

Adoption of Digital Payment with reference to small retail outlets in Nalgonda Town

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ABSTRACT

The foundation of efforts to promote financial inclusion in developing nations is the use of digital payment methods in small retail establishments. These techniques include online banking, mobile wallet money, Unified Payments Interface (UPI), and credit/debit cards. Digital payments are now accepted at all levels, from street vendors to internet retailers. In order to understand, whether the small-scale retailers are sufficiently literate to use digital payment systems, and whether the retailers are able to build the infrastructure needed to conduct business digitally (such as bank accounts and smartphones), a study with a sample of 120 is conducted on tiny retail establishments in Nalgonda town of Telangana District. The objective is to assess the technical glitches the small retailers face and the satisfaction level of small retailers with the utilization of digital payments.

Keywords: *Digital payments, UPI, Retailers.*

Introduction

The Indian government is dedicated to enhancing the quality and strength of the financial sector as well as the standard of life for its people by increasing the number of digital transactions in the Indian economy. The efforts to promote financial inclusion in developing nations is the use of digital payment methods in small retail establishments. These techniques include online banking, mobile wallet money, Unified Payments Interface (UPI), and credit/debit cards. Digital payments

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are now accepted at all levels, from street vendors to internet retailers.

Due to the strenuous efforts of the entire government and all interested parties, the number of digital payment transactions has greatly increased, rising from 2,071 crore in FY 2017–18 to 8,840 crore in FY 2021–22 1. Table below shows the total number of digital payment transactions and total value of digital payments undertaken during the last five financial years are as under:

Table-1
Number of Digital Transaction and the Value of Digital transaction
during the study period

Financial Year (FY)	Total number of digital transactions (in crore)	Total value of digital transactions (in lakh crore)
2017-18	2,071	1,962
2018-19	3,134	2,482
2019-20	4,572	2,953
2020-21	5,554	3,000
2021-22	8,840	3,021
2022-23	9,192*	2,050*

*Data till 31st December 2022

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1897272>

Though digital payments have become a more common phenomenon in metropolitans, the adoption of digital payments in rural areas has been a bit slow in pace. The benefits of digital payments in small retail sector outweigh the cash transactions like instant payments, and convenient transactions with the customers, but still the fear of unknown due to literacy levels and the age group who are not convenient in using the smart phones has raised few concerns on whether the adoption of digital payments is happening in rural towns at par with the other world, specifically with reference to small retail outlets. So a study has been conducted with the following research objectives.

Research Objectives

The objectives of this research are:

- i. To assess the technical glitches that the small retailers face and
- ii. To understand the satisfaction level of small retailers with the utilization of Digital payments.

Research Methodology

The present study is empirical in nature. A questionnaire was designed to collect the required data and survey method was adopted to collect data from the primary respondents especially the small retail outlet operators of Nalgonda town. Convenience sampling method was used to collect the data from 71 small retail outlets, offering digital – UPI Payments.

Literature Review

Dr. Shilpa Bhimrao Gaonkar's study (2018) has explored various payment instruments available to the people, and its benefits and revealed that various new instruments are emerging. Benefits of going cashless are increased transparency, efficiency and convenience, easier tracking, etc. The study of Dr. N. Rakesh, Dr. K. Suresh Kumar, & Dr. S. Satheesh Kumar (2018), has examined the present scenario of electronic payments and to study the range of service facilities that UPIBHIM technologies offer. The study found that Electronic transactions have increased. This could happen only with extensive recognition and acceptance of popular instruments such as credit and debit cards, net banking 17, and e-wallets by the Indian population. But surprisingly, UPI came out to be the real distinct advantage. The study of Subho Chattopadhyay, Payal Gulati and Indranil Bose (2018) has evaluated the awareness of the small retailers for the cashless transaction and its modes. And also aims to understand their difficulties and perceived convenience with it. There was no significant difference found in convenience for cash and cashless modes of transactions. Also, the retailers strongly believe that it is easier for the retailers to deal with cash as compared to digital payment methods. Efforts ought to be engaged towards changing behaviour and attitude towards cashless than to scarcely make awareness.

