

CONSUMERS' PREFERENCE FOR DIGITAL MODE OF PAYMENT IN E-RETAILING

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ABSTRACT

E-retailing or Online Shopping is one of the most popular trends of shopping of consumer preference in recent times. It offers several obvious and potential benefits, primarily ease of anywhere and anytime shopping which has made buying products and services easier and faster along with competitive pricing. In the final step of completion of shopping when it comes to payment, e-retailing channels offers several modes of making payments to consumers to pay for the products and services they bought. The present research work is aimed to assess the most preferred mode of payment in e-retailing by the sample population respondents. It is well known that the digital revolution had hit the Indian conventional payment system as well after the Demonetization so there are several banking apps, government app, and other private companies payment apps, internet banking, Credit/ Debit card etc are available for payment including with the most convenient and convention option of payment i.e. Cash on Delivery. The primary research objective of the study is to find out the customer respondents' opinion for the selection of the digital mode of payment and opinion about the different mode payment especially online/ digital modes of payment in e-retailing process. A sample size of 104 respondents of more than 25 years was chosen for the purpose of research work. ANOVA was used for statistical analysis. The results of the study revealed that gender, age, occupation, and Income do not influence respondents' preference for the digital modes of payment, and there is significant relationship between respondents' age, occupation, monthly income, qualification and the preference of digital mode of payment in online commerce/ e-retailing practices and processes.

KEYWORDS: E-Retailing, Digital Mode, Cash on Delivery, Online Payment, Mobile App/Internet Banking, Credit Card, and Debit Card

Article History

Received: 13 Feb 2019 | Revised: 21 Feb 2019 | Accepted: 28 Feb 2019

INTRODUCTION

The current era is embracing digital platforms in all the fields of daily routine life practices and walks of life. In other words it can be commented that digital technology revolution has transformed the way of living life and performing the daily practice works especially paying bills, shopping, and bank related works. Integration of handheld devices such as Tablet, Smart phone etc has increased this interference manifolds. The growth of Internet penetration and handy mobile applications are jointly driving digital technology and making it more and more popular. Though the initial propelling stage was quite slow, but continuous, steady development and integration of common life practices with the technology, made the people adapted and pushed for the acceptance of digital technology. One of the most popular applications of digital technology of daily commercial practices is well known to all is e-commerce/ e-retailing/ e-business. Four different

dimensions participated in the development of the framework of e-commerce that is business, customer/ consumer, government and household. Interactions between the aforementioned dimensions develop and promote the success and implementation of electronic commerce/ e-retailing/ e-business. Most common interactions are business to consumers, business to business, business to government, citizen to government. E-Retailing is the subset of E-Commerce, in which the market lures the consumers to shop with them or the avail the services from them. In order to tempt the customer the online retailing companies offers several advantages to customers such as facility of getting things delivered at home, with a lot of convenience of no travelling or getting hassled in the crowd, right to make own decision for the product from the wide varieties, capacity to customize the product or service of choice, virtual assistance to make right decision about the product or service, real and live virtual environment testing of the products quality, product price and quality comparison, several modes of payment options etc.

