
A STUDY ON USAGE OF ONLINE PAYMENT APPS BY CUSTOMERS

S. Sudhamani¹, K. Vijayalakshmi², K. Vijayalakshmi³, K. Renuga⁴

^{1,2,3}Assistant Professor Department of B. Com (E. Commerce) Pollachi College of Arts and Science Poosaripatti, Pollachi.

⁴Assistant Professor Department of Computer Science Karpagam University Coimbatore.

ABSTRACT

This research aims to provide a comprehensive examination of online payment applications in our society, focusing on the features, adoption, and user experiences associated with online payment. In the rapidly evolving landscape of digital transactions, online payment applications play a pivotal role in shaping the way consumers engage in financial transactions. Employing a mixed-methods research design, including surveys, interviews, and usability assessments, the study seeks to understand the factors influencing the adoption of online payment applications. Key areas of investigation include user perceptions of security, ease of use, transaction speed, and the overall satisfaction of consumers utilizing for their online transactions. The study also explores the impact of promotional strategies, trust-building measures, and user education initiatives on the widespread adoption and sustained usage of online payment applications. The findings of this research are expected to contribute valuable insights to the broader understanding of online payment trends and offer specific insights into the factors that influence the success of dynamic market.

Keywords: Online Payment Applications, Digital Transactions, Amazon Pay, User Experiences, Adoption Factors, Security Perceptions, Transaction Speed, Trust-Building, Financial Technology, E-payment Trends

1. INTRODUCTION

Now-a-days world is becoming digitalized in every field and one of the best example of this is various countries in the world are moving towards becoming a cashless society. A cashless society is the one which doesn't use cash for any of its transaction instead all the transactions are done digitally. There are various countries in the world which have more than 50% of their transactions through cashless methods. Government of India is also encouraging various digital payment apps such as Aadhaar Payment app, UPI App, Bharat Interface for Money (BHIM) app along with private sector apps like Paytm, Mobikwik, Freecharge etc. Such new apps are beneficial to transfer funds across various parts of our country. Due to the Demonetization act already existing mobile payment applications came into the limelight like Paytm, Google pay, Phone Pe etc. Digital payments industry in India is growing on a rapid pace providing a highly attractive platform for all sector peoples.

2. REVIEW OF LITERATURE

According to Mamta, Prof. Hariom Tyagi and Dr. Abhishek Shukla(2016) The article entitled "The Study of Electronic Payment Systems". This study aims to identify the issues and challenges of electronic payment system and offer some solutions to improve the e-payment quality. The successful implementation of electronic payment system depends on how the security and privacy dimensions perceived by consumers as well as sellers are popularly managed in turn would improve the market confidence in the system

According to Sujith T S, Julie C D(2017) The article entitled "Opportunities and Challenges of E-Payment System in India". This study aimed to identify the issues and challenges of electronic payment systems and offer some solutions to improve the e-payment system. E-Payment system not only provides more opportunities but many threats also. The study found that, the reach of mobile network, Internet and electricity is also expanding digital payments to remote areas. This will surely increase the number of digital payments.

According to Ashish Baghla (2018) This research paper titled "A Study on the Future of Digital Payments in India" focused on the adoption of Digital payments in India. This paper identifies the problems or challenges faced by the people of India in adopting Digital modes of payment. One of the objectives of this study was to find out the attitude of the people towards the adoption of digital payment in India. The research methodology used in this research i.e the data is collected from both the primary and secondary sources, the primary has been collected through a questionnaire from 110 people. The paper concluded that the efforts by the government to make India cashless is going well but it will take time for India to become completely cashless as there are various challenges which the government has to take care of.

According to Prof. Sana Khan and Ms. Shreya Jain (2018) This research titled "A Study on Usage of E-payments for Sustainable Growth of Online Business" focuses on the frequency and the problems faced by consumers while using online payment methods. The researchers also examined the effect of e-payments contribution towards the sustainability of the business growth in India, these were the main objectives of this research paper. The research

conducted is a descriptive research and the primary data was collected through a structured questionnaire sent to users of e-payment methods and the sample size was 100 participants which was collected random sampling technique. The tools used in this research was Pivot tables and frequency. The findings of this research suggested that the users of e-payments have increased and it has become more popular and that majority of the users used online payments because of coupons and discounts in those transactions.

