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Factors Influencing Consumer Adoption of Online Payment Methods and Analysis of Risks and Challenges in Indore, India

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ABSTRACT

People used to transact using the barter system in previous times when there was no formal currency system. Later, people began to transact using money notes and coins. People pay their bills in the modern digital age utilizing a variety of methods, including credit cacardsdebit cards, the iInternet and mobile devices. People now conduct business online using digital technology. People are making purchases and carrying out transactions using mobile devices, ATMs, credit cards, Bitcoin, e-wallets, and third parties like PayPal because they find the process convenient and think the system is valuable. Many people have become interested in online payments as a result of the iInternetand the demonetization of currency. Many people in Indore and throughout India have been interested in online payments as a result of the internet's development and the country's recent demonetization. The goal of this research study is to understand how customers in Indore feel and behave toward iInternetpayments. Due to technology, mobile users can now use their cell phones to conduct financial transactions or make payments utilizing the phone's built-in applications. The current study also aims to investigate the numerous elements that may influence a consumer's choice of online payment method. In addition, the study looks into the hazards and difficulties that users of online payment systems may encounter.

TableofContents

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INTRODUCTION

Digital payment is made via digital methods. Both the payer and the payee send and receive money using digital methods in digital payments. Another name for it is electronic payment. Digital payments do not include actual cash. In digital payments, every transaction is carried out online. It is a quick and practical method of payment.

You must first take money out of your account when it comes to cash payments. You then use this money to make purchases at stores. The shopkeeper deposits the money he received from you at the bank. Both you and the shopkeeper must spend time on this process. However, with digital payments, funds are transferred directly from your account to the merchant's account.

There is no need for either you or the shopkeeper to visit the bank because this process is automatic. Avoiding huge lines at banks and ATMs is made possible by digital payments. Because using digital payments eliminates the need to take money out of your account. Additionally, it takes a lot of time and costs a small amount of money.

A method of paying for products or services electronically rather than with cash or a check in person or by mail is referred to as an electronic payment system. PayPal is an illustration of an electronic payment system. Using a credit card is one example of an electronic payment mechanism.

Along with the development of smartphones, several services have been developed to make use of the capabilities of these devices. Smartphones serve a variety of purposes, including communication, socializing, entertainment, internet access, and even money. Due to technology, mobile users can now use their cell-cellphones conduct financial transactions or make payments utilizing the phone's built-in applications. Along with accepting payments, consumers can save invoices, coupons, business cards, and receipts their smartphones. "Digital Wallet" or, more commonly, "Mobile Wallet" is the term used when smart phonesy serve as leather wallets.

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MODESOFONLINEPAYMENTMETHOD

BankingCards(Debit/Credit)

More security, convenience, and control are provided by banking cards to consumers than by any other form of payment. A lot of freedom is also provided by the large range of cards that are accessible, including credit, debit, and prepaid cards. These cards offer two-factor verification, such as a secure PIN and an OTP, for safe transactions. Some examples of card payment systems include RuPay, Visa, and MasterCard. People can make purchases with payment cards in-person, over the phone, online, through catalogs, and in stores. They facilitate easy transactions by saving both customers' and retailers' time and money.

UnstructuredSupplementaryServiceData(USSD)

The USSD (Unstructured Supplementary Service Data) channel is used by the cutting-edge payment service *99#. With this service, mobile banking transactions can be completed using low-end feature phones; a mobile internet data connection is not required to use USSD-based mobile banking. It is intended to offer financial amplification and includes underbanked society in traditional banking service..

MobileWallets

Digital cash can be carried around in a mobile wallet. You can transfer money to a mobile wallet online or connect your credit card or debit card information on a mobile device to a mobile wallet application. You can pay with your smartphone, tablet, or smartwatch instead of a traditional credit card while making transactions. To add funds to a digital wallet, an individual's account must be connected to it. Paytm, Freecharge, Mobikwik, Oxigen, mRupee, Airtel Money, Jio Money, SBI Buddy, iItzCash, Citrus Pay, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, SpeedPay, etc. are just a few examples of the private companies that offer e-wallets in addition to the majority of banks.

