to use Digital Payments**

Obstacles	N	Count	Percentage
Low Digital Literacy and Awareness	384	76.00	20
Poor Internet Connectivity	384	45.00	12
Lack of Adequate Acceptance Infrastructure	384	200.00	52
Limited options for Digital Payments	384	122.00	32

Source: Primary Data



**Fig. 1.10: Obstacles to use Digital Payments**

Table 1 depicts that majority of the respondents about 52% face the obstacle of lack of adequate Acceptance infrastructure followed by limited options for digital payment about 32% and low digital literacy about 20%. Only 12% of the respondents face poor internet connectivity which is further demonstrated by Fig. 1.10.

**CONCLUSION**

Findings depicted that most of the respondents are facing obstacles to use digital payments like lack of adequate acceptance infrastructure followed by limited options for digital payment, low digital literacy and poor internet connectivity. Digital payments is an amazing step taken by

Govt. towards Digital transaction but it needs to reform to remove these obstacles and lot of efforts need to put for integrating customers who are facing these obstacles in using this system. In the light of the study to enhance the use of digital payments some measures may be suggested as follows:

- Merchants should be instructed by Government to accept digital payment
- In all type of transports digital payments should be accepted
- In all type of utility payments digital payments should be accepted
- Options for digital payments should be provided at the payment desk so that the consumer can do payments accordingly
- Capacity building and digital literacy programs should be arranged at free of cost
- Internet connectivity should be improvised
- Some motivational push for using digital payments should be given so that people try to start using digital payments

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