

Digital and Other Payment Platforms: Factors Influencing Choice among Youths

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Abstract

Digital payment platforms are heavily reliant on smartphones which are enabled with data connections. The solutions available in today's eras catering to individuals who are already well versed with cashless transactions through credit/debit cards and net banking. This research study observes and tries to understand the factors which help customers to decide the choice of digital payment platform, to assess prevalence of usage of multiple payment modes and also to identify the reasons for choosing payment modes selected. This research provides a methodological framework for examining digital payment platform behavior and provides an in-depth analysis based on the data collected through the offline survey and offers suggestions for improving the payment modes.

It scrutinizes the effect of digital and other payment modes on the purchasing habits of consumers. The secondary data was used to have an in-depth knowledge of the digital payment industry and to examine the various attributes of different digital payment platforms. It is chi-square research with convenience sampling used as the sampling method. Hypothesis testing is being done in the study so as to find, the association between payment mode selected and the purpose of payment.

Moreover, the research also studies the factors such as the role of age, gender and occupation on the usage of digital payment patterns. Findings revealed that the Prevalence of digital payment platforms is more in male as compared to female within the age group of 36-40 years. Factors such as safety and convenience to use mobile payment applications are most important attributes of the online payment mode selected is dependent upon..

Keywords- Digital Payment, Payment Modes, Youths, Factors, Transfer

Introduction

The emergence of Information and Communication Technology had completely changed the lives and operations of individuals and organizations respectively. The emergence of e-payment system, the world payment system turned out to align with the current trend of cashless transactions among individuals, businesses and governments. Digital payment is a way of payment which is made through digital modes and is correspondingly called as electronic payment. All the transactions in digital payments are completed online with the assistance of internet. The emergence of Information and Communication Technology have completely changed the lives and operations of individuals and organizations respectively. In the year 1990, the business and consumer world encountered a new way of executing trade business, which was named electronic commerce (e-commerce). Over the year's electronic commerce evolved into a famous and acknowledged way of doing business related activities.

Payments system is gradually changing from coins and paper-based money to electronic forms that provide a more convenient, fast and secured process of making payments among individual and organizations. E-payment systems are important mechanisms used by individual and organizations as a secure and convenient way of making payments over the internet and at the same time it similarly acts as a gateway to technological advancement in the area of world economy. It tends to bring many electronic modes of payments together through which financial institutions offer different e-payment opportunities and services to their customers such as the credit cards, debit cards, online banking, and mobile banking facilities.

Traditional commerce has evolved from its basic form, i.e., the barter system, to using various exchange forms such as tokens and money. However, the physical forms of agents, products, and processes remained the common denominators. In the last century, commerce using physical forms of monetary value was enhanced with a digital format in the form of credit/debit card transactions. With the birth of e-commerce, digital forms of commerce have helped to replace or supplement the traditional physical places of business with virtual locations. Various digital payment methods such as digital cash and e-wallet emerged to help consumers transact with convenience and confidence in the virtual marketplace. Recent advancement in mobile and wireless technologies has freed consumers from the spatial and temporal constraints of traditional commerce. Consumers are demanding the ability to transact at any time and from anywhere.

Review of literature

The last decade has seen tremendous growth in the use of internet and mobile phone in India. The increasing use of the internet, mobile penetration and government initiative such as Digital India is acting as a catalyst which leads to exponential growth in the use of digital payment. Electronics Consumer transaction made the point of sale (POS) for services and products either through internet banking or mobile banking using a smartphone or card payment named as digital payment. The consumer perception of digital payment has a significant and positive impact on the adoption of digital payment. Singh, S. (2017). The current study is based on primary data collected from 150 respondents from different parts of Delhi. A well-structured questionnaire was designed to collect the information from the respondents. The questionnaire was designed to study the perception of the customer towards the adoption of digital payment mode. Likert five-point scales were used for obtaining responses. The responses have been collected by means of face-to-face interviews by author and frequency analysis were used to analyze the responses.

