

# Digital Payment System of MSME Vendor and Customer Attitude towards Digital Payment System

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*Abstract- In the current situation, Digital payments play a vital role and have many advantages over cash, such as easy transaction, security and transparency. Banking sector play a key role in digital payment by offering digital instruments such as debit cards, mobile banking, mobile wallets etc. in this pandemic situation. The pandemic could drive the world faster towards digital payments. Circumstances fuelling digital payment. Payment systems have proven that they are efficient and sustainable and continue to command a high degree of trust in the general population. However, the closure of the companies and the lock-down resulted in lower average transaction volumes. In order to aid the recovery and contribute to the emerge of this new standard, it is imperative that the digital payments environment evolves rapidly and help from the Post-COVID period. This paper focus on the importance of Digital payments during pandemic, different modes of digital payment systems, the growth of digital payment from last three years and also, the road ahead in the digital payment.*

*Index Terms- Digital Payments, Banking, Debit Cards, Mobile Banking, Mobile Wallets*

## I. INTRODUCTION

“When digital transformation is done right, it’s like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar.”

- George Westerman, MIT Sloan Initiative on the Digital Economy

Today's transactions are constantly moving from cash payments to electronic transactions. The everyday connectivity of ICT has a huge impact on how financial markets change and operate. The trend towards digitization and the use of the Internet have caused major changes in the functioning of the global economy. The emergences of comprehensive financial technology (FinTech) applications allow consumers to bypass the traditional cash payment system. Digital

payments are becoming the norm in people's daily lives. This rapid development of the financial sector leads to the invention of many digital payment technologies through which both payers and recipients use digital applications to send and receive money. Thus, the payment system is rapidly changing from coins and paper money to convenient, fast and cost-effective digital payment methods. The COVID-19 pandemic has brought the payment industry to this new normal.

The pandemic has accelerated the use of digital payments and pushed industries to a higher level of collaboration and innovation. According to the World Payments Report 2020, the growing use of cashless transactions calls into question cash as the means of payment of the future. According to the report, global cashless payment transactions grew by more than 14% in 2019, the largest in decades, to more than 708 billion transactions. Later in 2020, the digital payments segment of all payments had a global transaction value of \$5.204 billion and is the largest FinTech segment according to the 2021 Digital Payments Report. As COVID-19 accelerates digital transformation, new regulatory initiatives and industry changes are fueling innovation that builds trust, improves collaboration and mitigates uncertainty caused by the pandemic. The payments industry is rapidly prioritizing digital transformation to remain competitive. That is why we're increasingly committed to their customers' payment journey as we embrace these new changes. The benefits of using digital payment technologies go beyond convenience.

Digital payments expand the potential customer base of merchants, reduce cash handling costs, and expose many informal economies, increasing tax revenues for governments. All these factors and other benefits of

using digital payment technologies can help reduce financial problems. As a result, aggregate spending, and consumption increase, leading to more production, jobs, higher wages and economic growth. Despite the many advantages, digital payment technology still has many challenges.

## II. STATEMENT OF THE PROBLEM

Individuals take up street vending because of a number of reasons. One may take up street vending either because of conducive factors or because of compelling factors. Conducive factors foster the decision on street vending whereas compelling factors are the forceful factors due to which one takes up street vending as an occupational choice. They offer incomparable services to the public at their convenience. A wide variety of goods and services are provided by them which are designed to meet the needs and affordability of consumers in the locality. But they work in very difficult and unfavorable conditions. They are vulnerable to a number of problems – both physical and mental. They have to strive hard to earn their livelihood. They are unaware of the rights of street vendors. Also, they are less informed about various government and non-governmental measures that support them. The needs and expectations of street vendors are to be represented.

## III. OBJECTIVES OF THE STUDY

- To analyze the growth and development of digital payment system among the Micro Small and Medium Enterprise.
- To analyze the transmission of cash into cashless digital payment system of Micro Small and Medium Enterprise.
- To study the level of satisfaction of micro, small and medium enterprises in the adoption of digital payment.
- To study the level of satisfaction of customer in adoption of digital payment system.
- To examine the problems faced by Micro Small and Medium Enterprise adoption of digital payment system.

