FACTORS INFLUENCING CUSTOMER'S TOWARDS DIGITAL PAYMENT – A STUDY OF SURAT CITY

Dr. Namrata Khatri

Assistant Professor
Department of Business & Industrial Management,
Veer Namrad South Gujarat University, Surat

ABSTRACT

Introduction – With increase use of internet and mobile as well as the initiatives taken by the government have lead to the growth of usage of digital payment. Digital payment helps to develop an efficient payment system which increases the confidence of the customers and increases the transparency in the system. The digital payment is vital for financial formation as it reduces the cost of financial services.

Research Methodology – The present study follows a descriptive research design. The study focuses to identify the factors that are considered while using digital payment and the frequency of usage and modes of digital payment. The variables for the study are identified through review of literature with modification. The data for the study is primary and is collected through structured questionnaire. The analysis of the data is done through both descriptive as well as inferential statistics like factor analysis. .

Major Findings – The major findings of factor analysis is that the most important factor that is considered by the customers while using digital payment is cost and convenience of use.

Managerial Implications – The outcome of the study would provide an insight to digital payment services providers regarding various factors that customers consider while using digital payment. This will help the service providers to provide better services as per needs of the customers and will be able to serve them better. .

Keywords: Digital Payment, Digital Users

INTRODUCTION

In today's high tech market devises like smartphones, tablets, and laptops are important part of life that helps to make life convenient. These gadgets help to perform various activities like shopping, booking tickets, buying and selling goods, etc. This has lead to development of digital payment system. Amoroso & Watanabe (2012), cited in their study that - digital payment instruments fall under the category of electronic money, which "includes all non-cash and non-paper payments instruments such as plastic cards and direct transfer and all money transactions via electronic channels"

Digital payment in India is growing with a compound annual growth rate (CAGR) of 12.7%. The wallet players and government is keeping pace with the customer's requirement. Digital payment has aided customers with ease of payments, convenience and speed of transaction. According to report of Fintech in India – Powering mobile payment from 1.5 million digital payment acceptance locations in 2016-17, the digital payments modes have increased to 10 million. Digital payments market is forecasted to $10.07 trillion by 2026.

The volume of transactions through Unified Payments Interface has increased at a CAGR of 246% during2016-17 to 2018-19. The digital wallet companies are providing various offers to the customers and cash backs to get more customers.

REVIEW OF LITERATURE

Rakesh H M & Ramya T J (2014) - "A Study on Factors Influencing Consumer Adoption of Internet Banking in India". The main aim of researcher was to study the factors that influence internet banking adoption. The researchers used PLS and concluded that the internet banking is influenced by its perceived reliability, ease of use and usefulness. The researchers further suggested that the marketing experts should consider these benefits to attract the customers.

S. Manikandan & J.Mary Jayakodi (2017) – "An Empirical Study on Consumers Adoption of Mobile Wallet with Special Reference to Chennai City". The main objective of the research was to explain the application and usage of wallet money endorsed by different companies and various factors that affect the consumer's decision to adopt mobile wallet. The researchers collected the primary data through structured questionnaire and used statistical tools like ANOVA to analyse the data. The researchers concluded that the main factors that affect the consumer's decision to adopt mobile wallet were brand loyalty, convenience of shopping and security and safety.

Shamsher S. & Ravish R. (2017) – "Study of Consumer Perception of Digital Payment Mode". The main aim of researchers was to study the customer perception and impact of demographic factors on adoption of digital payment. The researchers collected the primary data through structured questionnaire from 150 respondents. The researchers used the statistical tools like ANOVA and frequency analysis. The researchers concluded that there is no significant variance in consumer perception based on the demographic factors such as age, gender, income and profession. The further concluded that there is a significant impact on education on the influence of adoption of digital payment.

Vinitha K. & Vasantha S. (2017) – "Factors Influencing Consumers's Intention to Adopt Digital Payment – Conceptual Model". The researchers main objectives were to study the factors influencing consumer's intention to adopt digital payments. The researchers presented the conceptual model of decision factors affecting digital payments. They suggested that to strengthen the E-payment system consumer awareness, convenience, security, availability, incentives and legal framework should be considered.

