

A Study On The Adoption Of Digital Payment Mechanism By Small Retail Stores In Visakahapatnam City

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ABSTRACT:

Adoption of digital payment methods (such as internet banking, mobile wallet money, and credit/debit cards) in small retail outlets has expanded in the developing world, and is a cornerstone for financial inclusion initiatives in developing nations, according to this research. Digital payment acceptance has spread from internet retail transactions to street vendor transactions. Small-scale shopkeepers are literate enough to use digital payment systems, and retailers can deploy infrastructure to transact digitally (such as bank accounts and smart phones). Fees on digital platforms are also reasonable. This study evaluated the issues that small retail establishments encounter using a quantitative methodology. The purpose of this study is to identify the elements that influence overall acceptance of digital payment. The factors addressed are perceived utility, perceived ease of use, risk, subjective norms, self-efficacy, facilitating condition, behavioural intents, and behavioural control. The information was received from 250 retail store owners in Visakhapatnam. The samples were collected using a convenient sampling procedure. To interpret data, percentage analysis, ANOVA analysis, correlation analysis, and chi square test analysis were used. According to the findings, the length of time that a product has been in use and the number of years that a company has been in operation have a significant effect in determining whether or not to use a digital payment method. The perception of behavioural control and behavioural intent are highly correlated. Thus, while convenience and consumer demand are the key drivers of digital payment adoption in retail outlets, businesses in Visakhapatnam have little anxiety about being defrauded or the security of digital platform transactions.

Keywords: Digital payments, Small retail stores, Adoption.

INTRODUCTION

Beginning with demonetization in 2016, the Indian government has been aggressively promoting and encouraging online payments. Indians were forced to switch to online instalment payments since "Digital India" has the capacity to dictate so many financial and monetary decisions. There has been a long-term trend toward computerization across the world. The year 2020, on the other hand, placed into perspective the urgent need to adapt fast to modern technology. These changes took place almost quickly after the lockdown was put in place, especially for Indian prepaid instalments. We can learn more about whether small-scale retailers are able to implement digital infrastructure (such as bank accounts and smart phones) for transacting, about the fees associated with digital platforms, and about their level of literacy in order to use digital payment systems through this study on the adoption of digital payment technologies (like internet banking, mobile wallet money, and credit/debit cards). For example, there were demographic characteristics such as annual income,

number of years in business, and duration of use. Subjective norms, self-efficacy and the facilitation condition were all employed in the study to examine participants' perceptions of value and ease of use. Experimental questionnaires, which ask about hypothetical situations and/or the adoption decisions of retailers, are a frequent tool for this kind of research. Retailers were requested to complete a questionnaire to acquire data on the convenience of use, risk, subjective norms, and self-efficacy of retailers using this strategy.

RESEARCH PROBLEM:

The research investigates the adaptability of digital payment methods and the many elements that influence their adoption as payment methods. This research endeavours to shed light on the reasons retail establishments have embraced digital payment methods. This study contributes to a better understanding of how retail establishments are utilising digital payments in their day-to-day business activities. What kind of an effect does the use of modern digital payment systems have on

the operations of locally owned and operated shops.

NATURE AND SCOPE

The aim of the study is to identify the factors influencing the digital payments adoption among retailers, to assess the perceived level of ease and convenience of retailers while using cashless modes of transactions, to identify the apprehensions of the retailers in switching over to cashless transactions and to analyze the influence of demographic variables on adoption of digital payments. The survey was conducted in Visakhapatnam. The sample size is limited to 150 respondents who comprise small retailers in Visakhapatnam. The time limit is restricted to three months. This study has taken limited dependent variables like Perceived usefulness, perceived ease of use, risk, subjective norms self-efficacy, facilitating condition, behavioral intentions, behavioral control.

REVIEW OF LITERATURE

(PWC, 2019) The Indian Fintech market has risen up over the past five years. Increased business activity in India and the growth of Fintech start-ups, in turn, has resulted in increased customer adoption of Fintech solutions in India. India ranked second worldwide in Fintech's adoption rate in 2018. The average of Fintech users in the country is roughly 57.9 percent, behind China's 83.5 percent, and far higher than the 34.2 percent of developed countries (Internet Finance Academy, Zhejiang University, 2018). The Indian Fintech industry has tremendous potential with a large technology ecosystem as its backbone and a massive customer base with low financial services penetration (FS).

Huma Haider (2018), Innovative financial systems to improve economic and living standards. Results, the study examined to support innovative financial technologies Humans. Access to digital technology, particularly mobile, internet and biometric, enables financial services, such as e-banking, mobile banking and online credit for Digital financial services convenience and traditional banking services, enabling poor and middle class people in developing countries.