## IV. SIGNIFICANCE OF THE STUDY

The world has seen tremendous changes in all aspects because of internet. Payment is one of them, which is the crucial thing in the business since from the barter system. It has witnessed so many changes in its evolution. Especially since last decade it is soaring. Non cash payments are experiencing sudden increase along with the cash payments. India is no exception in this regard. Cash payments are the still leading payment mode in India with 89 percentage transactions in retail payment industry and only 11 percentage of retail payment transactions are performed through digital modes. Digital payment service providers must prepare themselves for playing vital role in the economic transformation and to be an integral part in continuous development of digital payment systems by providing customer friendly systems. Today the customer awareness, preference and needs are rapidly changing, and they are asking for the secure and comfortable payment frameworks. So, the Payment Service Providers are working hard to design digital payment modes with innovative attributes. Such service providers are consistently offering services which are not only satisfying the customer but also delight.

## V. LIMITATIONS OF THE STUDY

- The study coverage geographical area is only limited to Coimbatore City.
- The study deals with digital payment system of MSME vendor and customer attitude towards digital payment system the sample size is limited to and hence the result of the study cannot be taken as universal.
- The study focus on vendors and customer buying and selling a street product in digital payment system. Hence, it is not focusing on the behavioral aspect of the product.

## VI. REVIEW OF LITERATURE

ManishaKakkar (2021) have proposed a project on “Role of digital payment in the growth of MSMEs sector” micro small and medium enterprises has become a foundation of Indian economy, The purpose of this paper is to study various factors that affect

micro small and medium enterprises and to significance of digital payments for the upliftment of micro small medium enterprise. This paper will stress upon the key points of digital payments and government contribution for awareness of digital payments in the society with respect of micro small and medium enterprises sectors.

K.UmaMaheswari, T.Danalakshmi(2019) the study focused on “Digital and Cashless Economy on Micro Small Medium Enterprises” they found that adoption of digital payments helps micro small and medium enterprises in increasing their business efficiency and it cuts down the cost and time of business transactions. In another study by Pankaj Mishra found that only 6% enterprise has adopted the digitization due to low level of digitalization awareness, unavailability of talented human resource, cost of adoption etc. Digital transformation adoption enhances the development of economy.

Bassi, (January 2017) observed that to fulfill the need of the clients, public and private division banks give different internet services to their clients. In the paper researchers have addressed the different internet services given by the banks. It is reasoned that for appropriate utilization of internet benefits a bank ought to give an alluring and simple to utilize interface. Legitimate security concerns ought to be given by the banks to the clients with the goal that client can without much of a stretch utilize the internet services given by the banks.

Dr.S.Manikandan, (2017) in the study identifies that factor like brand loyalty and convenience of shopping play important role in adoption of mobile wallet. It is found that overcoming security issues and reducing risk will increase adoption of mobile wallets, which alters digital payments in India in future.

Gurumurthy M (2022), In this article proposed “Status of digital payment systems in India” A well-structured payment system is backbone, important and essential for every economy. India is not exception for that. In India payment and settlement system has transitioned though many changed over a time due to various technological advancements. The major technological advancements directly or 11 indirectly contribute in development of payment and settlement systems in

India. Now a day from small vendors from unorganized sectors to establishment of an organized sector, Indian consumers are enjoying the new payment instruments and benefits it brings in the form of discounts, offers, fast, safety and security etc.

## VII. RESEARCH METHODOLOGY

This study is based on secondary data sources like micro small medium enterprises journals, annual reports, research papers and various articles. The research design which is being used is descriptive and analytical in nature. The research methodology requires technique that is acquired process to collect data, tools are requiring in specific research study.

### Collections of Data:

The data collection method used in this study is a survey method using questionnaire lists and interviews. This research uses a measurement scale in the form of a Likert scale method. In other term research method which the researcher used to during a period of the studying their research problem are known as research method.

### Research Design:

The random research design is formulated the study of objects or subjects are assigned to groups completely at random. One standard method for assigning subjects to treatment groups is to label the each subject, then use a table of random number, The primary data collect questionnaire lists which include multiple choice question.

### Source of Data:

The study is based on the primary data and secondary data.

### Primary Data:

The primary data was collected by framing a questionnaire which consists of the multiple choice questions.

### Secondary Data:

The secondary data sources were collected from various journals, annual reports, research papers and various articles.

Sampling Methods: The researcher has adopted convenience sampling method for collection of data.

However, the researcher must careful to ensure that sample respondents are from the whole area of the study. This mainly depends upon the primary data which have been collected from 114 respondents from MSME street vendor and 117 collect from customer who has purchase from street vendors. The vendors and customers are classified on the basis of age, gender, income, occupation, family type, qualification.

