

DIGITAL PAYMENT PATHWAYS: EXPECTATION VS REALITY -A STUDY OF SMALL SHOPS IN RURAL AREAS

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ABSTRACT

The paper attempts to investigate the advancement of digital payment technology and how it practically makes any impact on day-to-day small-scale businesses. The study is based on small merchandiser perspective and their experiences regarding digital payment systems. This is research conducted in a small district named Bankura, West Bengal, India, among the small merchandisers to find their opinion about Digital Payment Pathway.

A small-scale follow-up survey was made via verbal interaction. Both qualitative and quantitative research has been made among the small shop owners in rural areas of Bankura, West Bengal, India to investigate the impact of advancement of Digital Payment Technologies into their businesses. Throughout the research it was discovered that though the merchandiser were very much aware of the payment pathways, they are very reluctant to make full use of it. There is a significant amount of knowledge gap between the digital payment service provider and the small-scale merchandisers. There are also some practical barriers in implementing the methods in their day-to-day businesses. Considering the findings, the research tries to suggest some alternative ways to encourage the small-scale merchandiser to use more digital Payment transaction in their day-to-day businesses. The research contributes toward hassle free, efficient, easily accessible, and easily accountable financial transactions. It also tries to bring fairness in small scale business transactions and helps government to accounts and monitor day to day small scale transactions.

Keywords: Digital Payment, Small-Scale Merchandiser, UPI, Mobile Wallet, Bottom of the Pyramid

INTRODUCTION

According to Payment and Settlement System Act, 2007, ¹ “electronic fund transfer” means any transfer of funds which is initiated by a person by way of instruction, authorization or order to a bank to debit or credit an account maintained with that bank through electronics means and includes point of sale transfers; automated teller machine transactions, direct deposits or withdrawal of funds, transfers initiated by telephone, internet and, card payment. The evolution of Digital Payment System in India started from early 90’s. With the advancement of technology new systems and payment modes were introduced. Electronic fund transfer, credit and debit card, interconnectivity of ATMs, RTGS and NEFT,

Cheque Truncation System (CTS) etc. One of the significant milestones of Digital Payment System of India was the establishment of National Payment Corporation of India (NPCI) in 2008. It has been developing new advance technology in retail payment framework in India. In the era of Mobile Banking, UPI (Unified Payment Interface) and Mobile Wallet are very popular Digital Payment Technologies among common people of India.

While a growing number of e-commerce platforms are adopting digital payment methods, small shops like groceries, medicine, vegetable vendors, stationary shops, small bakery shops, small shops for sweets, confectionery etc. are very reluctant to do so. With increasing number of smartphone users, it is big opportunity for the

Digital Payment service providers to invade into the day-to-day transaction of the people. For that they have to "Target the bottom of the Pyramid", which is the small shops like vegetable vendor, small groceries, small confectioneries, small medicine shops etc.

This piece of work is a deep dive to examine into the practical barriers of the digital payment pathways for the small-scale merchandiser at a small town.

OBJECTIVE

The objective of the Research is to investigate the practical barriers of the implementation of Digital Payment Pathways in the bottom-line businesses. The project is also tried to find out the ways to overcome the barriers and to include more and more small-scale business under the digital payment framework for fare, hassle-free, efficient and easily accountable economy.

RESEARCH METHODOLOGY:

Research has been done through verbal real-life conversation to understand the experience of the small-scale merchandiser. Primarily go through the small-scale day to day shop (who has the barcode of Digital Payment Pathways) as a customer, buy something there and pay in Digital payment mode. Ask them questions about the experiences of digital payment mode as a real-life customer. Note the keywords from their responses. Visit same shop many times and ask same question about digital payment and check any variability from their previous responses. Finally make a gist out of their multiple responses, the questions were both qualitative and quantitative in nature. The research is mostly emphasized on extracting the keywords from their responses.