Fenchi M. C., Sambath P. & Sokheng P. (2018) – "Factors Influencing on Consumer's Digital Payment Adaption – A Comparison of Technology Acceptance Model and Brand Knowledge". The main objective of researchers was to investigate factors that influence consumer digital payment adaption. The researchers collected the primary data through structured questionnaire and used inferential statistics like exploratory factory analysis. The researchers concluded that the effect of TAM including perceived ease of use and perceived of usefulness and brand knowledge including brand awareness and brand image on attitude towards technology acceptance, influence on intention to use digital payment.

P. Ganesh & A. Khaleelur Rahman (2018) – "Factors influencing customer's Digital Payment Result with suggestion to Tiruchirappalli District". The aim of the researchers was to study the best predicting factors that influence customer's decision while making digital payment. The researchers collected the primary data through structured questionnaire from 334 digital users in Tiruchirappalli, Tamilnadu, India. The researchers concluded that majority of the customers felt the digital payment system are important. The customers prefer digital payment over e-banking.

RESEARCH METHODOLOGY
Research Objectives:
1. To study the factors that customers considers while using digital payment.
2. To study the modes of digital payment used by the customers

Significance of the Study:
The growth of digital payment is due to increasing use of internet, government initiatives and mobile usage. The digital payment service providers are providing various digital applications. This study tries to identify the factors that customers considers while using digital payment which will help the management and other stakeholders of the digital payment service providers to understand how best they can customize the services to meet the needs of the customers.

Variables under study:
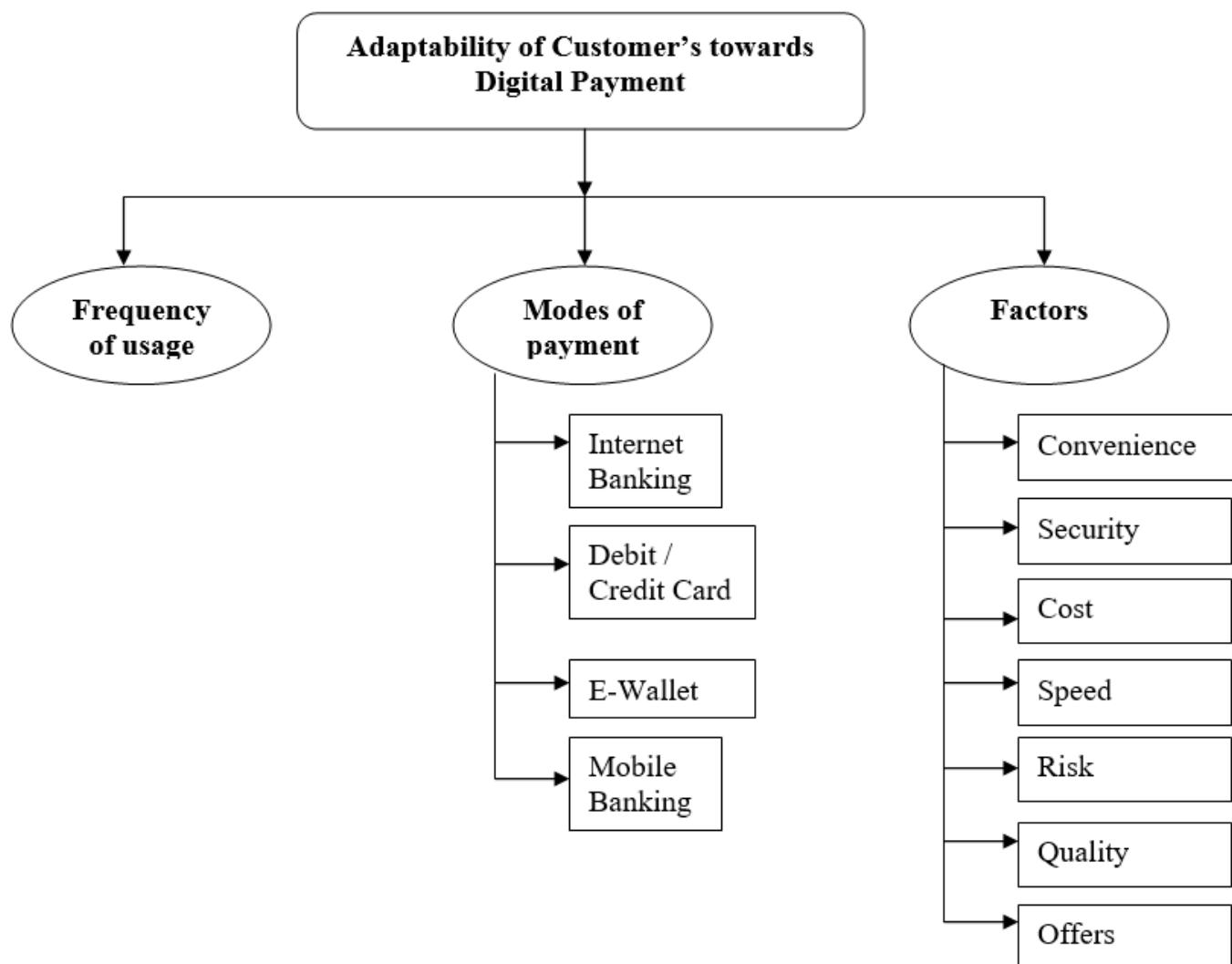
Research Design
The present study is descriptive research.