ANOVA indicates that, there is no significant variance in consumer perception based on demographic factors such as gender, age, profession and an annual income of the patients. However, education was found significantly to influence the adoption of digital payment. It was found that the demographic factor except education does not have much impact on the adoption of the digital payment. ANOVA computation supported this finding as there was no significant difference perceived by the respondents on the basis of gender, age, profession and annual income. Purpose of this research was told to respondents and the questions were explained to them in case there was any need for understanding any particular question.

There had been no personal bias or distortions allowed while recording the response. It was only the education level of the respondents where significant difference is perceived by the respondents. It indicates that the adoption of digital payment is influenced by the education level of the customer. If a person has studied beyond matriculation and internet savvy, he or she will be inclined to use the digital payment mode. The growth of users of Smartphone and internet penetration in such area also facilitated the adoption of digital payment.

The Internet is growing rapidly as a marketplace for the exchange of both tangible and information of goods and services. Numerous payment mechanisms suitable for use in this marketplace are in various stages of development, because their development is so recent, it is difficult for potential participants in electronic commerce to evaluate and select payment mechanisms. It shows how a decisionmaker might follow a systematic rational choice approach to select or evaluate a mechanism. The selection process typically leads to a solution in a few iterations or less; it is generalizable; and relatively little information about each alternative, reducing the cost of evaluating and selecting payment mechanisms.

The evaluation approach guides payment mechanism designers and researchers by the needs of users who desire particular bundles of characteristics. It has been emphasized that when the analysis of payment mechanisms proceeds from the decisionmaker's viewpoint, only a very few of the many possible characteristics may be needed to make a selection. It is expected, however, that some readers may be uncomfortable with what may seem to be too intensive emphasis on individual decisionmakers, making independent decisions. The research has missed the most important consideration: that digital money users will want to adopt a mechanism that others are adopting. It has no quibble with this prediction, but our purpose is not to predict which characteristics will be important to users.

If widespread adoption is important to a decisionmaker, then that can be a character in her vector, and it can be given a high rank when the vector is prioritized. Indeed, if this characteristic is dominant for some users, then one of our main points is reinforced: the list of characteristics needed for any particular decisionmaker to select a mechanism may be very short, and a careful quantification and weighting of numerous factors may be irrelevant when some characteristics are axiomatic (e.g., "must be a widely adopted standard"). On the other hand, it is well to remember that to date, no payment mechanism has been widely adopted as a standard.

As the developed economies are poised to transition many smart mobile phone users from the cash-based payment and other forms of digital payments such as the credit/debit card systems to smartphone payment. The success that Vodafone has achieved in managing the M-PESA Mobile Money, the leading mobile money in Kenya and East Africa is reported in this paper. While M-PESA has brought financial inclusion to millions of Unbanked in Kenya, West African countries such as Ghana and Nigeria lag behind with less than 10 percent adoption rate. Etim, A. S. (2014). This paper provides insight into the lack of mobile money adoption in West Africa through information and communication

technology (ICT) study in Nigeria, the largest country in West Africa. The study was geared towards investigating the use of mobile phones for mobile banking and mobile money services. Study participants during the focus group interviews shared that the m-banking and mobile money services were very new and not relevant to them yet. The lack of relevance to them is because it is associated with banks and they had no bank accounts. A few of the students also blamed the low acceptance rate on the fees that banks require people to pay to use their e-banking services. Based on the focused group study, the aspect of mobile money services that has picked up in the region is Western Union or Money Gram and that most people only use the service to receive money sent by family members from abroad or large cities like Lagos or Abuja. They also indicated that transferring phone credits to others were common; it allows parents, for example, to pass along phone credits to their students who are at the University without having to meet them face-to-face. The government has begun to use electronic methods for paying salaries or collecting revenues and this can promote greater financial inclusion as many people will be able to hold bank accounts.

