

A Study on Customer Satisfaction towards Digital Payments with Special Reference to Chennai City

Journal of Development Economics and Management Research Studies (JDMS)
A Peer Reviewed Open Access International Journal
ISSN: 2582 5119 (Online)



Crossref Prefix No: 10.53422
10(16), 177-187, April-June, 2023
@ Center for Development Economic Studies (CDES)
Reprints and permissions
<https://www.cdes.org.in/>
<https://www.cdes.org.in/about-journal/>

A Study on Customer Satisfaction towards Digital Payments with Special Reference to Chennai City

Karthikeyan. C¹

Abstract:

India has traditionally been an economy obsessed by cash. With exceptional population demographics and diffident literacy levels, it is a difficult market to digitalize. However, as a consequence of demonetisation, India has been witnessing a new wave of financial technology, with the introduction of innovative products and a wider customer base. Increased penetration has also compelled both the regulators and government to renew their focus on this migration to a cashless society. The new-age client anticipates transactions to be fast, continuous and custom-made. The effortlessness and suitability offered by e-commerce has transformed consumer behaviour, and this has stretched quickly to the payments market as well. Therefore, the sector has experienced drastic changes in the past few years. Payment companies have been progressively capitalising the power of big data, analytics and the cloud to create customer-centric models. This has created a new marketplace, ushering in a new era in the payments market. A number of innovations have occurred in the past five years leveraging mobile devices and connectivity to make payments simpler and more valuable.

Keywords: Digitalized, demonetization, financial technology, payments, leveraging.

INTRODUCTION

The adoption of digital payments in India began even before the internet was born. Back in the 1980s, we did not have any internet infrastructure in the country. Yet, there were two products that were being used in place of physical cash by many people. We are talking about credit and debit cards, of course. Andhra Bank introduced the first credit cards in 1981. This was 30 years after the first bank credit card was introduced in New York. Soon, many other banks in India followed suit and issued their own credit cards. In 1987, HSBC Bank set up the first ATM. Soon, people started to carry around these little plastic cards instead of a big wad of cash. Cash was still a staple part of the payments industry though - until the internet came knocking. Later, the National Payments Corporation of India (NPCI) was established in 2008-

¹ Final year, Department of Accounting and Finance, Ramakrishna Mission Vivekananda College, Evening college (Autonomous), Mylapore, Chennai-600004.

09. This umbrella organization oversees the retail payment systems in India and has been leading many developments in this area over the past decade. And by the time 2010 came around, we had several online payment channels such as credit and debit cards, Electronic Clearing Service (ECS), NEFT and Real Time Gross Settlement (RTGS). In the years that followed, the NPCI rolled out several other digital payment options to strengthen the payments system in India. UPI was first launched In 2016 it was piloted by the National Payments Corporation of India (NPCI) and launched by 21 member banks from Raghuram G. Rajan, then RBI governor. UPI's target audience involves everybody that use digital methods of transferring money. We look at the rise of UPI transactions in India and how they have become a critical factor in the country's evolving cashless ecosystem.

REVIEW OF LITERATURE

1. Md. Alamgir Hossain. (2022), The author experimented that the mobile payment system has changed payment patterns and has the potential to improve people's quality of life and increase the bank's efficiency. In return, the risks and trust factors inevitably led to increased challenges and become a major concern in the adoption of mobile payment service. Yet, little is known about how risk and trust factors can affect the adoption of mobile payment. Hence, this paper aims to come into contact to solve these issues in the context. A comprehensive research model that reflects the customer satisfaction and loyalty to the adoption of mobile payment services is developed and empirically tested using exploratory and confirmatory factor analysis and structural equation modeling. Findings reveal that the perceived risk has a significant negative impact on perceived trust and customer satisfaction. Perceived trust is the most important variable in building customer satisfaction, and customer satisfaction is the reasonable predictor of customer loyalty. In addition, gender differences moderate the adoption of the mobile payment service. The results of the study hold several implications for scholars in the field of technology adoption on financial transactions and offer valuable managerial insights to design their mobile payment adoption strategies to pursue greater acceptance and diffusion of this new payment system.