E-retailing has come a long way from its beginning year in India i.e. the year 2007 and faced several challenges to reach on its current position. Pouring a lot of investment along with innovations in product offering, competitive pricing, promotion strategies, customer assistance, product customization, and ease of availability for its consumer's E-Retailing had become one of the choices to perform the shopping and other retailing practices. Apart from the cultural, socio-economic, lingual, technological barriers, for the pricing strategy E-retailers in India had to face FDI rules and regulations, which do not allow E-Retailer to have direct control over pricing in the marketplace model. While studying the factors which impede the customers for from online buying it was found that trust over the modes of payment, slow shipping, wrong product delivery, repetitive e-mails, technical issues and many more. For the mode of payment as an issue, consumers were not ready for the online payment options in e-retailing because of lack of trust and reliability over the channel of transactions over the net by any plastic card, internet banking or other modes, so most of the consumers prefer cash of delivery. Lack of awareness towards the process and functionality of online modes of payment in the E-Retailing practice is one of the primary reasons of not generating the trust over the online payment modes and continuous news in the media about the online frauds also revealed the fact that reliable IT infrastructure and the strict IT Act is still not developed in India to preserve the rights of consumers. However, with demonetization in the November 8, 2016, a new era of digitalization in payments/ transactions was initiated due to the shortage of hard cash in the Banks and ATMs, many consumers moved to the online mode of payments. The digital modes of payment in India are credit/ debit card, mobile wallet, Internet banking, banking apps, third party apps etc. This research work aims to find out the consumer respondents opinion about the modes of payment in E-Retailing and the most preferred mode of online payment option. Some of the digital modes of payments popular and widely used by the users in their online commerce practices in India are as follows:

Table 1: Digital Modes of Payment

Digital Mode of Payment	Brief Description
Banking Cards	Credit Cards and Debit Cards are the most used digital mode of payments.
USSD	Also known as *99# banking. It enables a user to send money up to 5000 per day from a normal feature phone.
AEPS	Aadhar Enabled Payment Service –It allows the bank to bank transactions. Do not have any transaction/convenience charges.
UPI	Unified Payment Interface – Allows transferring of funds through mobile apps.
Mobile Wallets	Also known as E-Wallet. Digital version of a physical wallet.
Banks Pre-Paid Cards	A Plastic card has a capacity of performing a certain amount of transaction according to its recharging capacity.
Point of Sale	A handheld device to read cards and perform the transactions. Available as Physical PoS, Phone Pos, and Virtual Pos.
Internet Banking	It allows the customer to perform all banking activities through a website gateway.
Mobile Banking	Allows customer to perform all banking activities through a mobile device.
Micro ATMs	A device used by business correspondents for basic banking services.

Source: http://cashlessindia.gov.in/digital_payment_methods.html

REVIEW OF LITERATURE ON E-RETAILING AND CUSTOMER OPINION FOR THE MODES OF PAYMENT

In spite of the obstacles related to digital money transfer, the speed and scope of the transaction are the most influencing positive point to the digital transaction, which pushes customers or users for adopting the new technologies of payments such as internet banking, phone banking etc. To push the uses of digital transactions among the customers, payment apps and banks offers several benefits such as cash-backs, discounts, reward points etc to consumers. This section of the paper will present the studies related to the digital payment systems and user attitude and perception for the adoption of advanced payment technologies in their e-retailing/ online shopping process.

Divya et.al. (2018) in their study on “Digital payments in India with a perspective of consumers’ adoption” opined that digital payment systems and policies are directing the common people of India for cashless transactions. It was concluded through study that digital payments improve the overall performance of the banking system too, but on other hand, banks should work on creating awareness among consumers for the effective use of technology and security features of the digital payment system.

Singh et. al. (2017) in their study on “Study of Consumer Perception of Digital Payment Mode”, opined that except education other demographic factors such as gender, age, profession, and annual income do not affect consumer perception for the use of digital payment. The study also confirmed that advancement in mobile technology and other internet applications act as pushing factors for digital payment adoption.

T.S. Sujith and C.D. Julie (2017) in their research paper on “Opportunities and Challenges of E-Payment Systems in India” has discussed the advantages and disadvantages of online payment or e-payment. The study also mentioned the Government policies of discounts on taxes, cash backs for using digital mode of payment for up to 2000 rupees and also the discounts on other commodities such as fuel and services such as insurance to motivate the common citizens for adopting online payment. Use of digital payments applications and websites also helps in keeping records of the expenses and payments performed by the individual. Although, there are several doubts about the safety and security if used wisely then the risks associated with payment and transactions can be lowered. There are some obstacles to using the digital mode of payment, as it is a technology-based option people who are not techno savvy cannot use it and also needs good IT

infrastructure. It is also risky as it's prone to data theft through hacking. Moreover, companies, which provide the services for transferring money through the internet and online platforms charge petty charges/ commission which increases the cost of transaction for them.