According to Dr Hem Shweta Rathore (2016) The study titled “Adoption of Digital Wallet By Consumers” focuses on the factors which influence customers decision about using digital mode of payment for a particular transaction. The researcher also tried to analyze the various risks and challenges faced by the customers while using various digital wallets. The data was collected through a structured questionnaire which was responded by 132 respondents. This research used

Quantitative method ANOVA for getting the statistical result from the respondents. The researcher also gave some suggestions like to educate the consumers about the benefits of using digital wallets as a payment mode. This research paper concluded that Digital wallets will quickly become popular mode of payment as it is convenient and will gain huge widespread acceptance in the market.

According to Rachna and Priyanka Singh (2013) The research paper titled “Issues and Challenges of Electronic payment systems” aims to identify the issues and challenges faced while using electronic payment systems and this paper also offer some solutions to improve the quality of e-payment system. This paper stated some issues such as lack of security, lack of trust in such payment services by the consumers, lack of awareness by the consumers, online payment services are not feasible in rural areas of our country. This paper also stated some of the measures to handle those problems such as encryption, digital signature, firewalls, and can request for more identification in case of any doubts. The paper concluded with the facts that e-payment systems can be successful if the privacy of the consumers and the security dimensions are well managed which would increase the confidence of the customers on such payment applications.

According to N Ramya, D Sivasakthi and Dr. M Nandhini (2017) The research paper titled “Cashless transactions: Modes, advantages and Disadvantages” focuses on to state the efforts by the RBI and the Government of India to promote the digital modes of payments and to achieve the goal of a „less cash society“. The researcher also studied the various modes of cashless transactions such as e-wallets, mobile wallets, UPI apps, AEPS, USSD system, debit/credit cards for payments. This researcher also provided various advantages of using cashless modes of payments such as convenience, tracking the expenditures, avail various discounts, lower risk, and can pay small denominations etc. This research paper also stated certain disadvantages of going cashless and those are- overspending increases, difficult for people who are not used to

such technology, losing phone can be problematic, higher risk of identity theft and hacking consumers data etc.

OBJECTIVES:

- 1.To Study the popular Digital Payment Applications among youth and their attitude towards the same. (in terms of Safety and Convenience)
- 2.To find the most common reasons for using Digital Payment Applications by peoples.
- 3.To determine the barriers in using Digital Payment Applications with regards to technical Errors
- 4.To analyze how far the young generation have accepted technological advancement. (in terms of digital payment applications)

NEED OF STUDY

- To determining growth direction of Digital payments system.
- Promoting digital payment in day to day payment transactions.
- Customer perception will be taken into consideration about the digital payment.

3. RESEARCH METHODOLOGY

The study is an empirical study based on primary data. Interview schedule was developed for this purpose. It presents the type of data used, selection of samples, tools of analysis. Primary data were collected through interview schedule distributed to the users or the purpose of collecting the required data. The respondents were interviewed at their convenient time for the collection of data. Selection of the sample is an important part of the research work. Hence, the researcher select 150 respondents for her research work. The statistical tools are used on the basis of the objectives of the study and also the nature of data included in the analysis

ONLINE PAYMENT SYSTEMS:

Pay Now (Klarna)

Customers can log in to their online banking via Klarna and conduct transfers directly. The payment information is pre-filled to enable swift processing. The money is then debited directly from the customer account and Klarna sends the business a transaction confirmation informing it that it can dispatch the product.

Giropay

Giropay is a payment system supported by many German banks and savings banks. When using giropay, customers need to log in to their online banking to authorise a payment. To enable swift processing, the payment information is pre-filled. The amount is then debited directly from the bank account and transferred straight to the business. The benefit of giropay is that no intermediaries are involved. In addition, payments are received quickly and the costs incurred by businesses are negligible.

Credit card

A credit card is issued with a credit limit for the cardholder's use. When paying, the corresponding amount is deducted from the credit limit to be paid back at a later date, usually at the end of the month.

SEPA Direct Debit

SEPA Direct Debit is a European-wide payment system that is used to simplify the processing of bank debits in the eurozone. With SEPA Direct Debit, the funds are debited from the payer's account once the latter has provided their contact details for the payment and given their consent to the SEPA Direct Debit mandate, and the customer's bank has verified and approved the direct debit. This payment system is particularly beneficial for recurring payments, such as membership fees or subscriptions, as it reduces the amount of manual processing required for both parties.