The study of G. Sudha and Dr.V. Sornaganesh (2019), revealed that after demonetization changes in buying behavior are clearly explained. After

demonetization, the main impact is to reduce the paper money and increase the digital cash. Most of the customers used digital cash after the demonetization, used through mobile applications, Internet Banking, etc., for paying their bills at shopping or at groceries.

The study of M.Thangajesu Sathish, R. Sermakani, and G. Sudha (2020) proves that traditional cash transaction cannot completely be replaced by card or digital payment system. People may use their mobile wallets for payment transaction, transfer fund digitally, make grocery purchase and in paying bills etc. using mobile wallets. The study has explained that trust is the major factor affecting users' satisfaction and it has a major impact on many users' intention to adopt mobile wallet.

Results and Discussion

3.1: Descriptive Statistics:

Table-2

Descriptive Statistics		
Age	Count	Percentage
25-50	44	62.0
50-60	19	26.8
above 60	8	11.2
Gender	Count	Percentage
Male	51	71.8
female	20	28.2
Education	Count	Percentage
Illiterate	6	8.5
Primary Education	20	28.2
Secondary Education	18	25.4
Went to college	15	21.1
Graduate	12	16.8
Income	Count	Percentage
500-1000	23	32.4
1000 and above	48	67.6

Interpretation: As per the table majority of the respondents (62%) are young people followed by 26.8% from middle age group while very less proportion of respondents belongs to the older generation. Besides most of the respondents are male (71.8%), (53.6%) of the respondents are having school education only besides 67.6% of the respondents have a daily income of > 1000/-. This signifies that young generation especially male people are fast adopting the digital mode of payment irrespective of their education.

3.2: Association between age and number of years of offering UPI payment

3.2.1: Frequency Distribution:

Table -3

Time period of offering UPI payment methods					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	25	35.2	35.2	35.2
	1 to 2 years	27	38.0	38.0	73.2
	More than 3 years	19	26.8	26.8	100.0
	Total	71	100.0	100.0	

Interpretation: As per the table 38% of respondents have the opinion that they have been offered UPI mode of payment for 1 to 2 years followed by 35.2% have been offered for less than one year and 26.8% have been offered the same since more than 3 years. This signifies UPI mode of payment in the study area is a recent practice as a substantial part of the respondents have offered this within 2 years of time.

3.2.2: Hypothesis Testing:

H₀: There is no association between age and the number of years of offering UPI payment option.

H₁: There is association between age and number of years of offering UPI payment option.

In order to find out about the association between age and number of years of offering UPI payment option, Chi-square test is performed and is presented in Table 4 below

Table -4
Chi square test result

	Age	Time period of offering UPI payment methods
Chi-Square	60.662 ^a	1.465 ^b
df	3	2
Asymp. Sig.	.000	.481

As the significance value is 0.481 which is more than 0.05, the null hypothesis is accepted. Therefore, it is interpreted that there is no association between age of the respondent and number of years of offering UPI payments.

3.3: Association between Gender and accepting Cash or Cash less transactions:

3.3.1: Frequency Distribution:

Table -5
Cash or Cash less transactions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Digital/Cash less	9	12.7	12.7	12.7
	Digital and Cash	62	87.3	87.3	100.0
	Total	71	100.0	100.0	

Interpretation: As most of the respondents (87.3%) have adopted digital and cash mode of payment it is to be assumed that the study area is not adopted digital payment system at its highest.

