

## A STUDY ON ATTITUDES AND PREFERENCES OF YOUTH TOWARDS DIGITAL PAYMENT APPS IN SOLAPUR CITY

Prof. Dr. Ms. Vandana K. Purohit

Department of Commerce, Sangameshwar College, (Autonomous), Solapur, Maharashtra, India.

Email: vkpjune18@gmail.com

### Abstract

The flagship programme of the Indian government, the Digital India plan, intends to transform India into a knowledge-based society and economy. A "digitally empowered" economy is what the government seeks to create. Being "Faceless, Paperless, and Cashless" is one of the alleged functions of Digital India. The traditional system is being replaced by the digital system. There are many conventional payment options, including checks, withdrawals, drafts, money orders, letters of credit, traveler's cheques, and more. It is discovered that the current system is being replaced by the internet- and computer-based electronic payment technique. Due to the influx of countless new participants, digital payments are becoming more and more accepted. However we must admit that the world of digital payments is still nascent. A research has been performed to examine respondents' experiences with and opinions of India's digital payment system. This study helps to gauge the degree of overall youth user satisfaction with regard to digital payment apps.

**Keywords:** Digital Payment System, traditional system, internet – computer based electronic payment, youth.

### Introduction

The Government of India's flagship initiative, the Digital India plan, aims to make India into a knowledge-based society and economy. The government aims to establish a "digitally empowered" economy. One of the purported roles of Digital India is to be "**Faceless, Paperless, and Cashless.**" The digital system is taking the place of the conventional system. Cheques, withdrawals, drafts, money orders, letters of credit, traveler's cheques, and other classic payment methods are available. The electronic payment method that uses a computer and the internet is found to be replacing the current system. The most frequent reason is that the traditional method has some inefficiencies and leaks, which the digital payment system addresses. The digital system in India is on the rise. Debit cards and credit cards are the two most popular electronic payment methods used in India today; however electronic funds transfers, internet banking, the Unified Payments Interface (UPI), e-commerce payment systems, and other methods are still in their infancy.

### *Meaning of Digital Payment:*

Digital payments are transactions that happen online or through other digital platforms without a physical exchange of money. This implies that both the payer and the payee exchange money via electronic means.

Beginning in the early 2000s, India has been on a digital payments journey. **Digital payments include cards, mobile devices, wallets, QR codes, and other electronic payment methods.** From 2% in 2005 to 26% in 2015, 32% in 2020, and 36% by 2022 smartphone penetration has increased in India. This is a significant trend that has encouraged digital payments in India, causing UPI to increase by 143% year over year.

At the release of the "**India Digital Payments Report**" for the third quarter of 2022, Ramesh Narasimhan, Chief Executive Officer – IndiaWorldlinesaid it in the appropriate spirit; "*Now, more and more customers and businesses accept digital payments. Digital payments are becoming commodities*

over time and are a minor but essential part of our daily life. The amount of time between quarters shows how quickly digital payments are becoming the norm. Using well-known payment systems like UPI, cards, and PPIs, over 23 billion transactions are already handled each quarter."

Over the past five years, the volume of digital payments in India has increased at a rate of roughly 50% annually on average. Even while that growth rate is among the quickest in the world, India's unique real-time, mobile-enabled system, the Unified Payments Interface, has seen an expansion rate of approximately 160 percent annually. The UPI system, which was implemented in 2016, aimed to facilitate transfers by enabling various bank accounts on the same mobile platform for both personal and business use.