Point of Sale

The location where sales are made is called a point of sale (PoS). A PoS can be a city, a market, or a mall on a larger scale. Retailers define a PoS as the location where a customer completes a transaction, like a checkout counter, on a micro level. It is sometimes referred to as a point of sale.

InternetBanking

The location of a sale is referred to as a point of sale (PoS). A PoS could be a city, a market, or a shopping center on a larger scale. Retailers define a PoS as the location where a customer completes a transaction on a small scale, like a checkout counter. A point of purchase is another name for it.

MobileBanking

Where sales are made is called the point of sale (PoS). A PoS can be a mall, a market, or an entire city on a larger scale. The location where a customer completes a transaction, such as a checkout counter, is what merchants refer to as a PoS on a micro level. Points of sale are another name for it.

MicroATMs

One million Business Correspondents (BC) use micro ATMs to offer simple financial services. Business Correspondents will be able to conduct immediate transactions thanks to technology (for instance, a neighborhood Kirana shop owner serving as a "micro ATM").

By connecting low-cost machines (micro ATMs) to banks across the nation, the micro platform will enable operation. This would make it possible for someone to instantaneously deposit or withdraw money, regardless of which bank is linked to a certain BC. This device, which would be accessible at any BC, would be dependent on a cell phone connection. Customers would only need to have their identities verified before they could withdraw money or deposit it into their bank accounts. This sum will be drawn from the cash register ofthe BC. Essentially, BCs will serve as a bank for the consumers, and all they have to do is use the customers' information to confirm the customer's identity.

UID. Micro ATMs will support the following basic transaction types: deposits, withdrawals, fund transfers, and balance inquiries.

Smartcard

Approximately the size of a credit card, a smart card is a tiny electronic gadget that includes electronic memory and sometimes an embedded integrated circuit (IC). Integrated Circuit Cards (ICCs) are another name for smart cards with an IC. a tiny electronic gadget with electronic memory that is roughly the size of a credit card.
There are several uses for smart cards, including:

• keeping the medical records of a patient.

• keeping the digital currency

• Creating network IDs that resemble tokens

A smart card reader, a tiny device into which you put the smart card, is necessary to utilize a smart card, either to pull data from it or add data to it.

Advantages of Online Payment Method

Day Sales Outstanding (DSO) Improvements: By enabling suppliers to electronically receive and process payments from business clients, an electronic payment system can significantly lower suppliers' Day Sales Outstanding (DSO) figures.

Reduction in Processing Costs: By automatically initiating and processing payments, a feature-rich electronic payment system reduces associated process time.

Reduce Past Due Payments: By giving consumers, collections teams, and internal customer care departments greater visibility into payment status, a best-in-class electronic payment system speeds up credit and collections.

Simplify Vendor Dispute Management: Companies benefit from enhanced data accuracy and automated disbursement, receipt, and payment processing with an electronic payment system.

 Greater Compliance: Using an electronic payment system makes it simpler to collect and monitor data to make sure that strict compliance guidelines and all other company laws are followed.

 Enhanced Security: An electronic payment system is much more secure than paper-based payments, protecting cardholder data and combating payment fraud better.

Enhanced Workflow Efficiencies: A strong electronic payment system should have increased automation to reduce the need for time-consuming and expensive manual business operations.

 Greater Supply Chain Visibility: With quick access to snapshots and full reports, an electronic payment system provides management and other authorized users with the information they need to make better decisions and run more efficiently

Disadvantages of Online Payment Method

After mentioning the well-known benefits of electronic payment systems, it is necessary to discuss their disadvantages:

1. Restrictions. Each payment system has a cap on the amount that may be held in an account at a time, the number of transactions that can occur each day, and the volume of output.

2. The potential for hacking. The threat is negligible if you go by the security regulations; it is comparable to the possibility of a robbery. The worst case scenario is when the processing company's system is compromised, as this results in the disclosure of personal information about cards and their owners. Even if the electronic payment system does not introduce plastic cards, it may be linked to identity theft issues.

1. The issue with money transfers across various payment systems. The vast majority of electronic payment solutions typically don't work together. If you still don't have a reliable service for this reason, using the services of an e-currency exchange in this situation may take a lot of time.