3.3.2: Hypothesis Testing

H₀: There is no association between Gender and accepting Cash or Cash less transactions

H₁: There is association between Gender and accepting Cash or Cash less transactions

In order to find out about the association between Gender and accepting Cash or Cash less transactions, Chi-square test is performed and is presented in Table 6 below:

Table - 6
Chi square test result

	Gender	Cash or Digital Payments
Chi-Square	13.535 ^a	39.563 ^a
df	1	1
Asymp. Sig.	.000	.000

As the significance value is 0.000 which is less than 0.05, the null hypothesis is rejected. Therefore, it is interpreted that there is association between gender of the respondent and whether they are taking cash payments or going digital either through UPI or through debit/credit card.

3.4: Hypothesis 3: Association between Education and Number of years of offering UPI payment

H₀: There is no association between Education and Number of years of offering UPI payment option.

H₁: There is association between Education and Number of years of offering UPI payment option.

In order to find out about the association between education and number of years of offering UPI payment option, Chi-square test is performed and is presented in Table 7 below:

Table -7
Chi square test result

	Education	Number of years of offering UPI payment methods
Chi-Square	8.507 ^a	1.465 ^b
df	4	2
Asymp. Sig.	.075	.481

As the significance value is 0.48 which is more than 0.05, the null hypothesis is accepted. Therefore, it is interpreted that there is no association between education of the respondent and number of years of offering UPI payments.

3.5: Association between education and facing technical glitches:

3.5.1: Frequency Distribution:

Table- 8

Technical Problems while using Digital Payments.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	37	52.1	52.1	52.1
	No	34	47.9	47.9	100.0
	Total	71	100.0	100.0	

Interpretation: While 52.1 % of the respondents have faced technical problem in using UPI the rest does not have. This signifies almost half of the respondents either is not technically sound or they don't have the requisite awareness about the technical aspects of using UPI.

3.5.2: Hypothesis Testing:

H₀: There is no association between education and facing technical glitches

H₁: There is association between education and facing technical glitches

In order to find out about the association between education and facing technical glitches, Chi-square test is performed and is presented in Table 9 below:

Table -9

Chi-square test result

	3.Education:	Technical issues while using Digital payments.
Chi-Square	8.507 ^a	.127 ^b
df	4	1
Asymp. Sig.	.075	.722

As the significance value is 0.722 which is more than 0.05, the null hypothesis is accepted. Therefore, it is interpreted that there is no association between the education of the respondent and facing technical glitches while using digital payments.

3.6: Association between education and fear of Government intervention or fear of payment of taxes by using UPI payments

3.6.1: Frequency Distribution:

Table-10

Fear of Government intervention/ Payment of taxes by using UPI Payments.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	35	49.3	49.3	49.3
	No	36	50.7	50.7	100.0
	Total	71	100.0	100.0	

Interpretation: As per the respondents' data 49.3% has a fear of governmental intervention or payment of tax while the rest does not. This indicates the awareness level of the respondents with respect to governmental practices and regulations that almost half of the respondents do have not adequate idea about governmental practices and regulations for which they have fear psychosis.

3.6.2: Hypothesis Testing

H₀: There is no Association between Education and fear of Government intervention or fear of payment of taxes by using UPI payments

H₁: There is an Association between Education and fear of Government intervention or fear of payment of taxes by using UPI payments

In order to find out about the association between education and fear of Government intervention or fear of payment of taxes by using UPI payments, the Chi-square test is performed and is presented in Table 11 below:

Table -11
Chi-square test result

	Education:	Fear of Government intervention/ Payment of taxes by using UPI payments
Chi-Square	8.507 ^a	.014 ^b
df	4	1
Asymp. Sig.	.075	.906

As the significance value is 0.906 which is more than 0.05, the null hypothesis is accepted. Therefore, it is interpreted that there is no association between the education of the respondent and fear of Government intervention or fear of payment of taxes by using UPI payments.

3.7: Association between education and the process followed for UPI payment validation.

3.7.1: Frequency Distribution.