Innopay (2012) in his report on "Online Payment Report 2012-Moving beyond the Web" commented that Online business/ E-Retailing has been acclaimed as a stack of open door opportunities particularly in developing economies since it helps with picking up a solid decent footing in the current existing multilateral trading system. In this manner, E-commerce practices can act as a superior instrumental to appreciate more from trade and exchange. For example in developing economies mobile/ online payment modes have been successfully being used to encourage payment options which accelerate business exercises, however, it represents just a single percent for online business transactions yet it is valuable for restricted Internet facilities in these slightest developing economies.

RESEARCH METHODOLOGY

Every common buyer of online commerce/ E-Retailing has its own significant importance in making the electronic selling system successful and effective. Buyers' buying capacity and tendency to accept the new technological advancements in the entire process of their shopping especially in the electronic payment system are the principal drivers of online commerce/ e-retailing growth and progress. Growing number the mobile applications and internet sites of shopping, digital payment modes have attracted the researchers' concern. Given the special concentration over the consumers' digital/ online payment modes adoption rate continues to grow and consumers' behavior or preference for several digital payment modes of e-retailing or online commerce. Therefore, the following objective was undertaken for the present research paper:

To find the association between adoption of digital payment modes in online- commerce/ e-retailing and demographic characteristics of respondents

Locale of the Study: The study was conducted at Mumbai and Udaipur. Mumbai is a tier 1 city of India and Udaipur is tier 3 city but a well know place for destination marriage and tourist destination. So, both the locale of the study would give a good mix of respondents for the study purpose especially in congruence with the knowledge and level of awareness for the online shopping/ e-retailing and digital payment modes.

Research Design: In order to accomplish the research under the aforementioned research objectives descriptive research was carried out. The study was carried out to explore the association between adoptions of digital payment modes in online- commerce/ e-retailing and demographic characteristics of respondents and the factors influence the respondents' adoption of digital payment modes in online-commerce/ e-retailing. To attain the established research objectives of the study, various demographic attributes of the respondents and factors of digital payment modes were taken into consideration and associations between the variables were critically examined.

Population of the Study and Sampling: To realize the research objectives in an actual manner for the present research work while selecting the sample one constraint was guided that respondent should have richer-retailing/ online shopping experience. For the purpose of the study, the sample size was 104, which included 56 male respondents and 48 female respondents selected from Mumbai and Udaipur. 28 male respondents and 24 female respondents from each geographical locale were purposively selected. Respondents' selection for the data accumulation through the questionnaire was based on convenience and judgment sampling method.

Methods of Data Collection Followed: The research was primary data based and for this, a set of structured questionnaire was distributed among the sampled respondents of Mumbai and Udaipur. The questionnaire encapsulated questions related to the socio-economic, demographic status, an opinion for online payment modes and preference of the respondents.

Statistical Analysis of Data: Feedback given by the respondents through the questionnaire was encoded into a master table before actually tabulating the data in the required format of the software used for further data analysis. The data was organized into tabular form and statistically analyzed through frequency distribution, ANOVA Test.

Hypotheses under Observation

H₁: There is no significant relationship between respondents' demographic characteristics and the preference of digital mode of payment.

H_{1a}: There is a significant relationship between respondents' demographic characteristics and the preference of digital mode of payment.

H₂: There is no significant difference in the opinion of respondents' of different demographic characteristics for various digital payment modes.

H_{2a}: There is a significant difference in the opinion of respondents' of different demographic characteristics for various digital payment modes.

DATA ANALYSIS AND INTERPRETATION DISCUSSIONS

Analysis of the data accumulated through the questionnaire given the respondents as their feedback about their opinion and preferences for the digital payment system in online commerce/ e-retailing practice. Data analysis was performed with the help of IBM SPSS 21.0 software.

