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Consumer Preference for e Payments – A Way For Sustainable Development in Commerce

Dr. Poonam Kakkad

Assistant Prof at Nirmala Memorial Foundation College of Commerce and Science

Rupali Ekbote

TYBMS student at Nirmala Memorial Foundation College of Commerce and Science

ABSTRACT

The present paper studies the preferred mode of payment of consumers at retail outlets. Data was collected from 100 respondents through survey method. Structured questionnaire was used to collect data. The findings of the study depicts that maximum of the consumers used cash as the mode of payments at retail outlets. The hypothesis test proved that there is no significant difference between gender and preference on mode for making payment. The findings further showed that there is no significant difference between gender and reason for not using mobile phones.

Keywords – mode of payment, reason for non use of mobile app for retail payments.

INTRODUCTION

The way that a buyer chooses to compensate the seller of a good or service that is also acceptable to the seller. Typical payment methods used in a modern business context include cash, checks, credit or debit cards, money orders, bank transfers and online payment services.

US studies show that in 2018, U.S. consumers made 72 payments per month on average, not a significant change from 2017. As in 2017, the most frequently used payment instruments were debit cards (34 percent of all transactions), cash (24 percent), and credit cards (23 percent). Over the 11 years of the survey, debit, cash, and credit have consistently been the most popular ways to pay. For the first time in 2018, debit cards replaced cash as the payment instrument used most frequently for in-person purchases. The above study induced the researcher to study the preference of Indian consumers for mode of Payment at retail outlets.

REVIEW OF LITERATURE

George (1995), "The card majors lead the way" shows that VISA and Master Card play a major role in any international payment system. Both VISA and Master Card act also as franchisers, lending their names to member banks' card and acting as guarantor of payment to merchants willing to accept the cards. For this and for handling transactions, VISA and Master card charge a fee which varies from country to country, but is approximately 3 cents (90 paise) per transaction. They are card clearing agencies. VISA and Master card each have nearly 22000 banks all over the world as their members and handle several million transactions each day. This gives them a transaction handling capability unmatched by any individual bank. They are not credit card companies but function on the line to provide a global network that allows authorization, clearing and settlement of card transactions, both of credit and debit cards.

Natarajan and Manohar (1993) "Credit Cards—an Analysis". A study has been attempted to know that to what extent the credit cards are utilized by the cardholders and the factors influencing the utilization of credit cards. The study is confined to cards issued by the Canara Bank. A random sampling technique is used to collect the data. Ten components i.e. numbers of purchases, shops, percentage of purchases, place, frequency, type of product, type of services, cash withdrawal facilities, add on facility, insurance schemes are identified and used for the measurement

Radhakrishana (1996) study on "DEBIT CARDS" shows that the debit cards also have found wide acceptability than credit cards because of assurance of payments to retailers, switching of cardholders to debit card because of using interest free period to avoid high interest cost, annual charges as compared to debit cards etc. The study shows that the growth of service industry in the country, electronic fund transfer, point of services offer a large potential for banks to cutting down cost associated with the

paper based clearing and payment services. The introduction of debit cards can take place subsequently and the objective should be to attain a critical mass in issuing number of such cards so that the operation becomes cost effective

Chakravorti (2003), "Theory of credit card networks: A survey of the literature" shows that credit card provide benefits to customers and merchants not provided by other payment instruments as evidenced by their explosive growth in the number and value of transactions over the last 20 years. Recently, credit card networks have come under scrutiny from regulators and antitrust authorities around the world. The cost and benefits of credit cards to network participants are discussed. Focusing on interrelated bilateral transactions several theoretical models, have been constructed to study the implications of several business practices of credit cards networks.

Gupta (2003) "Legal and regulatory framework of credit cards" asserts that the regulations of credit card business in India is diffused and need to be streamlined. Whereas in developed countries the law on credit card business in comprehensive and straight forward, its Indian version requires a structural change. Hence, there is a need to explore that various legislative premises of the inferior and unclear Indian version for protection of interest of cardholders and healthy growth of the industry.