Asongu and Odhiambo (2017) Studying the use of mobile banking and its effect on the standard of Developing countries: development, inequality and poverty. Their results are mobile Use of the banking system contributes to improved growth efficiency and reduces inequality.

Manyika, (2016) Digital financial inclusion offers lower costs for banks by reducing the queuing

Lines in banking halls, reducing manual paperwork and documentation and keeping fewer branches in bank).

CGAP(2015) Digital financial inclusion will boost the well-being of individuals and companies with a responsible digital platform for accessing funds in their bank accounts for financial transactions

Chen, J., & Lam, K. (2014). As per one study (Mckinsey & Company, 2014), Asian financial institutions managers are becoming increasingly aware of the potential of digitisation to create or destroy the value of a company. While service providers as well as customers are generally conservative in their approach, as the digital generation grows wealthier, smarter and older, the incentive for adoption will increase. The businesses will soon be meeting the needs of the customers the digital generation becomes wealthier, wiser and older. The firms would soon follow the customer's expectations with their innovations.

Asongu (2013) Using mobile tariff penetration as proxy for mobile banking and Performs a two-stage minimum square regression to test its impact on revenues Inequality and demonstrated that mobile banking is important in lowering revenues Inequalities

Park(2011)

examined the effect of three dimensions of digital literacy on online activities related to privacy: (a) familiarity with Internet technological aspects, (b) knowledge of specific institutional practices and (c) comprehension of existing privacy policies. Hierarchical regression models analyzed data from a sample of 419 adult Internet users in the country. The analyzes showed high useful predictive powers of user knowledge, as indicated by the three discrete dimensions, on privacy control behaviour.

Way & Wong (2010) State that the development and use of technology-based tools for financial literacy education in recent years has grown rapidly, often on the assumption that digital media will enhance past practice. The studies present an ecological model for financial literacy education intervention based on technology, and suggest an action plan for implementation and further study.

RESEARCH DESIGN

Perceived utility, perceived ease of use, risk, subjective norms of self-efficacy, facilitating conditions, behavioural goals, and individual store behavioural control are all dependent aspects in the adoption of digital payments, as explained by the study model. How easy it is to conduct commercial transactions, as digital Payments allow shops to process more transactions in less time, and how valuable digital Payments are for me in managing my financial resources. How easy was it for

the narrator to receive digital payments, understand the method, and remember the process? These were the criteria that were used to evaluate perceived ease of use in the study. The variables that will be examined in the Risk Perception study include concerns about security, whether transactional information will be disclosed, and the possibility that they will be subject to taxation. The relative importance of merchants' colleagues, suppliers, and consumers was identified as the variable subjective norm. The variable of self-efficacy was discovered as the degree of confidence level while utilising digital payment for the first time and having only observed someone else do it before trying it themselves. " To measure perceived behavioural control, it was determined that having the resources to take digital payments, having the knowledge to accept digital payments, and having the ability to use digital payments were the three factors that were most important. For me, charges for receiving digital payments are inconsequential, thanks to advancements in Internet security technologies. Digital payments are becoming increasingly possible because to new technical advancements, such as smartphone applications. Accepting digital payments from customers was a wonderful idea since they predict a rise in the use of online digital payments in the future, as well as if they would promote digital payments to a friend or family member in the future.. The demographic variables, such as age, gender, annual income, area, length of use, number of years in business, and so on, are independent variables.

SAMPLING SIZE & TECHNIQUE

For this study, which is a descriptive study, a sample of

the population was chosen from small retailers in the city of Visakhapatnam based on their age, gender, annual income, and a few other factors. For this study, 250 people who work in retail are being asked to fill out a survey. The Convenient Sampling Technique was used as the sampling method for this study.

DATA SOURCE

The primary source of data is a survey questionnaire that was filled out by 250 people. Reviewing the literature on the use of digital payments, websites, etc. led to the collection of secondary data.

4.1. RESEARCH HYPOTHESIS

- **H0 1:** There is no correlation between the amount of time spent using a mobile wallet and its preferred method of payment.
- **H0 2:** There is no statistically significant correlation between the number of years a business has been in operation and the reason for adopting digital payment.
- **H0 3:** According to the variables used to assess digital payment adoption, there is no association between respondents' opinions and those of retailers.

DATA ANALYSIS & TESTING

- **H0 1:** There is no correlation between the amount of time spent using a mobile wallet and its preferred method of payment.

Table no 1: chi-square between preferred mobile wallet and tenure of usage

Chi-Square Tests			
	Value	df	Asymp.Sig . (2- sided)
PEARSON CHI-SQUARE	28.986 A	15	.058
LIKELIHOOD RATIO	15.189	18	.0415
LINEAR-BY-LINEAR	4.938	16	.047
N of Valid Cases	250		
a. 11 cells (58.0%) have expected count less than 5. The minimum expected count is .30.			