Data Collection Plan:
For the study the data source is primary. Primary data is collected through structured questionnaire to obtain relevant information. The survey respondents are those customers who are using digital payment. A questionnaire survey is used to gather the opinion of the people to evaluate and investigate the factors the customers consider while using digital payment. Therefore, a self administrated questionnaire was selected for the study.

Field Procedure for Primary Data Collection:
The primary data was collected for the study. The people using digital payment were the respondents.

Sampling Plan:
Population: People of Surat City using Digital Payment
Type of Sample: It is non-probability sampling. Due to the complexities of the parameters involved in the study the sampling methods selected by the researcher was convenient judgemental sampling.
Size of Sample: The sample size for the study is 275.

Data Analysis:

The analysis of the data includes both descriptive and inferential statistics. The inferential statistics used in the analysis of the primary data is factor analysis.

Scope and Benefits of the Study:

- The study will help to identify the factors that are considered by the customers while using digital payment which will help the service providers to frame their strategies.
- The study will give an insight to the digital payment service providers on the requirement of the customer.

DATA ANALYSIS:

Descriptive Statistics:

- Age: Out of the total respondent of 275, 11% were less than 20 years, 70% respondents were from the age group of 21-40 years, 16% were from 41-60 years, and 3% were 61 years & above.
- Gender: 53.8% respondents were male and 46.2% respondents were female.
- Occupation: 21.8% of the respondents were students, 24.1% respondents were professional, 27.6% were salaried person and 26.5% were business people business.
- Income: 38.6% of the respondents are had income less than Rs. 1,00,000, 33% had income between Rs. 100000-500000 and 25.1% had income between Rs. 500000-1000000, 3.3% had income more than 1000000.
- Modes of Payment: 51.6% respondents are using debit/credit card for the payment, 25.1% are using internet banking for the payment, 13.8% are using e-wallet for the payment, 9.5%peoples are using mobile for the payment
- Frequency of usage: 36% respondents used digital payment for 1 to 5 times in a month, 36% used for 6 to 10 times, 21.1% used for 11 to 15 times, 6.9% used more than 15 times in a month.

Inferential Statistics:

Factor Analysis:

Factor Analysis was performed to identify the factors that are considered by the customers while using digital payment. The KMO value of 0.903 suggests that there is adequate number of factors that can be extracted

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.903
Bartlett's Test of Sphericity	Approx. Chi-Square	3511.604
	df	435
	Sig.	.000

Table 2: Communalities

	Initial	Extraction
I prefer digital payment because of its connectivity.	1.000	.489
I prefer digital payment because of its affordability.	1.000	.625
I prefer digital payment because of speed in transactions.	1.000	.492
I prefer digital payment because I can pay or send money from anywhere.	1.000	.613
I prefer digital payment because I can track my transactions.	1.000	.558
I prefer digital payment because I get discount on transaction.	1.000	.579
I prefer digital payment because it is less risky.	1.000	.569
Digital payment is difficult for non-technical person.	1.000	.683
Digital payment having risk of data theft.	1.000	.590
Digital payment leads to overspending.	1.000	.668
Digital payment is important for digital revolution in our country.	1.000	.528
Government is also supporting digital payment since demonetization.	1.000	.552
Digital payment saves time and efforts.	1.000	.674
I used digital payment for receiving cash backs on transactions.	1.000	.554
I used digital payment for ticket booking.	1.000	.418