PayPal

PayPal is an online payment service that enables online payments to be conducted quickly and securely. With PayPal, customers can pay by credit card, in instalments, by direct debit, by bank transfer or using PayPal credit. In addition, payments are also possible even if you do not have your own PayPal account. Customers without a PayPal account need to select PayPal at the checkout, choose their preferred payment method and then enter their credit card or bank details. If customers have a PayPal account, they can pay in online shops using one-click checkout. With this system, payment details are always transferred in an encrypted format and the business is credited the money directly into its PayPal account immediately after the payment is made. In addition, PayPal also offers buyer protection, shielding customers from fraud or unauthorised debits. Businesses profit from rapid processing and increased sales potential.

Payment by invoice

Payment by invoice is one of the most convenient online payment systems. It enables customers to receive their order first and then settle the invoice within a defined period of time, which is typically 14 or 30 days. The biggest advantage for customers is that they do not need to pay for their orders immediately, which increases customers' confidence in the business, particularly when buying from them for the first time. Payment on invoice is a good option for businesses to gain new customers and generate more sales. However, one consideration here is that businesses need to have confidence that their customers will pay. In addition, payment on invoice can also be associated with a certain amount of time and effort in terms of settling the payment and issuing any subsequent payment reminders or even warning letters.

Amazon Pay

Amazon Pay is the online payment service offered by Amazon. Using Amazon Pay, customers can make payments securely and easily on third-party websites. The benefit for customers is that they do not need to register with another payment provider, but can instead use their existing Amazon customer data. Businesses benefit from the confidence that their customers hold in the Amazon brand. Amazon Pay offers numerous benefits, such as a high degree of security for customers and businesses, as transactions are conducted via an encrypted connection and customer data is protected at all times. Integrating Amazon Pay is simple and uncomplicated.

Apple Pay

Apple Pay is one of the most modern and secure payment methods available in e-commerce today. It takes the form of a digital wallet, enabling customers to make online payments conveniently and securely. Apple Pay functions in a similar way to mobile payment solutions, where customers enter their payment information in the app through which they wish to make a payment. A secure token is then sent to the business, which can then be used for payment.

The major benefit of Apple Pay is its security. No sensitive data such as credit card numbers are transferred, so there is no risk that information might be stolen. Instead, Apple Pay generates a new token for each transaction, guaranteeing security. Another bonus is that it is easy for businesses to integrate.

Google Pay

Google Pay is another digital wallet that enables users to make payments quickly and simply via their smartphone. The app is linked to various cards and bank accounts, and enables payments to be made at numerous businesses as well as online. In this process, credit or debit card data are stored in the app in an encrypted format, so that no sensitive information needs to be divulged during the checkout process. The swift and uncomplicated processing of payments can generate greater customer satisfaction for businesses and even lead to higher sales as a result. For users, Google Pay also comes with a high security standard, as the encryption of card data ensures that it cannot be stolen or misused. Furthermore, customers also need to unlock their phone when making high-value payments.

Advance payment

In the case of advance payment, the customer has to transfer the payment price before the goods can be dispatched. For many online merchants, advance payment remains a popular payment option as it minimises the risk of default, provides security and facilitates planning.

Advance payment also offers customers an advantage as they often benefit from a discount offered by many merchants for this form of payment.

Payment on delivery

Payment on delivery is one of the oldest methods in e-commerce and enables customers to make payment directly to the dispatcher. With this method, customers need to pay the invoice value on delivery to the delivery company or the postal carrier. This incurs an additional charge.

One of the many benefits of payment on delivery is that it increases security both for the merchant and the customer. The customer benefits from the guarantee that they only pay for items that have actually been delivered to them, and which arrive in good condition. Because no advance authorisation is required, it is a very efficient system and has no impact on the lead time for dispatching products or delivering services.

Vouchers

Vouchers are a popular payment system in e-commerce and can be obtained by customers in the form of credit or gift cards. They enable businesses to advertise their products and services, and to gain customers or secure their loyalty. Vouchers and gift cards benefit businesses in that 52% of customers order items that cost more than the value of their gift card, so gift cards often generate additional sales. In addition, gift cards also ensure that customers return, as 13% of customers only redeem part of their gift card's value during their first visit.

4. ADVANTAGES OF ONLINE PAYMENTS

1. Online Payments Are Faster

online payment apps so popular in India? Speed is a key reason behind their popularity. When compared to traditional ways such as cash and cheques, online payments seem almost immediate.