2. Lin Zhang, Yanqing Wang, Muhammad Adeel Anjum and Jingjing Mu. (2022), The authors experimented to incorporate point mechanisms (point rewarding and point exchanging) into these two separated roles of services to understand user loyalty formation. Specifically, this study aims to examine the mediating role of need satisfaction and perceived value in the relationships between point mechanisms and user loyalty. Drawing upon self-determination theory and perceived value lens, this study develops a theoretical model that examines the mediation effects of multiple psychological outcomes on the relationships between point mechanisms (point rewarding and point exchanging) and user loyalty in the context of mobile payment. Data were collected from 731 users of a leading mobile payment application in China through an online survey. Structural equation modeling was used to analyze the hypothesized relationships. Empirical results suggest that point rewarding enhances users' need satisfaction of core service, whereas point exchanging increases users' perceived value of additional value-added service. Results also reveal that need satisfaction and perceived value mediate the relationships between point mechanisms (i.e. point rewarding and point exchanging) and user loyalty. In sum, the findings enhance our understanding of user loyalty formation from a dual channeling perspective. This study informs the managers of mobile payment applications on how to build user loyalty by enhancing users' experience of core business service and value-added service through point mechanism implementation. This study highlights the importance of both core business service and value-added service in mobile

payment applications and provides new insights into the effects of point mechanisms on user loyalty by considering different service routes. Additionally, this study uncovers the mediation mechanisms of users' need satisfaction of core service and users' perceived value of additional value-added service on the two service routes, which further enrich our understanding regarding the user loyalty formation of mobile payment applications.

3. Dilruba Afroze and Faria Islam Rista. (2022), The authors experimented that Mobile financial service (MFS) is a fast-growing industry in the emerging markets of Asia, Africa and the Middle East. It provides benefits to economically marginalised people who are excluded by formal financial channels. While many people tend to use MFSs, several others do not. Therefore, the purpose of this study is to explore customer loyalty with a specific focus on understanding the user behaviour of MFSs in Bangladesh. The authors conducted 12 in-depth personal interviews with various types of users from the urban area of Bangladesh to comprehend their perceptions about the use of MFS. Thematic analysis was used to analyse the interviews and understand the behavioural patterns of the respondents. The authors found a gap between the registered users and active users of MFS and found some interesting factors leading to this phenomenon. These are dependency, lack of basic digital literacy, lack of perceived usefulness, lack of perceived ease of use, security concerns and transaction costs. The present study also suggested that if employers make it mandatory for employees to get their salaries through MFS, it will increase the number of active users. In addition, this study extensively focused on the behavioural patterns of women using MFS. The study's key practical implication is that MFS providers investments towards adding new features result in improved relationships with users and retain them in the market. Some of these factors have not been previously documented in the literature. For example, female dependency on their male counterparts while using MFS is an interesting issue that needs to be minimised, as suggested by the present research findings.

4. Rawa Hijazi. (2022), The author experiment on this paper is to explore the possible impact of mobile banking service quality (MBSQ) on customer value co-creation intention (CVCI). A questionnaire was administered to research participants from Jordan. A total of 562 valid questionnaires were analysed. Mediation and moderation evaluations were performed in order to examine the function performed by MBSQ, customer engagement (CE), and social presence as determinants of CVCI. Structural equation modeling of type covariance-SEM using AMOS software was employed for the analysis. The research results verify the proposition that MBSQ, CE, and social presence can all influence. In addition, the mediating role of customer engagement in respect of the relationship between MBSQ and CVCI is also confirmed in this research. This study comprises an original contribution to current scholarship in the field of m-banking through its examination of the impact of customer engagement with m-banking. Moreover, this research augments current literature pertaining to the function of MBSQ in relation to CVCI as tempered by customer engagement and social presence.

OBJECTIVES OF STUDY

1. To examine satisfaction level of the customer towards digital payments.
2. To study the technical issues faced by the customers during the process of payment.
3. To analyze the reason for opting the digital payments.
4. To suggests the various measures taken by banking industry in digital payments system

STATEMENT OF PROBLEM

Banks implemented E- banking, mobile banking and call centre services, ATM and other one after another. Due to rapid change in technology and entry of private and foreign banks a number of new products and delivery channels have been introduced. Among the major initiatives, digital payment has brought to the customers the much demanded convenience. The advent of digital payment offers banking firms a new frontier of opportunities and challenges. Despite these possibilities, there are various psychological and behavioral issues such as reluctance to change, trust in one's bank, security concerns, preference of human interference and the like impede the growth of digital payment. In this regard a study has been undertaken to know the satisfaction and problems faced by customers making digital payment.

RESEARCH METHODOLOGY

- a) Research design: Descriptive
- b) Data collection: The study is based on primary data.
- c) Sample size: 160 respondents.
- d) Tools used for analysis: ANOVA, Chi-Square, Correlation.

ANALYSIS INTERPRETATION

One-Way ANOVA:

H0: There is no significance relationship between occupational status and usage of digital payment.

H1: There is significance relationship between occupational status and usage of digital payment.

ANOVA

How often are you using this digital payment?					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.925	4	3.731	2.767	.029
Within Groups	209.019	155	1.349		
Total	223.944	159			

ANOVA Effect Sizes^{a,b}

		Point Estimate	95% Confidence Interval	
			Lower	Upper
How often are you using this digital payment?	Eta-squared	.067	.000	.133
	Epsilon-squared	.043	-.026	.110
	Omega-squared Fixed-effect	.042	-.026	.110
	Omega-squared Random-effect	.011	-.006	.030

a. Eta-squared and Epsilon-squared are estimated based on the fixed-effect model.

b. Negative but less biased estimates are retained, not rounded to zero.