2. The lack of confidentiality. The payment system's database contains data on every transaction, including the amount, recipient, and time. And it implies that the intelligence service has access to this data. It's up to you to decide if it's awful or good.

3. The need for access to the Internet. You are unable to access your online account if your Internet connection drops.Generally speaking, the benefits of electronic payment methods outweigh them when compared to those of conventional wire transfers, they are less disadvantageous and offer greater options.

REVIEWOFLITERATURE

Dr.S.Manikandan&J.MaryJayakodi (2017) conducted a study on consumer adoption of mobile wallets in Chennai City to explain the application and usage of wallet money supported by various businesses, the various factors that influence consumers' decisions to adopt mobile wallets, and the various risks and challenges that users of mobile wallet face. They discovered that mobile wallets would change other online payment methods in the future and that their customers are quite happy with them. Additional factors that affect the adoption of mobile wallets include brand loyalty, shopping ease, and security and safety of funds, which can be hard for consumers.

Dr.HemShwetaRathore(2016)conducted a study on consumer adoption of digital wallets and discovered that these payment methods are swiftly gaining popularity. Consumers ' rapid adoption of digital wallets mers is largely owing to their convenience and..

Poonam Painuly and ShaluRathi (2016) In their research paper "Mobile wallet:An upcoming mode of a business transaction," the authors examined how wallet money's benefits of ease of transaction, secured profiles, and ease of handling applications were put forth. They also came to the conclusion that business sectors like banking, retail, hospitality, etc., are using wallet money and mobile payment instruments like contactless and remote payment in

the customer-to-business and customer-to-customer areas.

PawanKalyani(2016)conducted an empirical study on the awareness of paperless e-currency transactions, such as e-wallets, among Indian youth and discovered that, when given the choice between traditional banking and modern banking with online services and anywhere banking, respondents preferred modern banking due to its simplicity and improved encryption reliability of secure and quick transactions.

VidyaShreeDV,YamunaN&NithyaShreeG(2015)did a study on the "New Dynamics in Digital Payment System" with a focus on Paytm and PayU Money and discovered that there is a larger increase in growth rate and that people are more aware of online payments made through mobile applications. In comparison to digital payment methods, they also discovered that Pay tm and Pay u Money offer simple payment structures.

KaramjeetKaur&Dr.AshutoshPathak(2015)A study on the E-Payment System for E-Commerce in India found that people have more freedom when using electronic payments to pay their taxes, licenses, fees, fines, and purchases at odd times and places throughout the year. Additionally, they examined and contrasted different electronic payment systems, and discovered that recommending the optimum payment method is extremely challenging, if not impossible. They also concluded that the user base is the most significant factor among the different elements that influence the utilization of e-commerce payment systems.

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RATIONALEOFSTUDY

The goal of the current study is to evaluate how consumers view new technology services, such as digital wallets or digital payment services, and to identify the many elements that may influence a consumer's decision to use a digital wallet as a form of online payment. In addition, the study looks into the hazards and difficulties that users of digital payment services may encounter.

OBJECTIVE OFSTUDY

- To comprehend how users of new technology services, such as Digital Payment Services, view them
- To research the elements that affect consumer acceptance of the digital wallet.
- To research the risks and difficulties users of digital wallets and payment services face.

HYPOTHESISFORMULATION

To further the study's goals, the following hypotheses were developed: -

1. The mode of online payment and different age groups don't differ significantly.

2. The form of online payment and occupations don't differ significantly.

3. About different age groups, there are no appreciable differences among the numerous variables that influence the decision to use a digital wallet as a form of payment.

4. About numerous criteria influencing the decision to use a digital wallet as a payment method, there are no appreciable differences between different jobs.

International Research Journal of Education and Technology
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ISSN 2581-7795

RESEARCHMETHODOLOGY

1) Researchdesign

Descriptive and exploratory research designs are employed in this project. It was chosen to carry out the study in Indore with a 150-person sample size. The respondents were divided into groups according to their gender, age, and occupation.

2) Sample

designSample size -

150Samplearea-

Indore

Sampling method- Random sampling method

3) ToolsforDataCollection

The two primary categories of data collection techniques are listed below.