I used digital payment for online shopping.	1.000	.561
I used digital payment for offline shopping.	1.000	.553
Digital payment is inexpensive.	1.000	.593
In digital payment we do not have to wait for our turn.	1.000	.559
Digital payment had also help merchants in increasing sales.	1.000	.509
Digital payment is having high transaction cost and other charges.	1.000	.584
I prefer only one application for all types of payments.	1.000	.577
Digital payment is more convenient than other payment methods.	1.000	.578
Digital payment leads to ease of purchasing.	1.000	.507
Using digital payment is difficult due to network problems.	1.000	.654
Internet connection is important for using digital payment.	1.000	.544
Digital payment is providing good quality of services.	1.000	.498
Digital payment is not accepted at every shop or for every transactions.	1.000	.484
Digital payment is having security related issues.	1.000	.593
I use digital payment for most of my transactions.	1.000	.557
Extraction Method: Principal Component Analysis.		

There were six factors extracted by using the method of principle component analysis and rotation method of Varimax with Kaiser Normalization with criteria Eigen value more than one.

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.244	34.145	34.145	10.244	34.145	34.145	5.357	17.857	17.857
2	1.801	6.004	40.149	1.801	6.004	40.149	3.561	11.869	29.725
3	1.367	4.556	44.705	1.367	4.556	44.705	2.546	8.485	38.211
4	1.329	4.431	49.136	1.329	4.431	49.136	2.191	7.303	45.514
5	1.158	3.861	52.997	1.158	3.861	52.997	1.721	5.737	51.251
6	1.046	3.487	56.483	1.046	3.487	56.483	1.570	5.232	56.483
7	.982	3.274	59.757						
8	.941	3.136	62.893						
9	.912	3.039	65.932						
10	.849	2.829	68.761						
11	.771	2.571	71.332						
12	.728	2.427	73.759						
13	.718	2.395	76.154						
14	.678	2.261	78.415						
15	.659	2.198	80.613						
16	.615	2.050	82.664						
17	.571	1.905	84.568						
18	.532	1.774	86.343						
19	.501	1.670	88.013						
20	.478	1.593	89.606						
21	.433	1.442	91.048						
22	.386	1.286	92.334						
23	.372	1.240	93.574						
24	.349	1.163	94.737						

25	.318	1.061	95.798						
26	.292	.975	96.773						
27	.270	.899	97.672						
28	.250	.834	98.505						
29	.232	.773	99.278						
30	.216	.722	100.000						
Extraction Method: Principal Component Analysis.									

The table displays the total variance explained at three stages.