Statistical Tools: The raw data collected and carefully classified, edited and tabulated for this analysis. This analysis table were prepared, analysis and interpreted with the basis of percentage. Some of the questions was scored on five-point Likert scale on which weighted average method was used the chi-square test, percentage analysis are used for calculation.

Percentage Analysis: Percentage analysis is the method to represent raw streams of data in percentage for the better understanding of collected data. The formula for calculating percentage analysis is as follows:

$$\text{Percentage Analysis} = \frac{\text{Number of Respondents}}{\text{Total Number of Respondents}} \times 100$$

Analysis and Interpretation:  
Socio Economic Profile of the Respondents: (Vendor) the socio-economic profile of the respondents such as age group, gender, marital status, education qualification, occupation, annual income, area of residence, types of family, number of Person's income in the family, family occupation. The below table attempts to analyses the socio economic profile of the digital payment for selected street vendors.

Table -1  
Socio Economic Profile of the Respondents

S. No	Demographic Variables	Groups	Frequency	Percentage
1	Age Group	21 - 30 Years	50	43.86
		31 - 40 Years	22	19.29
		41 - 50 Years	33	28.96
2	Gender	Above 50 Years	9	7.89
		Total	114	100
		Male	65	57.02
		Female	49	42.98
		Total	114	100
		3	Marital status	Married
Unmarried	42			36.85
Total	114			100
4	Educational Qualification	Primary School	36	31.58
		Higher Secondary School	36	31.58
		Under Graduate	38	33.33
		Others	04	03.50
		Total	114	100
5	Occupation	Public Employee	7	6.14
		Private employee	8	7.01
		Business	45	39.49
		Self employed	54	47.36
		Total	114	100
6	Annual Income	Below RS. 2 Lakhs	28	24.58
		RS. 2-4 Lakhs	43	37.71
		RS. 4-6 Lakhs	28	24.58
		Above 6 Lakhs	15	13.15
		Total	114	100
7	Area of Residence	Rural	19	16.66
		Semi Rural	40	35.08
		Urban		
		Semi Urban	12	10.55

		Total	114	100
8	Type of Family	Nuclear Family	64	56.14
		Joint Family	50	43.86
		Total	114	100
9	Number of Persons Earning Income in the Family	One 12	12	10.55
		Two	66	57.89
		Three	25	21.92
		More than Three	11	9.64
		Total	114	100
10	Family Occupation	Agriculture	59	51.75
		Trade	13	11.40
		Industry	7	6.14
		Employee	14	12.28
		Business	21	18.43
		Total	114	100

Source: Primary Data

**INTERPRETATION:**

**Age Group of the Respondents:**

Age determines based on experience. The age group is divided into five groups for the purpose of the study. Table-1 reveals that, out of total respondents (114) the majority of 43.86 percentage of the respondents belongs to the age group of 21-30 years where there are 28.96 percentage of the respondents are belongs to the age group of 41-50 years, 19.29 percentage of the respondents belongs to the age group of 31-40 years, 7.89 percentage of the respondents are belongs to the age group of Above 50 years.

**Gender of the Respondents:**

The gender wise from the above table it shows that majority of 57.02 percentage of the respondents are belongs to the category of male and the 42.98 percentage of the respondents are belongs to the female category.

**Marital Status of the Respondents:**

The marital status of the respondents indicates that majority of the respondents 63.15 percentages belongs

to the married category where the 36.85 percentage of the respondents belongs to the unmarried category.

**Table-2**  
Awareness about digital payment system of street vendor

S. No	Factors	No. of Respondents	Percentage
1	Aware about Digital Payment System		
	Yes	114	100
	Total	114	100
2	Types of Digital Mode		
	UPI	73	64.03
	NEFT	27	23.68
	Micro ATM	03	2.65
	Debit Card	11	9.64
3	Personally using any Digital App for Transaction		
	Yes	111	97.36
	No	03	2.64
	Total	114	100
4	Apps mainly used for the Purpose		
	Receiving Payment	68	59.64
	Money Transfer	28	24.56
	Scan and Pay	13	11.42
	Check Bank Account	05	4.38
	Total	114	100
5	Digital payment app do you prefer to Customer		
	Google Pay	45	39.47
	Phonepe	40	35.08
	Paytm	25	21.95
	Jio Money	02	1.75
	Other App	02	1.75
Total	114	100	

**INTERPRETATION:**

Aware about Digital Payment System: The vendor aware the digital payment system the majority of 100

percentage of respondents comes under aware the digital payment system.