Demographic Analysis of the Respondents: This section will present the frequency based distribution of demographic statistics of the respondents of the study. Table 2 presented below exhibits frequency statistics of demographic characteristics:

Table 2: Frequency Distribution of Respondents

Variables	Categories	Frequency	Percentage
Gender	Male	56	54%
	Female	48	46%
Age	Under 30 years	22	21%
	30 – 40 years	46	44%
	40 – 50 years	27	26%
	Above 50 years	9	9%
Occupation	Salaried	56	54%
	Business Owner	42	40%
	Not Working	6	6%
Monthly Income	Below 20,000	15	14%
	20,000 – 40,000	62	60%
	Above 40,000	27	26%
Qualification	Below Graduate	12	12%
	Graduate	42	40%
	Post Graduate	38	36%
	Professionally Qualified	12	12%

Source: Author's Compilation

From the statistics of the above table, it could observe that a good mix of male (54%) and female (46%) respondents had participated in the study. With the age variable concerned 44% of the respondents were of 30-40 years of age group, which is the most participating age group in the study. 56 (54%) respondents fall into the salaried class of respondents and 42 (40%) had owned their own businesses. As far as monthly income variable concern 62 (60%) of the respondents were having monthly income between 20,000-40,000 per month. 42 (40%) respondent were graduate and 38 (36%) were postgraduate, so a good mix of qualified respondents participated in the study.

Association between Mode of Payment and Demographic Variables

Table 3: ANOVA Test of Means of Demographic Variables of Respondents for their Preference of Mode of Payment in Online Commerce/ E-Retailing

ANOVA					
Mode of Preference Mean Comparison for Age Group of Respondents					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.115	3	4.426	19.847	.000
Within Groups	95.342	100	.223		
Total	108.457	103			
Mode of Preference Mean Comparison for gender Group of Respondents					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.326	1	.216	.593	.373
Within Groups	108.131	102	.364		
Total	108.457	103			
Mode of Preference Mean Comparison for Occupation Group of Respondents					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.668	2	2.639	11.94	.000
Within Groups	102.789	101	.221		
Total	108.457	103			
Mode of Preference Mean Comparison for Qualification Group of Respondents					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.229	3	1.015	4.592	.002
Within Groups	105.128	100	.221		
Total	108.457	103			
Mode of Preference Mean Comparison for Monthly Income Group of Respondents					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.680	2	1.329	5.778	.001
Within Groups	104.777	101	.230		
Total	108.457	103			

Source: Primary Data

The above statistics of ANOVA Test of means of demographic variables of respondents for their preference of mode of payment in online commerce/ e-retailing revealed that for age ($F = 19.847$, $Sig. = .000$), occupation ($F = 11.94$, $Sig. = .000$), monthly income ($F = 5.778$, $Sig. = .001$), and qualification ($F = 4.592$, $Sig. = .002$), the differences between the different classes of respondents pertaining to demographic variable showed significant different for the mode of preference of digital payment. But, only for the gender variable ($F = .593$, $Sig. = .373$), the differences between the male and female classes of respondents showed insignificant different for the mode of preference of digital payment.

Thus, it can conclude for the hypothesis first that there is a significant relationship between respondents' age, occupation, monthly income, qualification and the preference of digital mode of payment. But, for the gender variable hypothesis, there is no significant relationship between respondents' gender and the preference of digital mode of payment.