Primary data: A systematic questionnaire was used to gather primary data. The questions focused on the preferences of consumers for online payment methods, the variables influencing their choices, and the difficulties they encountered when utilizing various online payment methods.

Secondary data: Secondary data was gathered online, in magazines, and newspapers.

4) Toolsfordataanalysis

Charts and tables were used to show the data that was gathered through questionnaires. Sub-tables derived from the master table were created. Simple statistical methods including percentage analysis, charts, tables, and graphs were utilized to examine and interpret the data, and ANOVA was employed to test the hypotheses.

International Research Journal of Education and Technology
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DATAANALYSIS&INTERPRETATION

Table1:DemographicAnalysis			
Basis	Category	No.ofrespondents	Percentage
Age	Upton25years	45	30
	26-35years	40	26.67
	36-45years	35	23.33
	46-55years	20	13.3
	Above55years	10	6.7
Gender	Male	90	60
	Female	60	40
Education	SchoolLevel	20	13.3
	Graduate	70	46.7
	PostGraduate	30	20
	Professional	30	20
MaritalStatus	Married	90	60
	Unmarried	60	40
Occupation	Student	5	3.3

	Housewife's	15	10
	Self-Employed	20	13.3
	Service	100	67
	Professional	10	6.7
Monthlyincome	Below15000	20	13.3
	15000-30000	80	53.3
	30000-45000	30	20
	above45000	20	13.3

Interpretation

According to the table of personal information, out of the total respondents used for the study, 30 percent of respondents are under the age of 25, and 26.6% are between the ages of 26 and 35.Male respondents make up 60% of the total, while female respondents make up 40% of the total. Graduate respondents make up 46.7% of the total, while postgraduate respondents make up 20%. In terms of marital status, 60% of respondents are married, 40% are single, and 67% of respondents work in the service industry.53.3% of the respondents earn between Rs. 1500 and Rs. 30,000 each month, while 13.3% make less than Rs. 15,000 each month.

International Research Journal of Education and Technology
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Table2.Showstheresultofdataanalysisbetweenmodesofonlinepaymentandvariousagegroups.

Table2ANOVA						
Particulars		SumofSquare	df	mean Square	F	Sig.
DebitCard	BetweenGroups	1.308	4	0.327	0.425	0.78
	WithinGroups	111.505	145	0.769		
	Total	112.813	149			
CreditCard	BetweenGroups	1.537	4	0.384	0.196	0.939
	WithinGroups	284.2	145	1.96		
	Total	285.737	149			
OnlineBanking	BetweenGroups	6.928	4	1.732	1.500	0.209
	WithinGroups	167.475	145	1.155		
	Total	174.403	149			
Digitalwallet	BetweenGroups	8.2	4	2.05	2.33	0.56
	WithinGroups	127.6	145	0.88		
	Total	135.8	149			

Interpretation

International Research Journal of Education and Technology
Peer Reviewed Journal
ISSN 2581-7795

Concerningvariatheble-digitalwallet,thesignificancelevel is0.056 (p= .056),which isabove 0.05.and,therefore,thereisnostatisticallysignificantdifferenceinthemeanbetweenagegroupand mode of payment.

Table3.showstheresultofdataanalysisbetweenmodesofonlinepaymentandvariousoccupations.

Table3ANOVA						
Particulars		SumofSquare	df	mean Square	F	Sig.
DebitCard	BetweenGroups	0.563	4	0.14075	0.18	0.948
	WithinGroups	113.1	145	0.78		
	Total	113.663	149			
CreditCard	BetweenGroups	0.842	4	0.2105	0.106	0.98
	WithinGroups	287.535	145	1.983		
	Total	288.377	149			
OnlineBanking	BetweenGroups	5.261	4	1.31525	1.124	0.348
	WithinGroups	169.65	145	1.17		
	Total	174.911	149			
Digitalwallet	BetweenGroups	8.817	4	2.20425	2.521	0.043

	WithinGroups	126.585	145	0.873		
	Total	135.402	149			

Interpretation

Withrespecttovariable-digitalwallet,thesignificancelevel is0.043 (p= .043),which isbelow 0.05 and,therefore,thereisastatisticallysignificantdifferenceinthemeanbetweenoccupationand mode of payment.