The Economic Times dated March 9, 2023 highlights "According to Boston Consulting Group, the worth of electronic payments in India would increase from the current \$3 trillion to \$10 trillion by 2026. (BCG)" under the headline

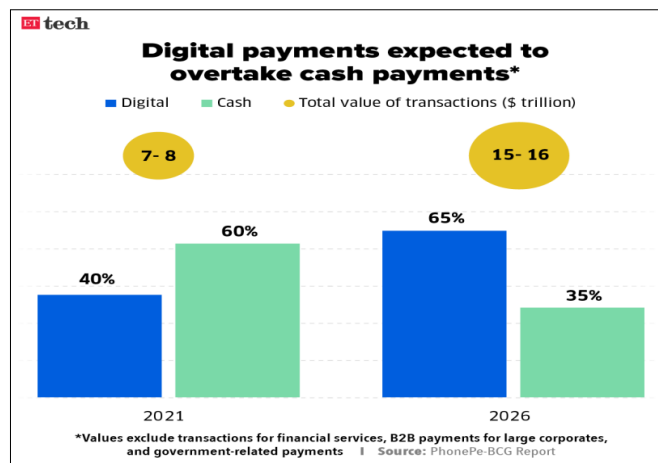


Fig.1-"India's digital payments markets will more than triple to \$10 trillion by 2026: Report."

**Significance of the Study:**

Perhaps more than anything else, finance keeps the economy's cogs turning. To encourage cashless transactions and reduce the use of cash, digital payments are being made available in India. The acceptance of digital payments is increasing as a result of numerous new players. Nonetheless, we must acknowledge that digital payment is still in its infancy. 'A Study on Attitudes and Preferences of Youth towards Digital Payment Apps in Solapur City' was conducted with this objective in mind.

**Objectives of the study:**

- 1) To study India's digital payment system.
- 2) To learn what customers view about digital payments.
- 3) To ascertain the problems customers have while processing digital payments.
- 4) To comprehend the respondents' level of general satisfaction.

**Research Methodology:**

The current study is founded on both primary data gathered from 128 respondents in Solapur City and secondary data gathered from a variety of publications, research papers, and books. A questionnaire was created to gather information from respondents in order to research how customers perceive digital payments.

**Sampling Unit:**

The purpose of the sampling unit was to specify the intended population for the survey. The population using digital payments served as the research's sampling unit, and youth were the study's target group.

### Sample Size:

128 people were decided as the sample size for this study.

### Sampling Procedure:

A well-structured questionnaire was distributed to the youth population groups in Solapur City neighborhoods in order to obtain primary data.

### Scope of the Study:

The top digital apps in India that youth prefer are the main subject of the study i.e.. BHIM App, PhonePe, Google Pay, Paytm, and the Amazon app. The investigation further restricts its focus to just the youth of Solapur City.

Digital Payment Apps selected for the study



**PhonePe:** With its headquarter in Bangalore, was established in December 2015 by Sameer Nigam, Rahul Chari, and Burzin Engineer. In August 2016, the 11 Indian languages versions of the PhonePe app, based on the Unified Payments Interface, went live. Using PhonePe, users may send and receive money, recharge data, DTH, mobile phones, pay utilities, pay for goods and services, invest in liquid and tax-saving funds, purchase insurance, and more. With Authorization Number: 75/2014 dated August 22, 2014, PhonePe has been granted permission by the Reserve Bank of India to issue and operate a semi-closed prepaid payment system.



**Paytm:**(Pay through Mobile), an Indian multinational financial technology firm with headquarters in Noida and a focus on digital payments, was formed in 2010 by Vijay Shekhar Sharma with an initial investment of US\$2 million made through One97 Communications.



**Google Pay:** Originally known as Android Pay, Google Pay initially launched in 2015 at Google I/O. The 2011-released Google Wallet was the main inspiration for this software. The technology used by Soft card had an impact on Android Pay. The UPI system was subsequently turned around when Google released the payments app Tez on September 18, 2017. On August 28, 2018, Google Pay replaced the Tez name. The co-founder of Google Pay, Sujith Narayanan asserted that while working on Google Tez, he came to the realization that a consumer's financial journey goes beyond digital payments. Also, there was a need to concentrate on the Indian millennial population and provide them with a fresh, quick, and effective method of managing their cash. When it came time to choose a product, the co-founders of Google decided on "Google Pay," which would revolutionize financial services for millennials. The groundwork for Google Pay was laid by Google Tez, a mobile payment service primarily catered to Indian users.