Table 4: Computation of ANOVA for Assessing the Significance of the Difference in Opinion of Respondents' of Different Demographic Characteristics for Digital Payment Modes

	Gender		Age		Qualification		Occupation		Income	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.
Banking Cards	.197	.646	1.102	.259	12.874	.074	3.447	.005	1.289	.286
USSD	.845	.245	.909	.410	211.23	.000	2.841	.055	1.897	.103
AEPS	.139	.625	2.431	.074	18.920	.000	1.578	.223	.741	.544
UPI	.445	.508	1.824	.117	23.714	.000	3.336	.021	.593	.606
Mobile Wallets	1.92	.155	1.025	.399	13.849	.000	2.289	.097	1.798	.114
Banks Prepaid Card	8.22	.003	2.471	.039	48.952	.000	2.241	.047	1.884	.357
Point of Sale	.141	.626	.561	.467	61.204	.000	1.496	.136	2.079	.096
Internet Banking	.331	.465	3.487	.006	3.262	.005	1.842	.144	.547	.551
Mobile Banking	2.77	.088	1.269	.244	85.211	.000	2.125	.074	.959	.441
Micro ATMs	.445	.504	1.825	.124	13.880	.000	3.489	.012	.575	.687

Source: Primary Data Compilation

The results of ANOVA of significance of difference in opinion of respondents' of different demographic characteristics for digital payment modes showed in Table 4 revealed that no significant differences are perceived by male and female respondents for all the digital modes of payment except banks prepaid card (.003). Hence, except banks prepaid card as digital mode of payment we accept the H_2 , which confirms that both male and female respondents observe all the digital payment modes in quite similar way. For different age group respondents no significant differences are perceived in the respondents' opinion for all the digital modes of payment except internet banking (.006). Hence, except internet banking as digital mode of payment we accept the H_2 , which confirms that respondents of all the age classes observe all the digital payment modes in quite similar way.

For different qualification groups of respondent's significant differences are perceived in the respondents' opinion for all the digital modes of payment except banking cards (.074). Hence, for banking cards (Credit/Debit Cards) as the digital mode of payment, we accept the H_{2a} , which confirms that respondents of different qualification classes observe all the digital payment modes in different ways. For different occupation groups of respondents, significant differences are perceived in the respondents' opinion for banking cards (.005), UPI (.021), banks prepaid cards (.047), and micro ATMs (.012). Hence, for banking cards (Credit/Debit Cards), UPI, Banks Prepaid Cards, and micro ATMs as the digital mode of payment we accept the H_{2a} , which confirms that respondents of different occupation classes observe all the digital payment modes in different ways. For different income group respondents, no significant differences are perceived in the respondents' opinion for all the digital modes of payment. Hence, we accept the H_2 , which confirms that respondents of all the income classes observe all the digital payment modes in a quite similar way.

So, in totality above statistics indicated that respondents' educational qualification plays vital role in making their selection of the digital payment mode in online commerce/ e-retailing.

LIMITATIONS AND SCOPE FOR FURTHER RESEARCH

The study was aimed to attain the stated objectives only and successfully attains them. But, during the research work, few limitations were realized such as first is the geographical scope of the study was limited to the respondents of Mumbai and Udaipur only, the operational scope was limited to the preference of digital mode of payment in online commerce/ e-retailing. However, these limitations offer opportunities to other researchers to work over the same topic by broadening both geographical and operational scope. One more recommendation for further research is to assess the factors which influence respondents' preference for digital mode of payment.

CONCLUSIONS

Though the use of a digital mode of payment in online commerce/ e-retailing processes is very common by the buyers outside India, its penetration in the Indian market is still under the developmental state. Several researchers and report on the online commerce/ e-retailing in India showed that there is huge potential in India for the online commerce companies and organizations. But, they identified the payment modes as a significant impeding factor for the success of the business. So, there are several modes of the digital payment mechanisms are available for the consumers in the Indian market. This research work assessed the preference of customers for the digital modes of payment revealed that except educational qualification all the other demographic variables such as gender, age, occupation, and Income do not influence respondents' preference for the digital modes of payment. A study also revealed the significant relationship between respondents' age, occupation, monthly income, qualification and the preference of digital mode of payment in online commerce/ e-retailing practices and processes.

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