INFERENCE:

The ANOVA test resulted in a significance level of 0.029. Which is less than 0.05 it means that there is a significance relationship between occupational status and usage of digital payment.

H0: There is no significance relationship between educational qualification and the impact of demonetization on India’s digital payment.

H1: There is a significance relationship between educational qualification and the impact of demonetization on India’s digital payment.

ANOVA

Does demonetization impacted India's digital payment sector?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.300	5	.260	1.059	.385
Within Groups	37.800	154	.245		
Total	39.100	159			

ANOVA Effect Sizes^{a,b}

		Point Estimate	95% Confidence Interval	
			Lower	Upper
Does demonetization impacted India's digital payment sector?	Eta-squared	.033	.000	.074
	Epsilon-squared	.002	-.032	.044
	Omega-squared Fixed-effect	.002	-.032	.043
	Omega-squared Random-effect	.000	-.006	.009

a. Eta-squared and Epsilon-squared are estimated based on the fixed-effect model.

b. Negative but less biased estimates are retained, not rounded to zero.

INFERENCE:

The ANOVA test resulted in a significance level of 0.385. Which is greater than 0.05 it means that there is no significance relationship between educational qualification and the impact of demonetization on India’s digital payment.

H0: There is no significance relationship between gender and method of usage of digital payment.

H1: There is a significance relationship between gender and method of usage of digital payment.

ANOVA

Which method do you use for making digital transactions?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.266	2	5.633	5.132	.007
Within Groups	172.334	157	1.098		
Total	183.600	159			

ANOVA Effect Sizes^{a,b}

		Point Estimate	95% Confidence Interval	
			Lower	Upper
Which method do you use for making digital transactions?	Eta-squared	.061	.005	.138
	Epsilon-squared	.049	-.008	.127
	Omega-squared Fixed-effect	.049	-.007	.127
	Omega-squared Random-effect	.025	-.004	.068

a. Eta-squared and Epsilon-squared are estimated based on the fixed-effect model.

b. Negative but less biased estimates are retained, not rounded to zero.

INFERENCE;

The ANOVA test resulted in a significance level of 0.007. Which is less than 0.05 it means that there is a significance relationship between gender and the method of usage of digital payment.

Chi-Square:

H0: There is no association between educational qualification and digital payment system works.

H1: There is an association between educational qualification and digital payment system works.

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Educational qualification * How does digital payment system work?	160	100.0%	0	0.0%	160	100.0%

Educational qualification * How does digital payment system work? Crosstabulation

Count		How does digital payment system work?					Total
		VERY POOR	POOR	FAIR	GOOD	EXCELLENTLY	
Educational qualification	NO FORMAL EDUCATION	0	0	0	1	0	1
	SCHOOL LEVEL	1	0	4	11	2	18
	DIPLOMA HOLDER	0	0	0	3	1	4
	UNDERGRADUATE LEVEL	0	1	26	77	21	125
	POSTGRADUATE LEVEL	0	0	2	5	1	8
	PROFESSIONAL	1	0	0	3	0	4
Total		2	1	32	100	25	160

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	26.557 ^a	20	.148
Likelihood Ratio	15.818	20	.728
Linear-by-Linear Association	.006	1	.941
N of Valid Cases	160		

a. 25 cells (83.3%) have expected count less than 5. The minimum expected count is .01.

INFERENCE:

The Chi-Square test resulted in a significance level of 0.148. Which is greater than 0.05 it means that there is no association between educational qualification and digital payment system works.

H0: There is no association between educational qualification and level of satisfaction.

H1: There is an association between educational qualification and level of satisfaction.

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Educational qualification * State level of satisfaction towards the following? [Fund transfer]	160	100.0%	0	0.0%	160	100.0%

Educational qualification * State level of satisfaction towards the following? [Fund transfer]
Crosstabulation

Count	Educational qualification	State level of satisfaction towards the following? [Fund transfer]				Total
		HIGHLY SATISFIED	SATISFIED	DISSATISFIED	HIGHLY DISSATISFIED	
	NO FORMAL EDUCATION	0	0	1	0	1
	SCHOOL LEVEL	6	11	1	0	18
	DIPLOMA HOLDER	1	2	1	0	4
	UNDERGRADUATE LEVEL	46	67	11	1	125
	POSTGRADUATE LEVEL	1	6	1	0	8
	PROFESSIONAL	1	2	0	1	4
Total		55	88	15	2	160

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	32.441 ^a	15	.006
Likelihood Ratio	14.359	15	.499
Linear-by-Linear Association	.186	1	.666
N of Valid Cases	160		

a. 19 cells (79.2%) have expected count less than 5. The minimum expected count is .01.