In digital ecosystems, the fusion relation between business and technology means that the decision of technical compatibility of the offering is also the decision of how to position the firm relative to the complete relations that characterize business ecosystems. In this article, we develop the Digital Ecosystem Technology Transformation (DETT) framework for explaining the technology-based transformation of digital ecosystems by integrating theories of business and technology ecosystems. The framework depicts ecosystem transformation as distributed and emergent from micro-, meso-, and macro-level competition. Henningsson, S., & Hedman, J. The DETT framework consists of an alternative to the existing explanations of digital ecosystem transformation as the rational management of one central actor balancing ecosystem tensions. Empirically, this paper is based on a case study of the payment ecosystem in Denmark consisting of three embedded cases of digital payment innovations. This is here achieved by three embedded cases that replicate findings across analytical levels. In practice, this means that each case is analyzed in relation to the initial framework and additional cases are used to challenge the insights gained from the previous cases. The insights grow with each case and allow for the emergence of theory and understanding.

There are two main reasons why everyone chose the digital payment ecosystem as an empirical domain for illustrating our framework. First, the payment ecosystem is currently highly turbulent and unstable, as it searches for a new equilibrium as a technology-fused ecosystem. Payments, with increasing frequency, consist of digital representations of money that are transferred in a global intertwined system that involve multiple parties, including payers, payment services providers, banks, telecom operators, mobile phone manufactures, and payees. This allows for the identification and investigation of ongoing strategies on all levels of the DETT framework. Second, the payment ecosystem is central in today's society.

Documents were official documents from Denmark and the European Union on the payment ecosystem (Danmarks-Nationalbank, 2005; Kokkola, 2010), and publicly available sources, such as annual reports, press releases, research articles, and web pages. One of the authors took part in six workshops on future payment technologies, organized by the financial industry in Denmark.

This descriptive study was conducted to develop an understanding of consumers' attitudes and the adoption of Internet banking among sophisticated consumers. Based on a random sample of academicians, demographic, attitudinal, and behavioral characteristics of Internet banking (IB) users and non-users were examined. The analyses revealed significant differences between the demographic profiles and attitudes of users and non-users. IB users were further investigated, and three sub-segments were defined according to a set of bank selection criteria. Finally, based on the similarities between various Web-based bank services, four homogeneous categories of services were defined. Akinci, S., Aksoy, Ş., & Atilgan, E. (2004).

Having considered the fact that the likelihood of IB usage was strongly linked to PC-literacy and Internet usage, the target population of interest was defined as the academic staff of a higher education institution, Akdeniz University, in Antalya, Turkey. Thus, a survey questionnaire was developed to collect the primary data from the respondents. To form a sampling frame, a list of 1228 e-mail addresses belonging to the academicians was obtained from the university's IT department. Since all of the respondents had permanent Internet access in their offices, the majority of the survey was conducted online; for this

purpose, an e-mail message explaining the objectives of the research and containing a link to the virtual questionnaire page was delivered to the address.

This low response rate was accepted since Internet surveys have the poorest response rates among e-mail, mall-intercept, and mail surveys (Malhotra, 1999). The distributions of the target population and the sample by academic titles were shown in Table III, indicating an approximately similar pattern. To test this similarity, t-tests were carried out between the population and sample proportions but no significant difference was detected.

Statement of the problem

Technological advancement and innovations have made digital payment an integral part of the life of many consumers. A huge percentage of people having smartphones are bound to have downloaded one or more application. However, the digital payment sector and modern retailers are increasingly facing serious challenges of constant development in technology, trends, designs, strategies. In order to gain a competitive edge in the market, marketers need to know the strategies and technologies used by the top four digital payment companies to dominate the market and the basis on which customers choose their payment platforms. This study, therefore, aims to understand the customer perception and purchase behaviour of people towards leading digital payment companies in Bangalore i.e. Paytm, Phonepe, Phone apps ,Bhim, Google pay.