Owned by Amazon, a company with headquarters in Seattle, Amazon Pay is an online payment processing service. Established in 2007, Amazon Pay focuses on giving consumers the opportunity to use their Amazon accounts to make purchases on websites run by external merchants while utilizing the customer base of Amazon.com.



The National Payments Corporation of India created the UPI-based mobile payment app called BHIM (Bharat Interface for Money). Commenced on December 30, 2016, it aims to foster cashless purchases by facilitating e-payments made through banks directly.

According to data made available by the ‘National Payments Corporation of India (NPCI)’, **PhonePe processed nearly 50% of all UPI transactions in December 2022**, as stated in an article on news, Inc.42 by Chetan Thathoo dt.13 January 2023 with the headline **"With 96% Share, PhonePe, Google Pay & Paytm Dominated UPI Transaction Count In December"**. The news further reads **‘with 367.42 crore transactions totaling INR 6.49 lakh crore in December, PhonePe had 46.92% of the market in terms of transaction value’**.

**"By handling 34.34%, or 271.2 Cr, of the overall UPI transaction count throughout the month, Google Pay secured the second spot** in terms of both transaction volume and value in December."

**‘With 14.94% of the overall UPI transaction value and 10.82% of the total count’**, Paytm has become the third-largest player in the Indian digital payments ecosystem.

## DATA ANALYSIS

A survey of youth was conducted for the research study of **‘A Study on Attitudes and Preferences of Youth towards Digital Payment Apps in Solapur City’**. For the survey, a questionnaire with two parts was developed, the first concentrating on the respondent's demographic profile and the second on the research area. A total of 128 respondents were polled, and their responses were recorded, analyzed, and interpreted.

Table No.1: Gender of the Respondents

Gender of the Respondents	Frequency	Percentage %
Male	55	43
Female	73	57
<b>Total:</b>	128	100

Source: Primary Data

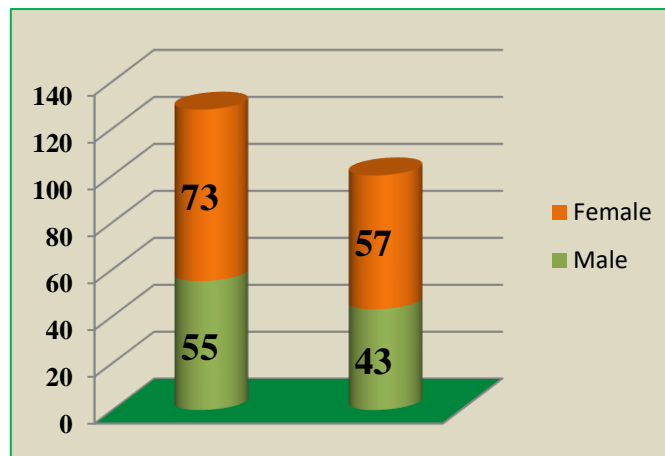
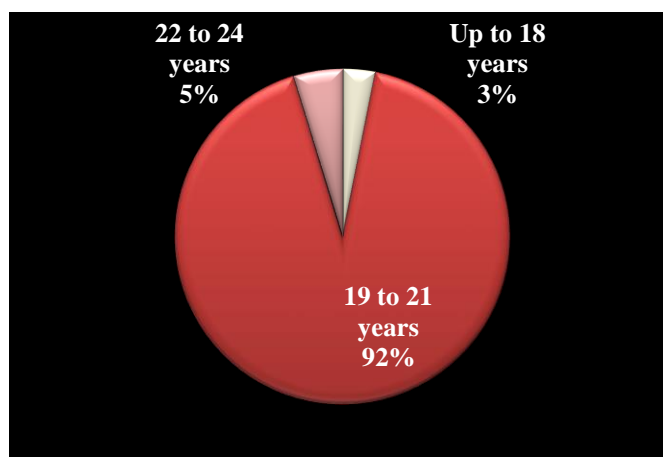


Table 1 depicts the gender of the respondents. According to the table, 57% i.e.73 respondents are female, while the remaining 43% i.e. 55 are male.