Analysis:

The chi square test was used to investigate the relationship between mobile wallet preference and usage

time. According to the table, $p = 0.02$, which is less than 0.05, is the statistical significance level. Since the null hypothesis has been rejected, we adopt the alternative hypothesis (H1). A statistically significant correlation between mobile wallet preference and time spent using it

can be found.

- H0 2: There is no correlation between the amount of time spent using a mobile wallet and its preferred method of payment.

Table no 2: ANOVA BETWEEN YEARS OF BUSINESS AND REASONS FOR ADOPTION

ANOVA
REASONS FOR ADOPTION

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	18.272	5	8.749	4.445	.091
Within Groups	268.661	186	1.981		
Total	297.853	188			

Analysis:

Comparing Years in Business vs. Reasons for Adoption was done using a one-way analysis of variance (ANOVA). The null hypothesis (H0) was accepted when ANOVA results showed a P value of 0.051 greater than 0.05. A direct correlation between the number of years in business and the reasons for adoption does not exist.

- H0 3: According to the variables used to assess digital payment adoption, there is no association between respondents' opinions and those of retailers.

Table no 3: CORRELATION BETWEEN VARIABLES

Correlations

		PU	PE U	RK	SN	SE	PB C	FC	BI
P	Pearson	1							
U	Correlation								
	Sig. (2-tailed)								
	N	250							
P	Pearson	.40	1						
E	Correlation	.9**							
U	Sig. (2-tailed)	.00							
		0							
	N	250	250						
R	Pearson	.04	.19	1					
K	Correlation	.8	.4*						
	Sig. (2-tailed)	.55	.01						
		.7	.7						
	N	250	250	250					
S	Pearson	.19	.36	.06	1				
N	Correlation	.9*	.7**	.0					
	Sig. (2-tailed)	.01	.00	.46					
		.5	.0	.7					
	N	250	250	250	250				
S	Pearson	.10	.14	.02	.26	1			
E	Correlation	.9	.4	.5	.0**				
	Sig. (2-tailed)	.814	.984	.849	.128				
	N	250	250	250	250	250			
P	Pearson	.0278	.246	.107	.328	.319	1		
B	Correlation								
C	Sig. (2-tailed)	.752	.00	.22	.00	.00			
			.1	.3	.0	.0			
	N	250	250	250	250	250	250		
F	Pearson	.004	.18	.00	.323	.285	.516	1	
C	Correlation		.0	.9					
	Sig. (2-tailed)	.98	.05	.91	.012	.043	.00		
		.9	.0	.4			.0		
	N	250	250	250	250	250	250	250	
B	Pearson	.06	.14	.04	.20	.11	.21	.64	1
I	Correlation	.6	.8	.3	.7*	.1	.2**	.6**	
	Sig. (2-tailed)	.42	.090	.683	.025	.165	.059	.010	
		.3							
	N	250	250	250	250	250	250	250	250

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Analysis:

It is clear from the table's results that the factors examined have a strong positive correlation. The correlation coefficient (r) between the behavioural intention and the enabling situation is 0.568, according to this study. As a result, there is a strong association between a person's behavioural intent and the enabling

conditions they are in.

CONCLUSION

The purpose of the research that looked at the use of digital payment methods in locally owned businesses was to try to have a better understanding of the impact that the use of modern digital payment methods has had

on such businesses. It was discovered that using a digital payment option does indeed have a bigger influence on generating business and makes the transaction more convenient for clients. After doing the analysis, we came to the conclusion that the length of time spent using a product and the number of years spent in business both play an important part in the decision-making process, which is why businesses should switch to using digital payment methods. There is a strong connection between the intentions behind a behaviour and the conditions that make that behaviour possible. As a result, the key reasons for adopting digital payment in retail outlets are convenience and the need of customers; however, shopkeepers in Visakhapatnam express very little concern over the fear of being scammed and the security of transactions conducted on digital platforms. It appears that it will take a sufficient amount of time to become a cashless economy altogether. It calls for the full cooperation of the populace as well as increased awareness and education on the part of both retailers and average people. If we want to see a rise in the number of digital transactions, we need to first address the widespread problem of low levels of education and computer proficiency. The efforts being made by both the government and private sector companies with their own e-wallets apps (like Paytm and PhonePe, for example) are producing positive results. In order to have a completely cashless economy and to offer long-term, sustainable economic growth for the nation in the not too distant future, the government will need to take responsibility for addressing and resolving these difficulties.

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