Figure 1:
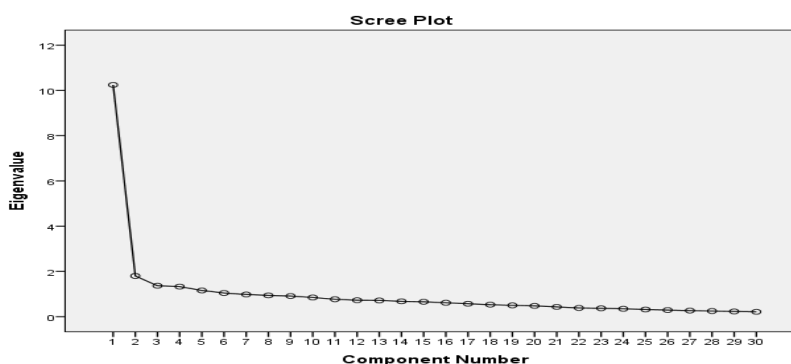
Table 4: Component Matrix

	Component					
	1	2	3	4	5	6
I prefer digital payment because of its connectivity.	.502					
I prefer digital payment because of its affordability.	.544					
I prefer digital payment because of speed in transactions.	.510					
I prefer digital payment because I can pay or send money from anywhere.						
I prefer digital payment because I can track my transactions.						
I prefer digital payment because I get discount on transaction.						
I prefer digital payment because it is less risky.	.522					
Digital payment is difficult for non-technical person.	.554					
Digital payment having risk of data theft.						
Digital payment leads to overspending.	.540					
Digital payment is important for digital revolution in our country.	.516					
Government is also supporting digital payment since demonetization.	.608					
Digital payment saves time and efforts.	.565			-.521		
I used digital payment for receiving cash backs on transactions.	.592					
I used digital payment for ticket booking.	.596					
I used digital payment for online shopping.	.669					
I used digital payment for offline shopping.	.647					
Digital payment is inexpensive.	.652					
In digital payment we do not have to wait for our turn.	.595					
Digital payment had also help merchants in increasing sales.	.596					
Digital payment is having high transaction cost and other charges.	.591					
I prefer only one application for all types of payments.	.633					
Digital payment is more convenient than other payment methods.	.662					

Digital payment leads to ease of purchasing.	.663
Using digital payment is difficult due to network problems.	.621
Internet connection is important for using digital payment.	.623
Digital payment is providing good quality of services.	.628
Digital payment is not accepted at every shop or for every transactions.	.611
Digital payment is having security related issues.	.711
I use digital payment for most of my transactions.	.689
Extraction Method: Principal Component Analysis.	
a. 6 components extracted.	

Table 5: Rotated Component Matrix

	Component					
	1	2	3	4	5	6
Digital payment is having high transaction cost and other charges.	.695					
Digital payment had also help merchants in increasing sales.	.676					
Digital payment is more convenient than other payment methods.	.648					
I prefer only one application for all types of payments.	.642					
In digital payment we do not have to wait for our turn.	.623					
Digital payment is inexpensive.	.590					
Using digital payment is difficult due to network problems.	.573					
Digital payment leads to ease of purchasing.	.565					
I used digital payment for offline shopping.	.528					
I used digital payment for online shopping.						
I use digital payment for most of my transactions.						
Digital payment is not accepted at every shop or for every transactions.						
Digital payment is having security related issues.						
Internet connection is important for using digital payment.						
Digital payment saves time and efforts.		.776				
I used digital payment for receiving cash backs on transactions.		.678				
Government is also supporting digital payment since demonetization.		.604				
Digital payment is providing good quality of services.		.501				
I used digital payment for ticket booking.						
I prefer digital payment because I can track my transactions.			.721			
I prefer digital payment because I can pay or send money from anywhere.			.718			
I prefer digital payment because of speed in transactions.			.613			
I prefer digital payment because of its affordability.						
Digital payment is difficult for non-technical person.				.708		
Digital payment having risk of data theft.				.685		
I prefer digital payment because of its connectivity.						
Digital payment leads to overspending.					.652	
Digital payment is important for digital revolution in our country.					.612	
I prefer digital payment because I get discount on transaction.						.667
I prefer digital payment because it is less risky.						.597
Extraction Method: Principal Component Analysis.						
Rotation Method: Varimax with Kaiser Normalization.						
a. Rotation converged in 12 iterations.						

The table presences the Varimax rotation. Factor 1 comprises nine items with factor loadings ranging from 0.528 to 0.695. Factor 2 comprises of four items with factor loadings ranging from 0.510 to 0.776. Factor 3 comprises of three items with factor loadings of 0.613 to 0.721. Factor 4 comprises two items with factor loadings ranging from 0.685 to 0.708. Factor 5 comprises of two items with factor loadings ranging from 0.612 to 0.652 and factor 6 comprises of two items with factor loadings ranging from 0.597 to 0.667.

The factor analysis yielded six interpretable factors: cost and convenience, quality of service and timeliness, speed, security, connectivity and discount offers. The analysis accounted for 56.483 percent of the variance. The most important factor is cost and convenience of use.

CONCLUSION

The analysis of the data reveals that 51.6% of the respondents are using debit/credit card for the payment whereas 25.1% are using internet banking for the payment. The analysis also reveals that 36% respondents used digital payment for 1 to 5 times in a month whereas 36% used for 6 to 10 times. The KMO value of 0.884 suggests that there is adequate number of factors that can be extracted and the factor analysis yield four interpretable factors and the analysis accounted for 56.483 percent of the variance and the most important factor is cost and convenience of use.