2. Convenience

You can use online payment methods to transfer money at any time. Whether it's in the middle of the night or even on a bank holiday. You can make online payments using your laptop or phone from any place with an internet connection. That's why they are much more convenient than traditional payment methods.

3. Low Cost

There are many extra costs associated with traditional payment methods that you can avoid by making online payments. For example, you should incur postage fees for sending a cheque to another city. Online payment methods allow you to complete utility bill payments from the comfort of your home, saving on travelling costs. The processing fees or transaction costs the banks charge for online payment methods are quite low.

4. Multiple Payment Methods

There are plenty of digital payment methods to choose from. You can pay via net banking, online payment apps, digital wallets, or even through your debit and credit cards.

You can choose a payment method according to your convenience.

5. International Payments

Digital payments have made international payments simple and hassle-free. Many online payment apps such as Shriram One allow you to make payments outside of India with ease.

Because of these new-age payment methods, businesses can serve international customers and individuals can make payments to their friends and family abroad.

6. Automated Payments

This is one of the most unique advantages of online payments. With online payment systems, you can automate your rent, utility bill payments, credit card bills, and mobile recharges. Once you set up an auto debit, there's no need to remember all due dates or stand in lines at government offices to pay your bills.

7. Easy To Set Up

Whether it's a UPI app, an online payment app, or a digital wallet, signing up for these payment methods is quite easy. The set-up process can be completed from your electronic device, like your laptop or your smartphone. For instance, the onboarding process of the Shriram One app is completely paperless and is very simple to follow. There's no need to fill out tedious bank forms and you don't have to carry the photocopies of your ID proofs anywhere.

8. Easy To Track

Those who make all their expenses in cash find it very difficult to keep track of what they are spending on. But if you use digital methods, it becomes easier to know where your money is going. Most payment applications allow you to view your transaction statements where you can see all your previous transactions. With UPI apps, you can also mention what the payment is for, in case you forget it later. You can easily organise your finances with this unique feature.

9. Facilitate Sales Growth For Businesses

If you run a business, accepting customer payments through digital modes can improve your sales. Imagine that a customer does not have enough cash to pay for the groceries they got from your shop. If you don't accept digital payments, they will surely walk to another shop that does. That's why the use of QR codes is on the rise in India. There was a 79.5% growth in the acceptance of the UPI QR code in 2022 than in 2021 because of these advantages.

10. Rewards

This advantage of online payments mostly applies to UPI apps, payment gateways, and digital wallets. These apps offer rewards as a marketing strategy to attract new customers.

5. DISADVANTAGES OF ONLINE PAYMENTS

1. Risk of Fraud

This is the first concern that comes to mind when we think of risks related to digital payments. And the news about cyber fraud does not make it easier. Most online payment methods use state-of-the-art payment security features, but scammers have come up with ways to surpass some of them. There are many types of digital fraud such as phishing scams, ransomware attacks, and information stealing that you should be aware of.

2. Technical Issues

Sometimes users face issues while making online payments due to technical issues like server outages and glitches. These technical issues can delay your payments or even fail them. That's why one can't completely rely on digital payment methods like UPI apps and payment gateways.

3. Transaction Limits

Digital payments are convenient, but banks often set up limitations on them. Some banks prohibit transactions above a certain limit in a single day. One has to keep these limits and restrictions in mind before initiating payments.

4. Dependency on Internet

You cannot use digital payment methods without having a good internet connection. For instance, if you are travelling to a remote area with no mobile network or internet connection, these payment methods are of no use to you.

5. Identity Theft

Fraudsters may steal your financial information and use digital payment methods to impersonate you. They could purchase items using your credit card or transfer funds from your bank account to theirs using UPI apps. These identity theft scams are quite difficult to detect, so maintaining payment security becomes difficult.

6. Loss Of Cards

Some digital payments are completely paperless, but you should keep your debit and credit cards safe. If you lose your cards, they could easily be misused. Losing your card information is another similar threat. To prevent these, banks have started implementing OTP verifications for online transactions.

7. Unfamiliarity With Technology

Not everyone is familiar with the latest technology. Most parts of India are still learning how to use their smartphones. Even senior citizens shy away from digital payment methods due to these concerns.

8. Password Threats

Most of us save our passwords on our smartphones or browsers to avoid remembering them. These applications have access to your passwords, and if their system gets hacked, your passwords could be compromised. Also, if you write down your passwords and lose them, someone could misuse that information to steal funds.