Objectives of the study

1. To ascertain the factors which help customers to decide the choice of a digital payment platform.
2. To assess the prevalence of usage of multiple payment modes.
3. To identify the reasons for choosing payment modes selected

Research Methodology

Descriptive research is done to describe the characteristics of a population or phenomenon being studied. The source of this study is gathered from primary and secondary data. Secondary data is being collected from different sources to get some insights into the actual research problem before it was supported by primary data. The latter part of the research has concentrated on the preparation of questionnaire based on information collected from the secondary sources. Primary data collection was done through the

administration of a questionnaire to the target group. Convenient sampling has been used to select the respondents as students and the working professionals in Bangalore who have exposure to online payments from the leading digital payment companies.

Limitations

1. The respondents targeted were students and working professionals.
2. The study only considers respondents from Bangalore.
3. The analysis was done based upon the personal opinion of respondents individually, not from any focus groups or experts.

Results and Discussion:

Hypotheses

Ho: There is no association between payment mode selected and purpose of payment.

H1: There is an association between payment mode selected and purpose of payment.

Statistical Tool: Chi-Square

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Factors for preferring online payments * Preferred modes of payment	100	100.0%	0	0.0%	100	100.0%

Data Analysis: SPSS

Preferred_Payment_mode * Factors_for_preferring Cross tabulation

			Preference					Total
			Saves time	Convenient	Safety	Cashback	Offers	
Preferred_Paymen ot_mode	Count	9	24	0	0	0	33	
	Expected Count	3.0	12.2	5.0	4.6	8.2	33.0	
	Std. Residual	3.5	3.4	-2.2	-2.1	-2.9		
Phonepe	Count	0	13	9	0	0	22	
	Expected Count	2.0	8.1	3.3	3.1	5.5	22.0	
	Std. Residual	-1.4	1.7	3.1	-1.8	-2.3		
Google pay	Count	0	0	6	7	0	13	
	Expected Count	1.2	4.8	2.0	1.8	3.2	13.0	
	Std. Residual	-1.1	-2.2	2.9	3.8	-1.8		
Mobikwik	Count	0	0	0	7	0	7	
	Expected Count	.6	2.6	1.0	1.0	1.8	7.0	
	Std. Residual	-.8	-1.6	-1.0	6.1	-1.3		
Debit card	Count	0	0	0	0	15	15	
	Expected Count	1.4	5.6	2.2	2.1	3.8	15.0	
	Std. Residual	-1.2	-2.4	-1.5	-1.4	5.8		
Others	Count	0	0	0	0	10	10	
	Expected Count	.9	3.7	1.5	1.4	2.5	10.0	
	Std. Residual	-.9	-1.9	-1.2	-1.2	4.7		
Total	Count	9	37	15	14	25	100	
	Expected Count	9.0	37.0	15.0	14.0	25.0	100.0	

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	1.459	.0013
	Cramer's V	.729	.0013
N of Valid Cases		100	

Interpretation: Since the p-value is less than .05, therefore the null hypothesis is rejected and the alternate hypothesis is accepted, i.e. There is an association between payment mode selected and the purpose of payment

Conclusion

Modern digital payment modes are embracing new technologies to serve better and scale their business to understand different factors influencing the choice of different digital and other payment platforms among youths. It was found that payment modes have a significant effect on the purpose of payment. Majority of the respondents consider factors like safety, convenience, cashback, and offers while choosing digital payment platforms. Factor such as convenience of use is the most important attribute of the payment mode selected. Awareness among youth is comparatively higher than higher aged people. Female are not internet savvy due to which a number of female respondents are significantly less. As mobile payment applications become rapidly growing business activity, industries begin to introduce their customers to new payment methods using mobile payment technologies. In their view Mobile payments are growing rapidly and are expected to continue further. The people will hardly make use of cash and gradually prevalence of digital modes will increase at a much higher rate.

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