Table4.showsanalysisofvariousfactorsthataffecttheselectionofdigitalwalletasamodeofpaymentwithreferencetodifferentagegroups.

Table4ANOVA						
		SumofSquare	df	mean Square	F	Sig.
Pricingtransactionfees,servicefees	BetweenGroups	2.761	4	0.69	1.635	0.17
	WithinGroups	61.19	145	0.422		
	Total	63.951	149			
Convenienceinbuyingproductsonli	Betwee				3.13	

ne	nGroup s	3.463	4	0.866	5	.017
	WithinGroups	40.02	145	0.276		
	Total	43.483	149			
Easeofuse	Betwee nGroup s	2.093	4	0.523	2.001	0.098
	WithinGroups	37.845	145	0.261		
	Total	39.938	149			
BrandLoyalty	Betwee nGroup s	3.85	4	0.962	2.443	0.05
	WithinGroups	57.13	145	0.394		
	Total	60.98	149			
Security	Between Groups	0.631	4	0.158	1.054	0.382
	WithinGroups	21.75	145	0.15		
	Total	22.381	149			
Privacy	Betwee nGroup s	0.4	4	0.1	0.66	0.621

	WithinGroups	21.895	145	0.151		

	Total	22.295	149			
Utilityofinnovation	BetweenGroups	2.33	4	0.582	1.55	0.192
	WithinGroups	54.52	145	0.376		
	Total	56.85	149			
Usefulnessofdigitalwallet	BetweenGroups	2.922	4	0.731	3.844	0.006
	WithinGroups	27.55	145	0.19		
	Total	30.472	149			
DiscountOffers	BetweenGroups	0.85	4	0.21	0.55	0.994
	WithinGroups	56.405	145	0.389		
	Total	57.255	149			

Interpretation

Given that p = .017 for Convenience in buying products online, that p = .050 for brand loyaltyandp=.006forusefulnessofdigitalwallet,whichisbelow0.05, itcan beconcludedthat thereisa

statistically significant differencein the mean between agegroup and mode ofpayment.

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ISSN 2581-7795

Table5.showsanalysisofvariousfactorsthataffecttheselectionofdigitalwalletasamodeofpaymentwithreferencetodifferentoccupations.

Tableno.5ANOVA						
		Sum ofSquare	Df	Mean Square	F	Sig.
Pricing transactionfees,servicefees	BetweenGroups	0.989	4	0.247	0.567	0.687
	WithinGroups	63.22	145	0.436		
	Total	64.209	149			
Convenience inbuying productsonline	BetweenGroups	1.791	4	0.448	1.548	0.192
	WithinGroups	41.905	145	0.289		
	Total	43.696	149			
Easeofuse	BetweenGroups	1.87	4	0.468	1.776	0.138
	With					

