



A study on usage of online payment system for small buyers in Coimbatore city

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Abstract

This study investigates the usage patterns and adoption factors of online payment systems among casual buyers in Coimbatore, India. With the rapid growth of e-commerce, understanding consumer behavior towards online payment systems is crucial for businesses and policymakers. The research employs a mixed-method approach, including surveys and interviews, to collect data from a sample of casual buyers in Coimbatore. The findings reveal key factors influencing the adoption of online payment systems, such as security concerns, ease of use, trust in the platform, and awareness of available options. Additionally, demographic characteristics and past online shopping experiences play significant roles in shaping consumers' attitudes towards online payment systems. The study concludes with implications for businesses aiming to enhance the adoption of online payment systems among casual buyers in Coimbatore, thereby fostering the growth of e-commerce in the region.

Keywords: Improvements, respondents, digitization, instruments

Introduction

India is moving on the path of a major digital revolution. An online payment system is a service to assist in making a financial transaction to another person or company using a computer, smartphone, or tablet. Most online payment systems work by getting your banking information and assisting in the transaction of money from your bank or credit card to another person. Typically, most small online transactions occur in a few seconds. However, some of the more complicated transactions or large transactions can take a day or more to verify and complete. An online payment system facilitates the acceptance of electronic payment for offline transfer, also known as a subcomponent of electronic data interchange ecommerce payment systems have become increasingly popular due to the widespread use of the internet-based shopping and banking.

Objectives

- To analysis the problems and benefits in online payments.
- To find out the situation of using online payments.
- To know the areas of improvements needed in the point of view of customers.
- To make an overview regarding growth in online payment system.
- To understand the concept and the different modes of system.

Scope of Study

The literature reviews taken for the study are primarily from India. The studies varied from usage studies to behavioral studies. These were analyzed for the main results. This is mainly restricted to studies of digitization in payment.

Statement of Problem

The current scenario of Indian economy shows the tendency of movement from cash to cashless transactions. There are so many efforts have been taken by the government in order to convert the face of Indian economy into a new one. Now

a day every transaction is going digital. In order to accelerate the execution of the concept of digital economy there are number of digital payment systems were introduced. These payment systems can make changes in the economic life of people.

Limitations of the Study

- The survey has been conducted among 150 respondents only.
- Accuracy of the study is purely based on the information as given by the respondents.
- Time constraint has prohibited from going bottomless into the subject.

Review of the Liteature

Junadi, Sfenrianto (2023) studied the main factors which influenced the reason behind digital payment in Indonesia and found 5 major factors, namely, culture, perceived safety, expectation of performance, expectation with respect to effort and impact of society

M. Mahalakshmi R (2022) also studied the different factors affecting rate of adoption of digital payment. The importance of digital payment in banking was stressed by 2 papers.

Roy, SK (2021) analyses internet banking acceptance and found that acceptance of technology and risk management are the reasons for customer acceptance.

Priyanka Philip (2020) found that internet banking improves the operating efficiency of the bank. Lin W-R *et al* (2020) talked about the importance of online banking, need to maintain its efficiency and reducing costs so that customers will be happy, and banks can retain them

Satadruti Chakraborty, Dipa Mitra (2020) Importance of demographics and factors influencing consumer adoption.

Research Methodology

Research Methods is defined as "tools or instruments used to accomplish the goals and attributes of study".

Method of Data Collection

The data was collected for this study is

Primary Date: The primary data are those which are collected as fresh for the primary time.

Secondary Data: Secondary data is collected from journals, magazines and books, newspaper and internet.

Area of study: This study was conducted in cities of Coimbatore.

Sample size: The sample size is 150.

Tools used for analysis: Data analysing tools are Simple percentage and Chi-square test.

Simple percentage: Percentage base analysis helps to find which factors is significant among a number of factors.

Chi-square: A chi-square statistic is used to test the measures of expectation.

Analysis and Interpretation

Simple Percentage

Simple Percentage Formula

$$\text{number of } \frac{\text{respond}}{\text{total number of respond}} * 100$$

Demographic profile of the respondents

Table 1: Showing the demographic profile

S.N	Demographic	No of respondent	Percentage (%)	
1	Gender	Male	89	59.3%
		Female	61	40.7%
2	Age	18 – 20	52	34.7%
		21-30	67	44.7%
		31-40	15	10.7%
		Above 40	16	10.7%
3	Marital status	Married	46	69.3%
		Single	104	30.7%
4	Occupation	Student	76	50.7%
		Business	28	18.7%
		Worker	21	14%
		Home maker	15	10%
5	Educational qualifications	Professions	10	6.7%
		HSC	47	31.3%
		UG	67	44.7%
6	Monthly salary	PG	22	14.7%
		Professional degree	14	9.3%
		Below 15000	70	46.7%
		15000 to 25000	35	23.3%
7	Type of living area	25000 to 40000	25	16.7%
		Above 40000	20	13.3%
		Urban	45	30%
		Rural	75	50%
		Semi-urban	30	20%

Interpretation: Table 1 clearly states the demographic profile of the sample respondents. Most of them are Male. Majority of them are at the age of 21 to 30. Majority of them are Single. Most of them are students. Majority of the respondents are UG qualified. Majority of respondents

family monthly income is below Rs.15000. Most of them are living in rural areas.