Personally using any Digital App for transaction: The vendors are personally used any digital app. The majority of 97.36 percentage of respondents are used the digital app, 2.64 percentage of respondents are not used the digital app.

Apps mainly used for the purpose: The purposes of digital app are mainly used. The majority of 59.64 percentage of respondents are used the app for receiving payment, 24.56 percentage of respondents are used the app for money transfer, 11.42 percentage of respondents are used the app for scan and pay, 4.38 percentage of respondents are used the app for check bank balance.

Digital Payment app do you prefer to Customer: Digital Payment app the vendor prefer to customer. The majority of 39.47 percentage of respondents have prefer the Google pay app to customer, 35.08 percentage of respondents have prefer the Phonepe to customer, 21.95 percentage of respondents have prefer the Paytm app to customer, 1.75 percentage of respondents have prefer the Jio money and other app to customer.

#### VIII. FINDINGS

- The out of total respondents (114) the majority of 43.85 percentage of the respondents belongs to the age group of 21-30 years where there are 28.94 percentage of the respondents are belongs to the age group of 41-50 years, 19.29 percentage of the respondents belongs to the age group of 31-40 years, 7.89 percentage of the respondents are belongs to the age group of Above 50 years.
- The gender wise classification shows that majority of 57.01 percentage of the respondents are belongs to the category of male and the 42.98 percentage of the respondents are belongs to the female category.
- The marital status of the respondent classified that majority of the respondents 63.15 percentages belongs to the married category where the 42.98 percentage of the respondents belongs to the unmarried category.

- Annual Income most of the respondents 37.71 percent earn an annual income of 2-4 Lakhs, 24.56 percent of the respondents have an income level of below 2 Lakhs and 4-6 Lakhs, Around 13.15 percent of the respondents earned annual income of above 6 Lakhs.
- The area of the respondents classification majority of the 37.71 percentage of the respondents belongs to the urban area, where the 25.08 percentage of the respondents were belongs to the semi-rural area, 16.66 percentages of the respondents belongs to the rural area and the 10.52 percentage of the respondents belongs to the semi-urban area.
- The majority of 64.03 percentages of respondents know the digital mode of UPI, 23.68 percentages of respondents know the digital mode of NEFT, 9.64 percentages of respondents know the digital mode of micro ATM, 2.63 percentages of respondents know the digital mode of debit card.
- The majority of 97.36 percentage of respondents are used the digital app, 2.36 percentage of respondents are not used the digital app.
- The majority of 59.64 percentage of respondents are used the app for receiving payment, 24.56 percentage of respondents are used the app for money transfer, 11.40 percentage of respondents are used the app for scan and pay, 4.38 percentage of respondents are used the app for check bank balance.
- The majority of 39.47 percentage of respondents have prefer the Google pay app to customer, 35.08 percentage of respondents have prefer the Phonepe to customer, 21.92 percentage of respondents have prefer the Paytm app to customer, 1.75 percentage of respondents have prefer the Jio money and other app to customer.

#### IX. SUGGESTIONS

- To access social media to emphasize the structure of growth and development. The function of growth in the digital payment can be confronted through the orientation of business accumulated with products.
- The government has to provide platform for improving digital and cashless economy in the healthy competitive way among the MSMEs by regulatory frame works, will accelerate the

adoption of digital transactions in day-to-day business transactions.

- Social media marketing helps to improve the function of availing new products in the street. Social media give rise through promotion and availing of new business nature which directs on market surrendering and its proposal.
- To improve innovation idea of making new model launched in the market. It represents the function of the available culture of acknowledging basic changes in improving high quality service in marketing and progressing.
- India has been accepting digital payments very quickly over the past few years. Clearly, the most volatile impact of digital integration into Indian's largest Micro Small Medium Enterprises sector by logging in to e-commerce platforms, they can reach a larger customer base.

#### CONCLUSION

Digital payment is a payment method that can be used to make online payments using credit cards, debit cards, m-banking or even smart phones. Nowadays, however, the more advanced digital payment is online payment via Smartphone. Some products of digital payment companies are part of FinTech companies. The use of digital payments is increasing as this mode of payment can offer various benefits to the MSME operators themselves as well as to the consumers. The advantages of using digital payments are: increasing sales revenue, offering consumers versatile payments, facilitating transactions, increasing the security of payments and the possibility of increasing the efficiency and effectiveness of payments.

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