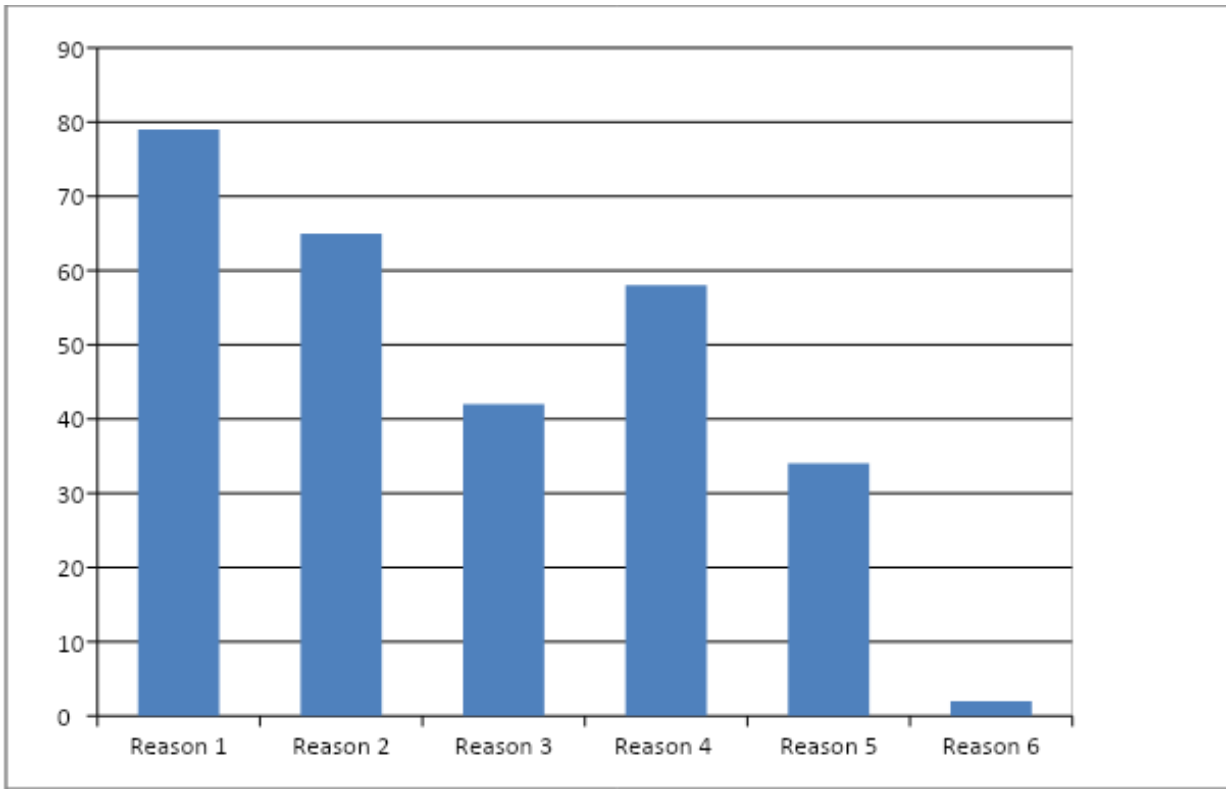
	inGroups	38.135	145	0.263		
	Total	40.005	149			
BrandLoyalty	BetweenGroups	6.179	4	1.545	4.113	0.004
	WithinGroups	54.52	145	0.376		
	Total	60.699	149			

Interpretation

Giventhat,p= .004 for brand loyalty and p = .007 for usefulness of digital wallet, which isbelow 0.05, it can be concluded that there is a statistically significant difference in the meanbetween occupation and mode of payment.

Reason	Description	No. ofRespondents
Reason1	PaymentthroughdigitalwalletmaynotbesafeandsecureDigitalWalletprovidercompaniesmaytrackmytransactionsandusemypaymentdetailsforotherpurposes	79
Reason2		65
Reason3	MaynotgetreimbursementofmoneyifIcancelmyorder	42
Reason4	DigitalWalletprovidercompaniesmayaskforirrelevantpersonal Information	58

Reason5	Internet/MobileDataConnectionisamust	34
Reason6	Ifanyother,pleasespecify	2



Interpretation

Morecustomers say Payment through digital wallet may not be safe and secure. And DigitalWallet provider companies may track my transactions and use my payment details for otherpurposes.AndmanycustomersaythatMaynot get reimbursement of money if I cancel myorderandDigitalWalletprovider companiesmayaskforirrelevant personalinformation