Table No. 2: Age of the Respondents

Age of the Respondents	Frequency	Percentage %
Up to 18 years	4	3
19 to 21 years	118	92
22 to 24 years	6	5
<b>Total:</b>	128	100

Source: Primary Data

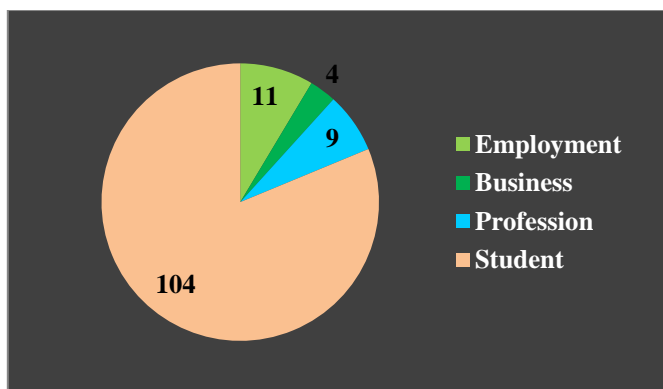


According to the above table, majority of respondents i.e. 92% are between the age group of 19 to 21 years, 3% belong to age up to 18 years and 6% are between the ages of 22 to 24 years.

Table No. 3: Occupation of the Respondents

Occupation of the Respondents	Frequency	Percentage %
Employment	11	9
Business	4	3
Profession	9	7
Student	104	81
<b>Total:</b>	128	100

Source: Primary Data

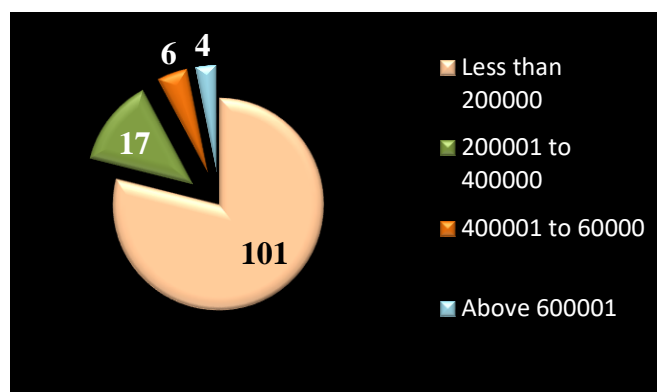


According to the aforementioned data, the majority of the youth belong to ‘Students’ group, while 7% of them are professionals, 3% are running inherited businesses, and the remaining 9% are employed.

Table No. 4: Income of the Respondents

Income of the Respondents (Rs)	Frequency	Percentage %
Less than 200000	101	79
200001 to 400000	17	13
400001 to 600000	6	5
Above 600001	4	3
<b>Total:</b>	<b>128</b>	<b>100</b>

Source: Primary Data

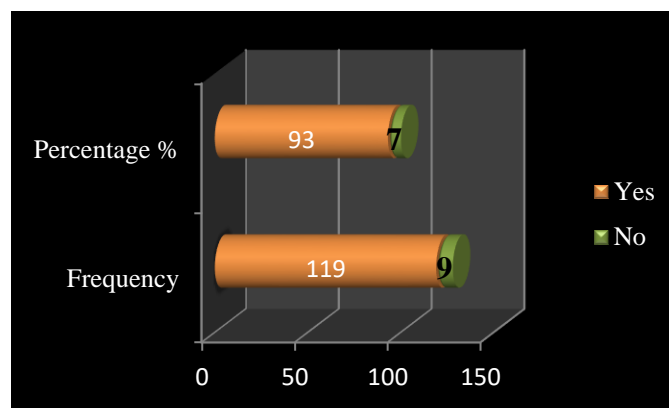


The above table shows the respondents' income. According to the aforementioned table, majority of respondents i.e. 79%, 101 respondents belong to the Income Group of ‘Less than Rs. 200,000/-.’ 13% of respondents have an income of more than Rs. 200001/- up to 400000/-. 5% and 3% of the youth who responded are in Income group of more than Rs. 400001 to 600000/- and Above Rs. 600001/- income brackets, respectively.