INFERENCE:

The Chi-Square test resulted in a significance level of 0.006. Which is less than 0.05 it means that there is no association between educational qualification and level of satisfaction.

Correlation:

H0: There is no significant relationship between occupational status and problem faced while using digital payment.

H1: There is a significant relationship between occupational status and problem faced while using digital payment.

Correlations

		Occupational status	What are the problems faced while using digital payment?
Occupational status	Pearson Correlation	1	-.019
	Sig. (2-tailed)		.813
	N	160	160
What are the problems faced while using digital payment?	Pearson Correlation	-.019	1
	Sig. (2-tailed)	.813	
	N	160	160

INFERENCE:

The Correlation test resulted in a significance level of 0.813. Which is greater than 0.05 it means that there is no significant relationship between occupational status and problem faced while using digital payment.

H0: There is no significant relationship between age group and level of satisfaction.

H1: There is a significant relationship between age group and level of satisfaction.

Correlations

		Age group	State level of satisfaction towards the following? [Recharge]
Age group	Pearson Correlation	1	.210**
	Sig. (2-tailed)		.008
	N	160	160
State level of satisfaction towards the following? [Recharge]	Pearson Correlation	.210**	1
	Sig. (2-tailed)	.008	
	N	160	160

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

INFERENCE:

The Correlation test resulted in a significance level of 0.008. Which is less than 0.05 it means that there is a significant relationship between age group and level of satisfaction.

H0: There is no significant relationship between monthly income and level of satisfaction.

H1: There is a significant relationship between monthly income and level of satisfaction.

Correlations

		State level of satisfaction towards the following? [Bills payment]	Monthly income
State level of satisfaction towards the following? [Bills payment]	Pearson Correlation	1	.123
	Sig. (2-tailed)		.123
	N	160	160
Monthly income	Pearson Correlation	.123	1
	Sig. (2-tailed)	.123	
	N	160	160

INFERENCE:

The Correlation test resulted in a significance level of 0.123. Which is greater than 0.05 it means that there is no significant relationship between monthly income and level of satisfaction.

FINDINGS

This suggest, there is a relationship between occupational status and usage of digital payment. There is no significance relationship between educational qualification and the impact of demonetization on India's digital payment. There is a significance relationship between gender and the method of usage of digital payment. There is no association between educational qualification and digital payment system works. There is no association between educational qualification and level of satisfaction. There is no significant relationship between occupational status and problem faced while using digital payment. There is a significant relationship between age group and level of satisfaction. There is no significant relationship between monthly income and level of satisfaction.

SUGGESTIONS

As the research is substantially conducted in Chennai City, Tamil Nadu, the study is substantially confined geographically. As the study has been conducted for the academic purpose by the students pursuing undergraduate, at the time of conducting the research, the scope of the research has been paved way for conducting the research more systematically and objectively.

CONCLUSION

Customers are satisfied with the digital payment and need more to concentrate on the bill payment related problems. The Monthly income is less than Rs.25000 where customers are not satisfied with the digital payment companies and have to improve their satisfaction level through fund transfer, privacy, recharge and services. Students are also satisfied with the digital payment especially under graduates because companies give more cash back, scratch cards for their transactions thus helps to improve the satisfaction level of students. In this digital era, UPI is the emerging E-Banking technology in India and has a positive satisfaction level among the customers. The study also reveals that users of digital payment have a strong positive perception towards technology used in banking which is reflected in their adoption and usage of the same whereas non users clearly exhibited their disinterest and ignorance in using various technology driven banking channels.

REFERENCE

1. Md. Alamgir Hossain. (2022): "Security perception in the adoption of mobile payment and the moderating effect of gender", PSU Research Review, vol. 3 no. 3 DOI: <https://doi.org/10.1108/PRR-03-2019-0006> ISSN: 2399-1747
2. Lin Zhang, Yanqing Wang, Muhammad Adeel Anjum and Jingjing Mu. (2022): "The impacts of point rewarding and exchanging on users' loyalty toward mobile payment applications: a dual channeling perspective", Internet Research, vol. 32 no. 6, DOI: <https://doi.org/10.1108/INTR-06-2021-0414>, ISSN: 1066-2243
3. Dilruba Afroze and Faria Islam Rista. (2022): "Mobile financial services (MFS) and digital inclusion – a study on customers' retention and perceptions", Qualitative Research in Financial Markets, vol. 14 no. 5, DOI: <https://doi.org/10.1108/QRFM-06-2021-0095>, ISSN: 1755-4179
4. Rawa Hijazi. (2022): "Mobile banking service quality and customer value co-creation intention: a moderated mediated model", International Journal of Bank Marketing, vol. 40 no. 7, DOI: <https://doi.org/10.1108/IJBM-01-2022-0004>, ISSN: 0265-2323