REFERENCES

[1] Fenchi M. C., Sambath P. & Sokheng P. (2018) – "Factors Influencing on Consumer's Digital Payment Adaption – A Comparison of Technology Acceptance Model and Brand Knowledge". Proceedings of the21stAsia-Pacific Conference on Global Business, Economics, Finance & Social Sciences (AP18Taiwan Conference)Taipei-Taiwan. December 21-22, 2018. Paper ID: W813. http://globalbizresearch.org/Taiwan_Conference_Dec_2018_1/docs/doc/2.%20Global%20Business,%20Economics%20&%20Sustainability/W813_Abstract.pdf

[2] Jean-Michel S. (2008) – "The Adoption and Diffusion of Electronic Wallets". Journal of Internet Banking and Commerce, Vol. 13, No. 1, pp. 1 – 11. https://www.researchgate.net/publication/228280001_The_Adoption_and_Diffusion_of_Electronic_Wallets

[3] K.SumaVally & K. Hema D. (2018) – "A Study on Digital Payment in India with perspective of Consumers adoption". International Journal of Pure and Applied Mathematics, Vol. 118, No. 24, pp. 1-9. https://acadpubl.eu/hub/2018-118-24/2/378.pdf

[4] Muhammad Auwal K., Aidi A. & Siti Z. S. (2015) – "Adoption of e-payment Systems: A Review of Literature". Proceedings of the International Conference on E-Commerce, pp. 112 – 120. https://www.researchgate.net/publication/303329794_Adoption_of_e-Payment_Systems_A_Review_of_Literature/link/573d2cf808aea45ee841a78c/download

[5] Ngoc D. (2014) – "Consumer Adoption In Mobile Wallet – A Study of Consumers in Finland". https://www.theseus.fi/bitstream/handle/10024/86343/Ngoc_Doan.pdf?sequence=1

[6] P. Ganesh & A. Khaleelur Rahman (2018) – "Factors influencing customer's Digital Payment Result with suggestion to Tiruchirappalli District". IJER, November –December. https://www.ijeronline.com/documents/volumes/2018/Nov%20-%20Dec%2018/ijer%20v9i6%20nd(6).pdf

[7] Prema.C – "Factors Influencing Consumer Adoption of Internet Banking in India" https://pdfs.semanticscholar.org/f230/fee266678b0680db95b37990521c92b9a02e.pdf

[8] Punwatkar & Manoi V. (2018) – "Adaption of e-Wallet Payment: An Empirical Study on Consumer's Adoption Behaviour in Central India". International Journal of Advanced in Management, Technology and Engineering Sciences, Vol/ 8, Issue III, pp. 1147 – 1156.

[9] Ravikumar T, Suresha. B, Sriram M., Rajesh R. (2019) – "Impact of Digital Payments on Economic Growth: Evidence from India". International Journal of Innovative Technology and Exploring Engineeting (IJITEE), Vol. 8, Issue 12, pp. 553 – 557. https://www.researchgate.net/publication/337010989_Impact_of_Digital_Payments_on_Economic_Growth_Evidence_from_India

[10] Shamsher S. & Ravish R. (2017) – "Study of Consumer Perception of Digital Payment Mode". Journal of Internet Banking and Commerce, Vol. 22, no.3. pp. 1-21. http://www.icommercecentral.com/open-access/study-of-consumer-perception-of-digital-payment-mode.pdf

[11] Tripathi, S. (2020). A study on adoption of digital payment through mobile payment application with reference to Gujarat state. International Journal of Trend in Scientific Research and Development.

[12] Vinitha K. & Vasantha S. (2017) – "Factors Influencing Consumers's Intention to Adopt Digital Payment – Conceptual Model". Indian Journal of Public Health Research and Development, Vol. 8(3): 170

[13] https://www.researchgate.net/publication/318496859_Factors_Influencing_Consumer's_Intention_to_Adopt _Digital_Payment-Conceptual_Model

[14] https://consultants.siliconindia.com/viewpoint/in-my-opinion/the-changing-scenario-of-the-indian-digital-payments-industry-nwid-8145.html