Table 5: Respondents Views on using digital payment apps

Views on using digital payment apps	Frequency	Percentage %
Yes	119	93
No	9	7
<b>Total:</b>	<b>128</b>	<b>100</b>

Source: Primary Data

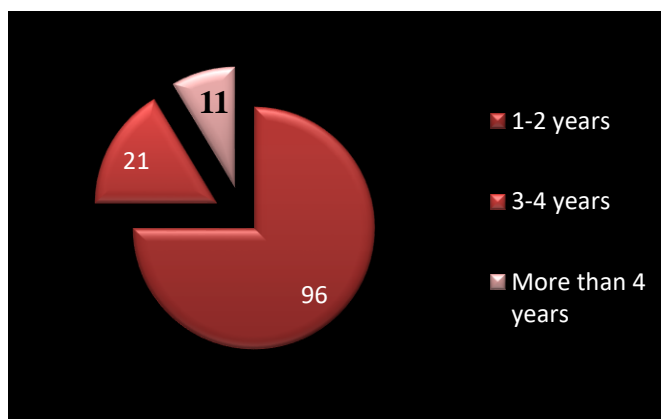


According to the data presented above, 93 percent of respondents use digital payment apps, while only 7 percent do not.

Table 6: Respondents opinion on number of years using Digital Payments apps

Opinion	Frequency	Percentage %
1-2 years	96	75
3-4 years	21	16
More than 4 years	11	9
<b>Total:</b>	<b>128</b>	<b>100</b>

Source: Primary Data

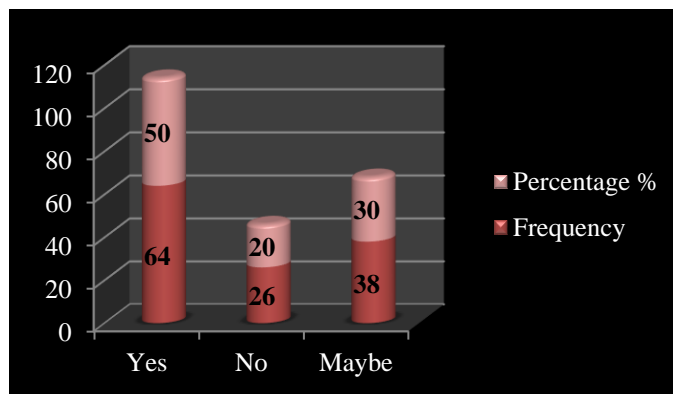


From the above table it is noted that 96 of respondents i.e. 75% are using digital payment apps from 1 to 2 years, 16% are using digital payment apps from previous 3-4 years and 9% are using from more than 4 years.

Table 7: Respondents opinion on Demonetization impact on Digital Payment

Opinion	Frequency	Percentage %
Yes	64	50
No	26	20
Maybe	38	30
<b>Total:</b>	<b>128</b>	<b>100</b>

Source: Primary Data

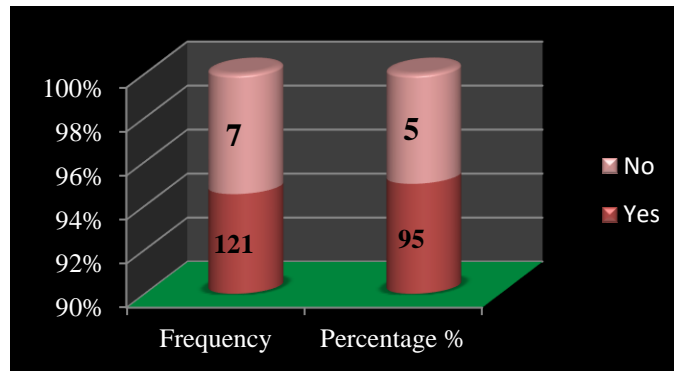


The aforementioned table shows that 64 respondents believe demonetization has resulted in an increase in the use of digital payment apps, 26 believe this is not the case, and the remaining 30% have noted that demonetization ‘**May Have**’resulted in an increase in the use of digital payment apps.