Saha (2003), "The booming credit card business of Indian banker." In this study analysis has been done of the credit card business in India. Article is both from the banker point of view and from the users point of view. It is estimated that the credit card volume is increasing around 15% p.a. on average for last 10 years and volume of transaction increased by 20% on an average in last 10 years in India. Various hypothesis and objectives are set to find out which bank offer varieties of services to consumer in relation to credit card. A comparative analysis is made for all the credit cards. In general, most of the credit card is doing very well and the competition is cut throat. Different factors such as income level, fees customers' service network, add on card facility, revolving credit facility, insurance facilities, and cash withdrawal charges, lost cards.

Jagdeesh (2005), "Credit card fraud: causes and cures from professional's perspective." Put a light on credit card fraud which is increasing worldwide. The culprit is not only the outsiders but insider fraudsters who cheat their organization to make quick buck. Bank credit card issuers lose about \$1.5 to \$ 2 billion every year because of fraud. The VISA and the Master Card, the two largest credit card issuers lose most. Major credit card frauds like unauthorized use of credit cards, on line frauds, shave and paste of card, counterfeiting, mail order fraud are the techniques used by the fraudster. The author also discusses the tips for prevention of frauds like using smart cards, computer edits, PIN numbers, and suggests that it is in their own interest that the cardholders should keep their cards safely and use the cards wisely to protect themselves from frauds.

Sant (2005), "Credit cards emerging Trends and Prospects" shows benefits, growth/potential growth, usage pattern, technological changes, delinquency rates, and fraud settlement, by the credit card companies. Survey shows that spend per card in India are very low at around Rs. 20,000 per year against international average of around \$900 (i.e. about Rs. 40,000) per year per card. Demands have increased for higher quality and level of services. Major card issuers in India, domestic and foreign, are currently busy racking their brains in trying to protect their organizations from frauds. To overcome this problem a new technology i.e. "Smart-Card" that allows for greater security against fraud. Authors feels that with the establishment of credit information bureau of India Ltd. (C/B/L) customer had motivation to maintain good credit history and helps in lowering of delinquency rates. Article also shows that credit card industry grows by 37% with ten million cards in circulation.

OBJECTIVES OF THE STUDY

- To study on awareness of various payments method to consumer at retail outlet.
- To find out which payment method mostly used in retail market.
- To study reasons for using a particular payment method.

RESEARCH METHODOLOGY

The present study is exploratory in nature to provide a clear guidance for empirical search. A study of related and pertinent books and articles along with clues for further investigation lead to formation of workable hypotheses.

The researcher also presents it as descriptive research where focus is on fact finding investigation with adequate interpretations. It is designed to gather descriptive information for formulating studies that are more sophisticated data is collected through primary and secondary method. For testing hypotheses and interpreting relationships, analytical study is used. Thus the study makes use of a quantitative research approach. It was chosen because quantitative research allows the researcher to examine the relationships and differences among variables.

Source of data

The present study is based on secondary and primary data which was collected using questionnaire method.

Sample unit

Out of the universe of consumers, consumers with the age group between 18 and 30 years are the sample unit of the study.

Sample size

Using convenient sampling technique a sample size of 100 youth is taken into consideration.

Data collection

The data was collected using questionnaire. The questions included the items on reasons for using different type of payment and which payment is use mostly by consumers in retail outlets. Open ended questions were included in the questionnaire to get answers of the objective laid down in the study

Data analysis

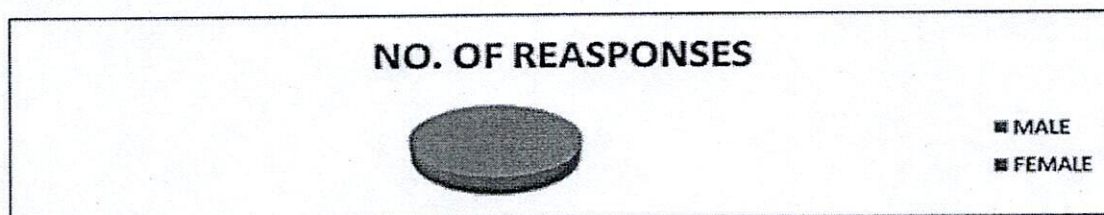
The application of statistics tools and techniques for the data collected by means of questionnaire is classified, tabulated analysed and summarised with the help of statistical tool percentage method.