Chi-square analysis

A chi-square test is a statistical test used to compare observed value with expected value. The purpose of this test is to determine if a difference between observed data and expected data is due to chance, or if it is due to a relationship between the variables are studied.

The two variables are types of living area and the problem faced while transaction.

Table 2

1	Type of living area	Urban	45	30%
		Rural	75	50%
		Semi-urban	30	20%
2	Problem facing while transaction	Network problem	67	46%
		Server issue	13	9%
		Transaction Failed	70	44%

Interpretation: Table clearly states that the demographic profile of the respondents. Most of the respondents are facing network problems while transaction.

Degree of freedom = (r-1) (c-1)

Table 3

Particulars	Network Issue	Server down	Transaction Failed	Grand Total
Rural	32	8	35	75
Semi-Urban	16	1	13	30
Urban	19	4	22	45
Grand Total	67	13	70	150

H₀ = H₀ is the null hypothesis. There is no relationship between the independent variable and the dependent variable.

H₁ = H₁ is the alternative hypothesis. There is relationship between the independent variable and the dependent variable.

Chi square analysis formula

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

Table 4: Chi square table

O	E	(O-E) ²	(O-E) ² /E
32	33.5	2.25	0.0672
16	13.4	6.76	0.5045
19	20.1	1.21	0.0602
8	6.5	2.25	0.3462
1	2.6	2.56	0.9846
4	3.9	0.01	0.0026
35	35	0	0.0000
13	14	1	0.0714
22	21	1	0.0476
150	150	17.04	2.084

$$= (3-1) * (3-1)$$

$$= 2*2$$

$$= 4$$

Table value = 2.084

Calculated value = 4.269

Result: The calculated value is less than the table value (4.275 < 2.084).

Hence, the null hypothesis is accepted. Therefore, there is no significant relationship between the types of living area and the problems facing while transaction.

Findings

- Majority of 59.3% of the respondents are male.
- Maximum of 44.7% of the respondents are 21-30.
- Majority of 69.3% of the respondents are Unmarried
- Majority of 50.7% of the respondents are Students
- Maximum of 44.7% of the respondents are UG.
- Maximum of 46.7 % of the respondents are below 15k.
- Majority of 50% of the respondents are rural.
- Majority of 50.1% of the respondents are Google pay.
- Majority of 69.3% of the respondents are Easy.
- Majority of 40% of the respondents are purchasing.
- Maximum of 46.7 % of the respondents are transaction failed.
- Maximum of 41.3% of the respondents are apps.
- Majority of 56.1% of the respondents are internet.
- Maximum of 34.% of the respondents are once a day.
- Maximum of 38.1% of the respondents are Convince.
- Maximum of 48% of the responses are Only one.
- Maximum of 47.3% of the responses are Fasy and reliable.
- Majority of 61.3% of the responses are As a primary mode.
- Majority of 60.7% of the responses are No.
- Maximum of 41.3% of the responses are 1-2 years.
- Maximum of 30.7% of the responses are Less awareness.
- Maximum of 32.7% of the responses are Slightly aware.
- Maximum of 32% of the responses are 500 to 1000.

Suggestions

The Online payment system should be enhanced to make the online enquiry and online payment queries much easier to customer. The Online Payment system with the advancement in the technology, the new banking facilities such as EPT and internet banking have proved to be a major breakthrough in banking technology. Growths of online payment in rural areas are slow because it is indispensable for growth in industries and MNC's.

Conclusion

Online payment is improving and developing very fast. The usage, comfortability is being wider and wider day by day. The electronic payment plays a crucial role in development of ecommerce because the secure of payment are more raised by it.

Thus, an online payment system needs to satisfy various important requirements such as money atomicity, anonymity, authentication, privacy, transferability, nonrepudiation etc. Cryptographic techniques are employed to achieve one or more requirements of electronic payment systems. In this study the e-banking is expected to growing and expected to continue that the movement of globalization, privatization and development of banks has been moving forward so the banking and payment options are developing.

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