SCOPE & LIMITATIONS:

The survey was done at the Bankura district which considers as the rural area of West Bengal, India. The small shops owners are very new to digital payment pathways, so the response were very fresh and unbiased in nature.

But the research were done in a small scale manner and only at one district of West Bengal,

India. that can be consider as a limitation of the research.

LITERATURE REVIEW:

The researchers have gone through many previous papers and articles for this piece of work. There were previous many studies about the situations and scenarios of Digital Payment Systems in India. Digital Payments Methods in India: A study of Problems and Prospects, by Lalita Malusare is one of them. Where she has discussed about both problem and prospect about implementation of Digital payment in India. Where in the research paper named

A Study on Digital Payments in India with Perspective of Consumer's Adoption", the authors K. Suma Valley and K. Hema Divya have discussed the scenarios in customer's perspective. The researchers also went through recent articles in various magazines about the problems of digital Payment system in India. Most of the papers and articles have discussed the problems in general. But this piece of work is focussed on the very practical barriers of implementing Digital Payment Pathways in a very specific region : The rural part of West Bengal, India.

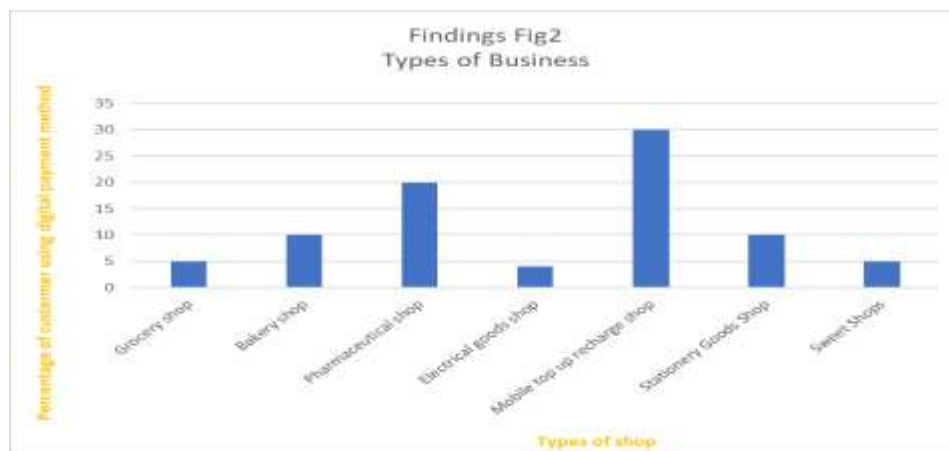
FINDINGS

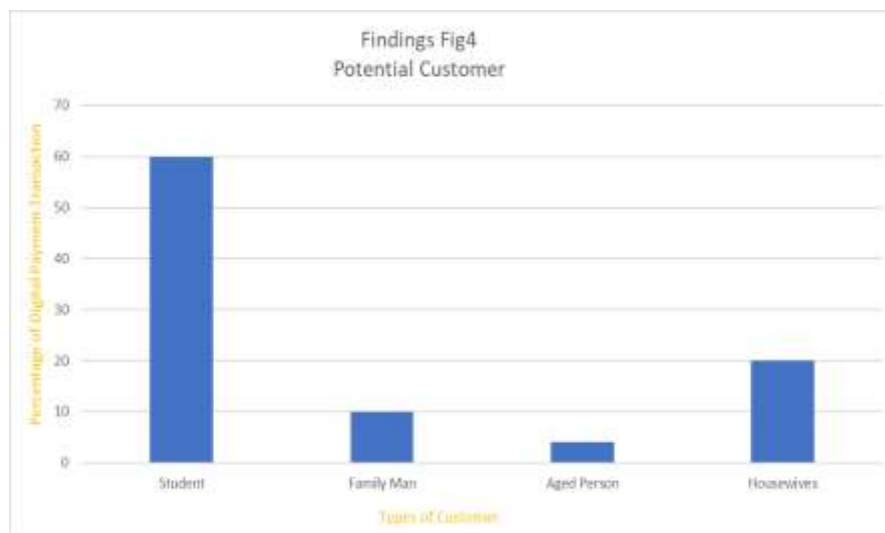
- All have heard about Digital Payment Pathway but not are fully aware of it.
- There is significant amount of Knowledge Gap.
- Digital Financial Services approached to them and given the bar code tab and who reaches the most is the market leader (Fig3).
- Maximum are new in Digital Payment mode.
- Some are not displaying the bar code in the front desk
- Some are concerned about Income tax statement.
- Suppliers of the small shops are very small vendors, they do not carry smartphones, So the shop has to pay its suppliers in cash.