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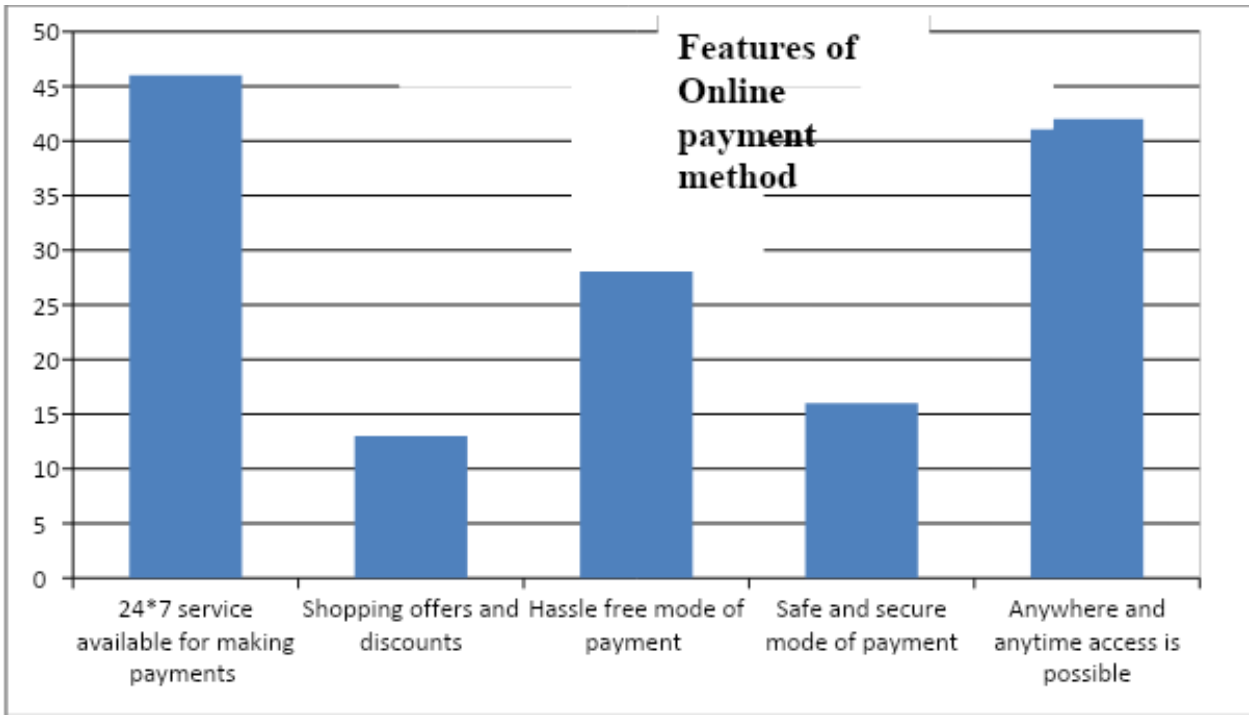
Peer Reviewed Journal
ISSN 2581-7795



Interpretation

Some customers say about24*7services available for making payment and anywhere and anytime access is possible feature is more than shopping offers and discounts and safe and securemode of payment in online payment method. And hassle free mode of payment is an

averagefeature of online payment methods.

FINDING

On a mobile device, moving the wallet offers more than just portability. Mobile wallets provide dynamic shopping experiences in addition to the more fundamental features like payments and identity. The three main elements that influence customer adoption are the ease of online shopping, brand loyalty, and the usefulness of digital wallets. Additionally, you will discover that users of digital wallets are happy with the services offered to them. The biggest challenge for users is keeping their money safe and secure. One of the main causes of the lower acceptance of digital wallets is the need for an internet connection to process payments.

SUGGESTIONS

Even among the educated, there is still a lack of awareness about online payment methods and a poor level of computer accessibility. Banks should take the required actions to educate the public about the benefits of the e-banking and internet banking services offered by the banks. To make online payment and inquiry for clients much simpler, the e-banking / internet banking system needs to be improved. Although e-banking and internet banking are practical and simple to use, many are reluctant to use them because they believe that doing so will be "difficult and complicated". Therefore, bank customers who plan to use e-banking or internet banking services can receive on-site training.

CONCLUSION

Since there are many internet dangers that influence the security system of the internet and raise risk, security is a big concern in online payment systems. In order to protect consumers from identity theft, the existing authentication method for online payment systems is not very secure. As a result, any attacker can access private information of the user, such as their credit card number or account password, and transfer money illegally. Our background research has demonstrated that using a single element of authentication raises the risks of fraud, identity theft, phishing, and loss of client information. Effective authentication should be used by financial institutions to lower fraud, and strong customer authentication should be required to enforce security to help financial institutions find and lower user identity theft.

LIMITATIONOFTHESTUDY

- Many respondents claimed they weren't interested in filling out the survey since they were seeking for rewards for themselves.
- The research's sample size is 150, however frequently the respondents' intelligence was below-sample level (particularly when the questionnaire was given to a group of friends, which later revealed that their responses were largely similar).
- Time is limited because the research needs to be finished in a short amount of time within a few busy months.

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