DATA ANALYSIS AND INTERPRETATION

Table 1. Gender composition

Gender	Number of responses	Percentage
Female	50	50
Male	50	50
Total	100	100

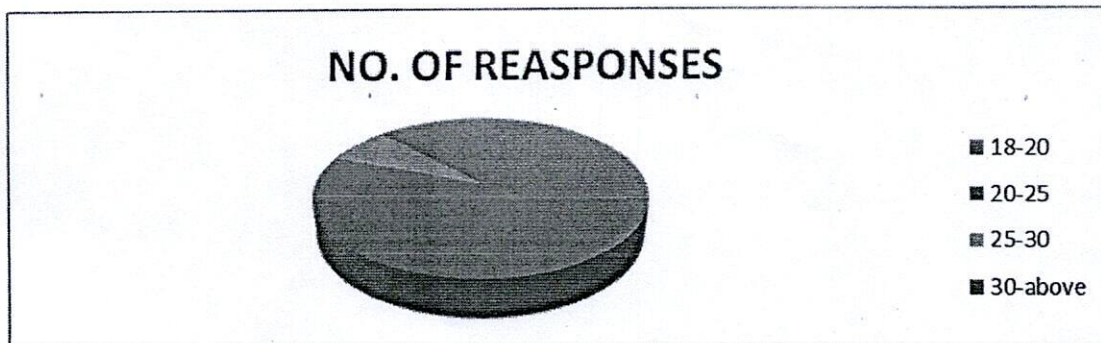
Chart 1.



To study was conducted by a survey with sample size of 100 respondents which comprised of 50 male and 50 female.

Table 2 Gender composition

Age	Number of respondents	Percentage
18-20	39	39.00
20-25	42	42.00
25-30	07	7.00
30-above	12	12.00
Total	100	100



The above table and chart gives description of the respondents for the study. Maximum number of respondents were from the age group of 20 to 25 years.

Table 3. Awareness of various mode of payments among consumers

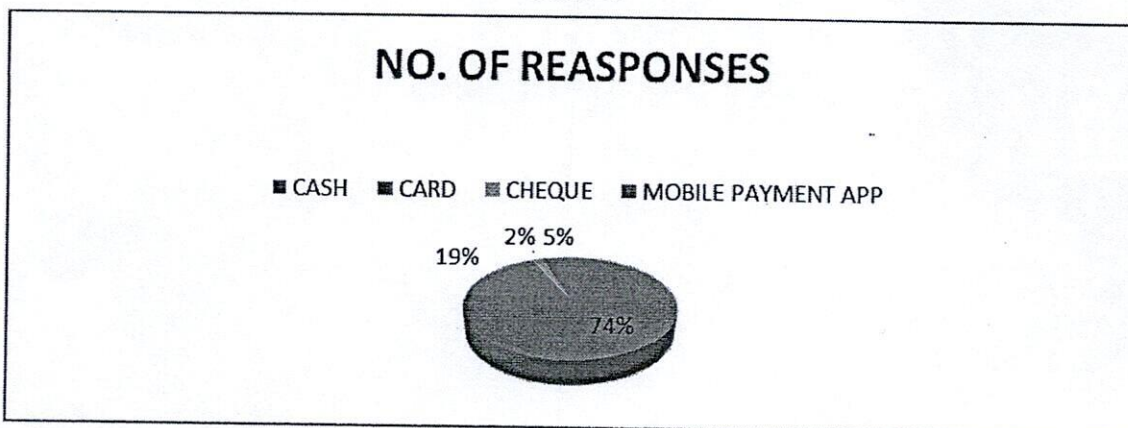
Particular	Yes	No
Cash	100	00
Plastic cards	100	00
Cheque	100	00
Mobile app payments	56	44

The above table showcase that only 56 percent of total respondents are aware of mobile app as mode of payment. Respondents are well aware of other modes of payments.

Table 4. Mode of payment you use when making purchase in store

Particular	Number of responses	Percentage
Cash	74	74.00
Card	19	19.00
Cheque	02	02.00
Mobile payment app	05	05.00
Total	100	100

Chart 4.



The above table depicts that out of the total respondents, a maximum of 74 percent uses cash for retail outlet payments and 19 percent uses plastic cards only 5 percent uses mobile app payments. This concludes that maximum of consumers are prone to use cash more than cards for payments.

1. HYPOTHESIS TEST:

H0 – There is no significant difference between gender and preference on mode for making payment.

H1 - There is significant difference between gender and preference on mode for making payment.