9. Difficulties With Refund

In case you find that someone has used your online payment information to make unauthorised transactions, it can be challenging to get your money back. To begin with, tracing the person to whom the money is transferred can be difficult due to the lack of personal information. Without that information, it is challenging to lodge complaints with banks and the police.

10. Transaction Costs

Banks charge transaction costs, especially for international payments and debit or credit cards. For other modes like UPI apps, the processing fees and service charges are low. But there are additional costs nonetheless.

6. CONCLUSION

‘Cashless Payments is a way forward towards Digitalization’. In this process, people are found to be engaged in transacting through online modes of payment. This study reveals that Majority of the people i.e. 228 out of 331 have been moving towards technological advancement. They are the users of Digital apps for a good number of reasons such as Shopping clothes, accessories, electronic gadgets, Recharging, Booking tickets, Paying utility bills, etc. There are varied benefits that are derived from the usage of such apps like they are convenient to use, saves time,

24 hours accessibility, etc. Despite facing some Technical glitches, there is a positive attitude of the users with regards to the most popular apps such as Google Pay, Phone Pe, Amazon Pay, etc. Most of them feel very safe and convenient while usage, and also they recommend these digital apps to others because of an attractive feature of transparency. Only a few numbers of people are still found to be the Non-users of Digital Apps due to some reasons such as some of them don't

have bank accounts, there is a lack of trust in online system, a threat of being hacked by someone else, not having an access of smart phones / electronic gadgets, etc. So, the study also emphasizes on encouraging those who are not using these apps through various measures that can be taken by the service providers. Also, this will result in achieving the initiatives taken by the Government such as ‘Digital India’. The main aim of which is to promote the Green habits among the people thereby making the environment sustainable.

7. FINDINGS OF THE STUDY

- According to the survey most of the people are using digital payment system and they are more aware of it.
- Most of the people are using UPI (Paytm, Phonepe, Google pay, Bharat Pay, etc.) as digital payment method.
- Most of the people thinks digital payment is the safe mode of the payment.
- According to the survey most of the people transit daily.
- According to the survey most of the people think that server issue is the one of the challenge when using digital payment for online transaction
- According to the survey most of the people says digital payment is more convenient than cash payment.
- According to the survey people have mix opinion about the education level impact digital payment usage.
- According to the survey people have mix opinion about the income level get influenced due to adoption of digital payment system.
- According to the survey most of the people says digital payment platforms are very easy as per ease-of-use.
- According to the survey most of the people says digital payment is instant mode of payment.

8. SUGGESTIONS OF THE STUDY

- Many respondents felt that the hindrance in adopting cashless economy is the digital and technological illiteracy among the people of India, so to overcome this problem government need to take initiatives in educating the people about the same.
- As majority of the crowd in our country belong to the rural areas it is very important to educate the people about cashless transactions and about e-wallets.
- Many of the respondents felt that cashless mode of transactions in India is not safe so the government should make electronic payments infrastructure completely safe and secure.
- To increase more digital payments, the government should bring transparency and efficiency in the transactions
- The government should conduct a financial literacy campaign to educate the population

- about the digital modes of payment.
- Government should make the infrastructure capable and secure so that there are minimum fraud and thefts.
- These are some of the suggestions which can help better implementation of cashless society in India.

9. REFERENCES

- [1] Aparna Pavani (2016); a study on indian rural banking industry- issues and challenges, international conference on recent innovations in engineering, science, humanities and management (ICRIESHM), ISSN 978-93-86171-02-3, PP 154-163.
- [2] Hayashi F.: Mobile Payments: What's in it for Consumers? „Economic Review” 2012.
- [3] The Journal of Indian Institute of Banking & Finance june 2017.
- [4] Dr. Krishna Goyal and Vijay Joshi – Indian Banking Industry: Challenges and Opportunities, International Journal of Business Research and Management, Volume 3, Issue 1, 2012 5 McKinsey Report – Transform to Outperform 6.
- [5] Sucheeta Kak, Sunita Gond (2015); ICT for service delivery in rural india- scope, challenges and present scenario, IOSR journal of computer engineering, ISSN 2278-0661, pp 12-15.
- [6] Rahul Midha (2016); digital india: barriers & remedies, international conference on recent innovations in sciences, management, education and technology, ISSN 978-93- 86171-04-7, pp 256-261.
- [7] Bansi Patel and Urvi Amin (2012) ; “ Plastic money: roadway towards cashless society”