Table No. 8: Respondent’s opinion on Need of Digital Payment app

Opinion	Frequency	Percentage %
Yes	121	95
No	7	5
<b>Total</b>	128	100

Source:PrimaryData

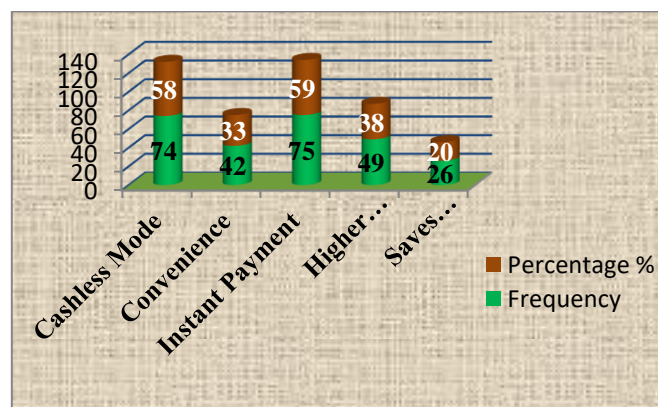


According to the survey, the majority of youths i.e. 121 respondents agreed that digital payments were necessary because of the risks associated with handling cash, the need for transparency in financial transactions, the convenience factor, the need for a quicker payment procedure, and other factors. Just 8% of people disagreed with the need for digital payments.

Table No.9: Showing reasons for preferring Digital Payments

Reasons for preferring digital payments	Frequency	Percentage %
Cashless Mode	74	58
Convenience	42	33
Instant Payment	75	59
Higher Payment Security	49	38
Saves Processing Cost	26	20

Source:PrimaryData



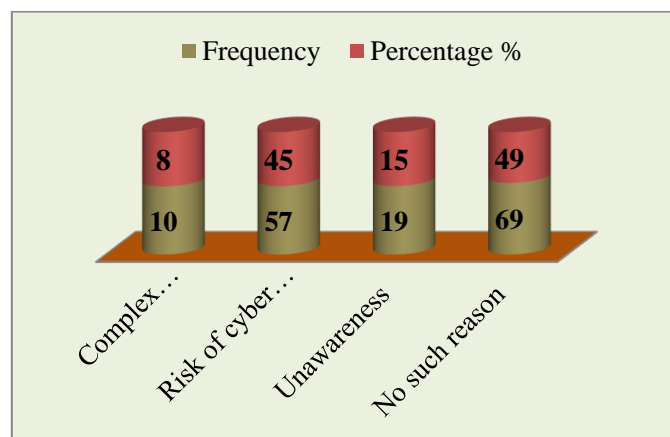


The aforementioned statistics show that 59% of survey respondents preferred a digital payment app for "Instant Payments." When asked why they preferred utilizing digital payment, 58% cited "Cashless Mode," 38% and 33% cited "High Payment Security" and "Convenience," respectively. 20% of respondents thought digital payments reduce processing costs.

Table No.10: Showing reasons for not preferring Digital Payments

Reasons for not preferring digital payments	Frequency	Percentage %
Complex Procedure	10	8
Risk of cyber crime	57	45
Unawareness	19	15
No such reason	69	49

Source: Primary Data



According to the aforementioned statistics, 49% of those surveyed who did not choose a digital payment app believe that there is "No Such Reason" for not utilizing it. The "Fear of Cyber Crime" was cited by 45% of respondents as the reason they did not choose the digital payment app. 15% and 8% of respondents, respectively, cited "Unawareness" and "Complex Process" as the reasons why they did not prefer them.