- They are concerned about the security of the money.
- Customer's age and type matters (Fig4).
- Types of shop matters (Fig 2).
- For some shops the online payment mode is used by very small percentage of the customers
- Type of business matters. For instance, mobile recharge shops are very comfortable

with online payment mode but confectionery shops are avoiding the digital payment mode.

- Pharmaceutical shops who have to keep their transaction documented wants higher payment via Digital Payment mode where the customer wants the Digital payment for money change.
- Technical problems like network failure should be addressed by the service provider in more personal way at least in the initial stage.





ANALYSIS:

Advancement of Technology reaches the remotest part of India. People are aware of that but not fully using that². In our survey among the small merchandiser at a small town, we found that in spite of knowing about the Digital payment services, they were skeptical about using it. They are not fully using it. They don't have the full knowledge about the benefits of the digital payment Pathways³. There is significant amount of Knowledge Gap⁴ between the service provider and the small merchandiser. Surprisingly the big dealer, who are the suppliers of the product also doing cash transactions with the small merchandiser, though they are providing bill of the transaction. The research is done among small scale merchandiser at a small town named Bankura,

where internet facilities are easily accessible. So, technology is not an issue, but the Knowledge Gap is the main issue. There is a very big scope to do research on this subject where customer's point of view also has to be considered. Also, one point should be noticed that those **small shops are selling products, they are not used to provide services**. So, they are a little bit skeptical about using Digital payment services⁵. So, if the digital Payment service providers give some physical goods as a reward instead of point in the application, then that will be more realistic and trust worthy for them. For instance, many mobile network services arrange some contest between the stores about selling top-ups and sim cards⁶. They give prizes like television, refrigerator etc. as prize for the contest winner store. Similarly, the Digital payment services providers can give some physical goods as

rewards of using it, then that will increase the willingness to use the Digital mode according to our opinion. Though there is a scope of practical experiment about this suggestion⁶. Also, if the service providers target the potential customers like housewives, they may increase the transaction volume according to this research. Though follow up research should be conducted before coming to any conclusion.

CONCLUSION

Though digital payment service makes the economy more fairer and hassle free but still it is not the first choice for the small-scale merchandiser. There is significant amount of practical barrier when implementing⁷ it in day-to-day businesses. Government and service provider should look after those obstacles and make a practical solution for that. Inclusion of the small-scale business in the digital payment is very much needed for the better economy and this research work is particularly investigating about that matter.

RECOMMENDATIONS

Through out the survey it was found that, the Digital Payment Pathways are very new system to those small shop owners of the rural areas. So, they have been hesitating to use the system on regular basis. The small shop owners mostly have been selling products for long years, so the 'intangible' nature of service makes them sceptical to use on a regular basis. So, if the Digital Payment Service providers (Phonepe, Google Pay, Amazon Pay and others) wants to increase their transactions among those small shops, they have to gain 'trust' by some 'Physical' ways. May be they can introduce 'Physical Reward System' instead of virtual cash back system or they can send their sales representatives more often instead of only providing online assistance. Further research can be conducted about this matter.

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CONFLICT OF INTEREST:

The authors of the research have no conflict of interest for conducting the research.

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