Mode of payment		Female	Male	Total
Card	Observed	5	15	20
	Expected	10.00	10.00	20.00
	% of column	10.0%	30.0%	20.0%
Cash	Observed	34	30	64
	Expected	32.00	32.00	64.00
	% of column	68.0%	60.0%	64.0%
Cheque	Observed	2	2	4
	Expected	2.00	2.00	4.00
	% of column	4.0%	4.0%	4.0%
Mobile payment app	Observed	9	3	12
	Expected	6.00	6.00	12.00
	% of column	18.0%	6.0%	12.0%
Total	Observed	50	50	100
	Expected	50.00	50.00	100.00
	% of column	100.0%	100.0%	100.0%
		8.25	chi-square	
		3	df	
		.0411	p-value	

Since, here, $p\text{-value} < 0.05$ for gender and preference on mode for making payment, H0 is rejected. Hence, it is concluded that there is a significant difference between the gender and preference on mode for making payment. In other words, the preference on mode for making payment differs gender-wise.

2. HYPOTHESIS TEST

H0 - There is no significant relation between age and preference on mode for payment.

H1 – There is a significant relation between age and preference on mode for payment.

	Age	Your go-to payment option
Age	1	
Your go-to payment option	-0.02	1

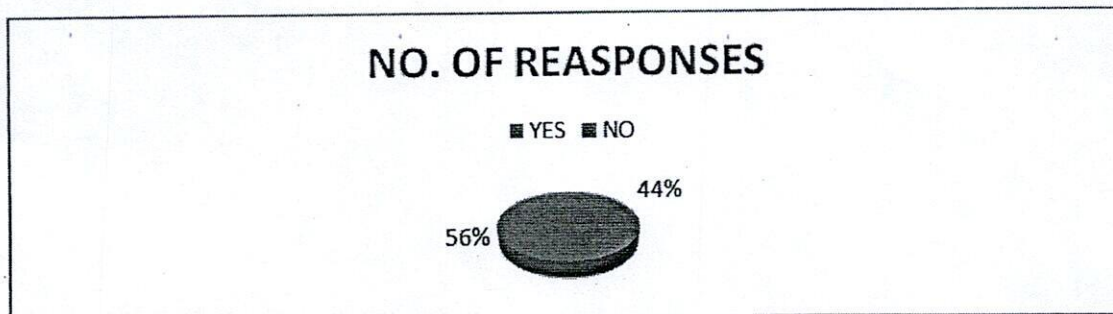
$R = -0.02$

Since r value is negative and it is far from -1, there is weak negative correlation between age and preference on mode for payment.

Table 5. Do you make payment using your mobile phone?

Particular	Number of responses	Percentage
Yes	44	44.00
No	56	56.00
Total	100	100

Chart 5.