Table No. 11:Opinion on Awareness on below mentioned aspects of digital payments app

Opinion on Awareness on Digital App	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Secured & time saving	3	2	2	1	24	19	74	58	25	20
Is trustworthy	6	5	3	2	35	28	72	56	12	9
Helps in maintaining Privacy	4	3	11	9	27	23	78	61	6	4
Modern & better than traditional method	7	6	3	2	23	18	74	58	21	16
Ease in transaction	5	4	5	4	19	15	81	63	18	14

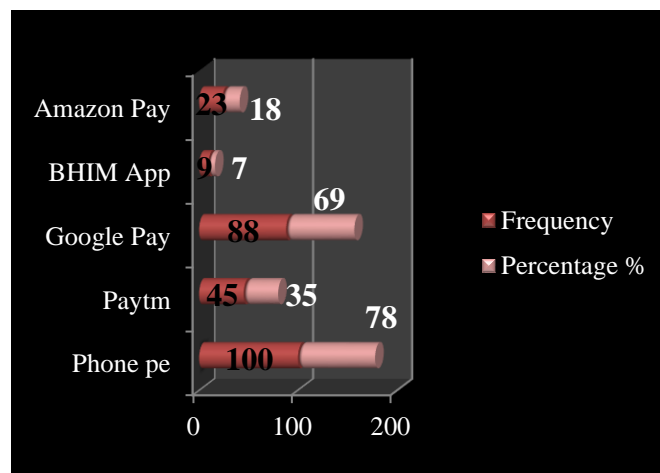
Source : Primary Data

The above table reveals most of the youth who responded to the "Agreed" to the aforementioned points. The number of comments on "Strongly Disagree" and "Disagree" were extremely low.

Table No. 12: Digital Payment app preferred by respondents

Preferred Payment App	Digital	Frequency	Percentage %
Phone pe		100	78
Paytm		45	35
Google Pay		88	69
BHIM App		9	7
Amazon Pay		23	18

Source: Primary Data



According to the aforementioned table, 78% of respondents use PhonePe, 35%, or 45 respondents, use Paytm, 69% prefer "Google Pay," 23% use "Amazon Pay," and only 9% use "BHIM App."

In the survey, participants said that in addition to being a digital wallet, PhonePe provides a wide range of services. The Unified Interface System allows users to conduct financial transactions online. With their phones, they may reload their DTH and data cards, book tickets, make utility payments, and access a wide range of other services. In addition to the aforementioned services, according to the respondents, PhonePe Switch—a customized slot that allows users to access multiple e-service platforms from a single location—has boosted user familiarity and acceptance of PhonePe. Also, it was discovered through the poll that PhonePe is a stand-alone application that enables money transfers between PhonePe users and online and offline merchants. Moreover, it provides a QR code option.

About Google Pay’s preference by 88 respondents they believed that Google Pay has developed into a flexible financial instrument in addition to its simple tap-and-pay app payment mechanism. Peer transactions, online purchases, payments at restaurants, and ticket booking are all made possible. Google Pay safeguards the user from fraudulent transactions by locking the card in the event of card loss or theft. The rewards for using or promoting Google Pay have made it well-known.

35 percent of the respondents preferred Paytm to pay online bills, transfer money etc. According to them they preferred it as it had an option of depositing money in Paytm Savings Account which also provides interest on saving account. The respondents were also asked why they do not prefer paytm where the opinions was KYC is needed for availing paytm facilities. Though Paytm has a QR code it has less customers.

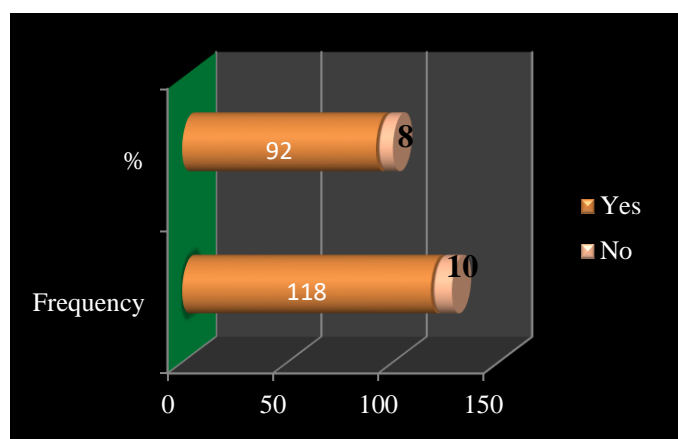
Respondents who were asked about their opinions on the state of the Amazon app said that by offering customers specials and promotions that are only accessible through the app—first-time app