Table- 12
Validation of UPI Transaction.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Check my phone	27	38.0	38.0	38.0
	Audio message device installed in my store	7	9.9	9.9	47.9
	Check customer phone and also check my phone	3	4.2	4.2	52.1
	Check my phone and also the audio message device installed	34	47.9	47.9	100.0
	Total	71	100.0	100.0	

Interpretation: As the table signifies 47.9% of respondents have the opinion of validating UPI transactions after checking their mobile phone and by installing an

audio message device followed by 38% only through checking their mobile phone. This shows that people are more sensitive while validating their UPI transactions.

3.7.2: Hypothesis Testing:

H₀: There is no association between education and the process followed for UPI payment validation.

H₁: There is association between education and the process followed for UPI payment validation.

In order to find out about the association between education and the process followed for UPI payment validation, the Chi-square test is performed and is presented in Table 13 below:

Table -13
Chi-square test result

	Education	How do you validate your UPI transaction?
Chi-Square	8.507 ^a	38.465 ^b
df	4	3
Asymp. Sig.	.075	.000

As the significance value is 0.000 which is less than 0.05, the null hypothesis is rejected. Therefore, it is interpreted that there is Association between Education and the process followed for UPI payment validation.

3.8: Association between income and the percentage of daily transaction done through UPI.

3.8.1: Frequency Distribution:

Table -14
Percentage of Daily Transaction Done Through UPI

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 25%	6	8.5	8.5	8.5

	25% to 50%	36	50.7	50.7	59.2
	50% to 75%	27	38.0	38.0	97.2
	Above 75 %	2	2.8	2.8	100.0
	Total	71	100.0	100.0	

Interpretation: As per the table 25% to 50% of daily transaction have been made through UPI in almost 50% of small retail outlets in the study area while 50% to 75% of daily transaction is made in almost 38% of small retail outlets and cumulatively in 88% of small retail outlets in the study area 25% to 75% of the daily transaction have been done through UPI mode. This clearly shows the rising tendencies among the people to adopt the UPI system of payment mode in the study area.

3.8.2: Hypothesis Testing

H₀: There is no association between income and the percentage of daily transaction done through UPI.

H₁: There is association between income and the percentage of daily transaction done through UPI.

In order to find out about the association between Income and the percentage of daily transactions done through UPI, the Chi square test is performed and is presented in Table 15 below:

Table -15
Chi square test result

	Income	Percentage of daily transaction done through UPI.
Chi-Square	8.803 ^a	45.338 ^b
df	1	3
Asymp Sig.	.003	.000

As the significance value is 0.000 which is less than 0.05, the null hypothesis is rejected. Therefore, it is interpreted that there is association between Income and the percentage of daily transaction done through UPI.

Conclusion

The present research has been undertaken to understand the utilization of digital/UPI as a mode of payment especially in the small retail outlets. The general assumption is that small retail outlets, especially the pushcart vendors do not offer digital/UPI payment mode, the reasons cited are - often these vendors are illiterate, do not have bank accounts hence making it a barrier to offering digital/UPI mode of payment.

As opposed to expected assumption, an analysis of the data reveals the following:

The general assumption regarding UPI payments is that vendors belonging to a younger generation and those who are educated are more inclined to offering UPI/Digital payments. But the results reveal otherwise. This research refutes the assumption that only the educated and younger generation use digital /UPI payments making it evident that with the changing times the digital/UPI payment mode have penetrated the market.

Also it has been assumed that the more educated the vendors the better they are able to handle the technical glitches they face in the process of making/accepting digital payments, but then analysis reveals there is no association between education of the respondent and the technical glitches they have been facing while using digital payments. It was unanticipated but there is an association between gender of the respondent and whether they are taking cash payments or digital either through UPI or through debit/credit card. The reason may be that the small women vendors may prefer cash payment so that their income is not revealed to other family members.

Education plays an important role in the method used to validate UPI payments, the educated seem to check their phones while the illiterate seem to be using the voice method for validation. Also as the income of the outlet is higher the more they prefer UPI/Digital mode of payments. In conclusion, the present research has helped

understand that digital/UPI method of payments has become an inclusive method adopted by the small retail outlets also.

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