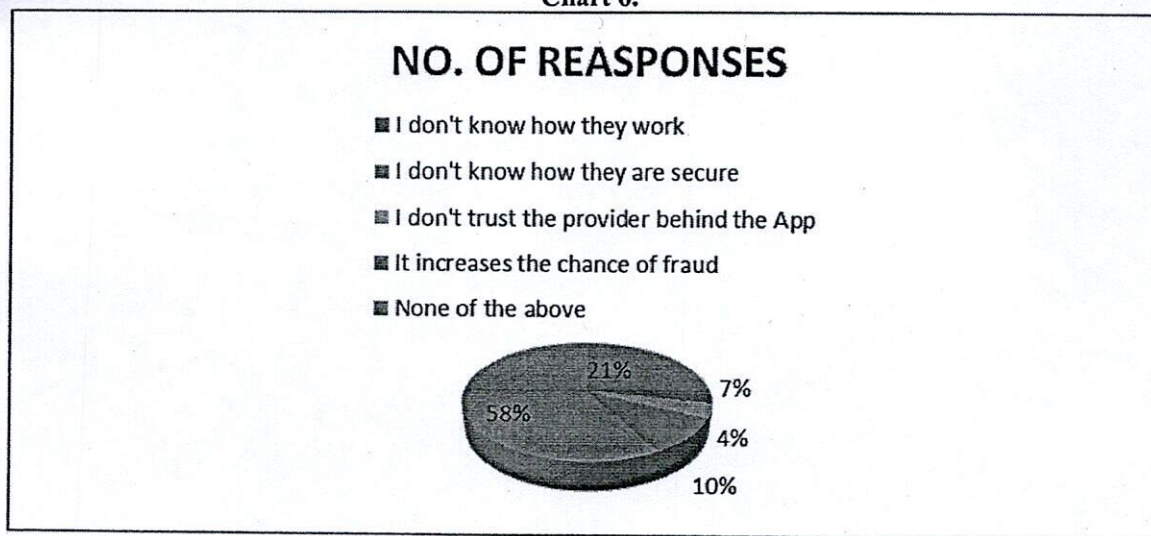


The above table is self-explanatory that of the total respondents only 44 percent uses mobile app for payments.

Table 6. Reason for not using your mobile phone to make payments

Particular	Number of responses	Percentage
I don't know how they work	21	21.00
I don't know how they are secure	07	07.00
I don't trust the provider behind the app	04	04.00
It increases the chance of fraud	10	10.00
None of the above	58	58.00
Total	100	100

Chart 6.



3. HYPOTHESIS TEST

H0- There is no significant difference between gender and reason for not using mobile phones.

H1 - There is a significant difference between gender and preference on mode for making payment.

		I don't know how they are secure	I don't know how they work	I don't trust the provider behind the app	It increases the chance of fraud	None of the above	Total
Female	Observed	5	11	2	8	24	50
	Expected	3.50	10.50	2.00	5.00	29.00	50.00
	% of column	71.4%	52.4%	50.0%	80.0%	41.4%	50.0%

Male	Observed	2	10	2	2	34	50
	Expected	3.50	10.50	2.00	5.00	29.00	50.00
	% of column	28.6%	47.6%	50.0%	20.0%	58.6%	50.0%
Total	Observed	7	21	4	10	58	100
	Expected	7.00	21.00	4.00	10.00	58.00	100.00
	% of column	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
			chi-square				
		6.66	df				
		4	p-value				
		.1551					

Since, here, $p\text{-value} > 0.05$ for gender and reason for not using mobile phones, H_0 is accepted, which says we fail to reject the null hypothesis. Hence, it is concluded that there is no significant difference between the gender and reason for not using mobile phones. In other words, the reason for not using mobile phones has nothing to do with gender of respondents.

3. HYPOTHESIS TEST

H_0 - There is no significant relation between age and non use of mobile phones for payment.

H_1 - There is a significant relation between age and non use of mobile phones for payment.

	Age	Reason for not using your mobile phone to make payments
Age	1	-0.39
Reason for not using your mobile phone to make payments	-0.39	1

$r = -0.39$. Since r value is negative and it is close to -1 , there is strong negative correlation between age and preference on mode for payment. This shows age and preferences on mode of payment is not related.

4. HYPOTHESIS TEST

H_0 - Male uses more of mobile phones for payment than women.

H_1 - Male uses more of mobile phones for payment than women.

Gender	No	Yes	Grand Total
Female	32	18	50
Male	24	26	50
Grand Total	56	44	100

Statistics reveals that only 18 women of 50 uses mobile apps for payments where as 26 men of 50 uses mobile app. This helps to reject the null hypothesis and accept the alternative hypothesis that males use mobile phone higher than women.

CONCLUSION AND SUGGESTIONS

Today's consumer in the form of payment for every purchase, mostly people are using cash. Out of 100% there are 90% people which are going for cash payment, only 10% people are using other modes of payment. The use of debit card, credit card, mobile payment is still less in proportion to Cash payment.

After studying it was found that by asking some fluent question to consumers in retail outlet they don't use cashless payment or other Payment method because most people are unaware about cashless payment or other modes of payment and also because of illiteracy of Indian people they can't understand digital or mobile payment, they afraid of being fraud.

The study suggested that the various cashless payment method are possibly improving consumers knowledge about various types of payment method and this leads to maximising the cashless payment method period by period.

Suggestions are as follows:

- Popularizing the different method of payment to consumers.
- Educate awareness about Debit card, credit card and mobile payment or online payment.
- Providing knowledge of other payment method and also how they are beneficial toward consumer.
- Provide knowledge of different services provided in retail outlet.

LIMITATIONS OF THE STUDY

The study is confined to small geographic area, limited sample size and hence the findings cannot be generalised. Due to time and money constraints the geographic area and sample size was limited.

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