users in particular get a large discount—Amazon has promoted the use of its mobile app. Using the Amazon Pay app was discouraged by Amazon's delayed bank transfer services. It was also noted that discounts and cashbacks were the main factors for luring clients in the competitive era of digital payment apps, where BHIM App was lacking.

Table 13: Overall Satisfaction Rate with the services provided by digital payment apps.

Opinion	Frequency	Percentage
Yes	118	92
No	10	8
<b>Total:</b>	<b>128</b>	<b>100</b>

Source:PrimaryData



The vast majority of youth i.e. 92% are content with the services provided by digital payment apps.8% of respondents said they were dissatisfied with the services because of transaction costs, delayed services, etc.

**Chisquare test**

Table showing the association between Occupation and satisfaction level with the services provided by digital payment apps

H0: There is no significant relationship between Occupation and satisfaction with the services Provided by digital payment apps

H1: There is significant relationship between Occupation and satisfaction with the services providedby digital payment apps

The chi-square statistic is 1.9706.

The p-value is .578535.

The result is not significant at  $p < .05$ .

$p\text{-value} > \alpha$ , we accept null hypothesis and conclude that,

***There is no significant relationshipbetween Occupation and satisfaction with the services provided by digital payment apps.***

**Findings**

- Majority of the youth surveyed were "Female" and between the ages of 19 and 21. They also belonged to the category of youth with incomes under 2 lakhs.
- 75 percent of the 93 respondents who use a digital payment app have been using it from last 1-2 years.
- About 50% of those surveyed said that digital payments were highly required. Digital payments eliminate the risk associated with dealing with currency.

- Digital payment apps were chosen because they offered instant payments, cashless transactions, and convenience.
- Because of the risk of cybercrime, 45% of respondents said they were not interested in using a digital payment app.
- The respondents ‘Agreed’ with the comments given in reference to a number of factors, including how safe and time-saving digital payments are, how trustworthy they are, how easily payments can be completed, and how modern they are as a method of payment.
- Majority of users were found preferring PhonePe before G Pay. It was observed that the respondents' response to Amazon Pay was really minimal.
- The majority of respondents to the poll expressed satisfaction with the services offered by the digital payment apps.

### **Suggestions**

Customers can benefit greatly from the convenient online payment app. In order to be safe and secure to use, the online payment app should protect the privacy of the user. To rid the economy of corruption, it is necessary to develop an awareness strategy on the use of digital payments.

### **Conclusion**

The digital revolution has had an impact on all facets of human life. In our contemporary economic climate, cashless transactions are nearly always used. In contrast to traditional ways of payment, it is obvious that the majority of respondents believe that mobile wallets and digital payments offer benefits to the individuals for the purchase of goods. Also, they concur that interacting with mobile wallet is beneficial and express their faith in the service providers. Moreover, customers of various ages are using these services. Thus, enterprises must spread the word about the advantages and applications of digital payments.

### **References**

- [1] V. Sanjai, Dr.Tr.Kalailakshmi ‘A Study on Usage of Online Payment Apps By Customers’, International Journal of Creative Research Thoughts, Volume 9, Issue 5 May 2021 | ISSN: 2320-2882 pg. h 312
- [2] ChetanThathoo, Inc. 42 ‘With 96% Share, PhonePe, Google Pay & Paytm Dominated UPI Transaction Count In December’ dated 13 Jan'23
- [3] Worldline.com “World line’s India Digital Payments Report Q3 2022”