



Department of Economics



SCHVPMR GOVT. DEGREE COLLEGE, GANAPAVARAM

Student Study Project

on

Awareness on and Usage of Digital Payment Systems - A Case Study of SCHVPMR Students

(III BA - V Semester Project as a Part of Curriculum) (November and December 2023 & January 2024)

K. Hemalatha

K. Renuka

P. Sravani

K. Meghana

P. Uma Malleswari

P. Priyadarsini

J. Rajakumari

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K. Hemalatha

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P. Priyadarsini

J. Rajakumari

~ Students, III BA

Introduction

A digital payment system is a network of financial institutions, technology providers, and payment processors that enable the transfer of funds electronically. It allows individuals and businesses to make and receive payments online or through mobile devices, without the need for physical cash or checks.

Key characteristics of a digital payment system

1. Electronic fund transfer: Funds are transferred electronically, without physical cash or checks.
2. Online or mobile access: Payments can be made online or through mobile devices.
3. Real-time or near-real-time processing: Transactions are processed in real-time or near-real-time.
4. Secure and encrypted transactions: Transactions are secured with encryption and other security measures.
5. Multiple payment options: Supports various payment methods, such as credit/debit cards, bank transfers, and digital wallets.
6. Interoperability: Enables transactions between different financial institutions and payment systems.

Examples of digital payment systems

1. Online banking systems
2. Mobile wallets (e.g., Apple Pay, Google Pay)
3. Digital payment apps (e.g., PayPal)
4. Card payment networks (e.g., Visa, Mastercard)
5. Real-time payment systems (e.g., UPI, IMPS)

Benefits of digital payment systems

1. Convenience
2. Speed
3. Security
4. Increased accessibility
5. Reduced transaction costs
6. Improved financial inclusion

Digital Payment System in India

India's digital payment system has undergone significant transformations in recent years, driven by government initiatives, technological advancements, and changing consumer behaviour.

Evolution of Digital Payments in India

1. Pre-2010: Cash-based transactions dominated, with limited use of credit/debit cards and online banking.
2. 2010-2015: Introduction of mobile wallets, online banking, and card payments.
3. 2016: Demonetization led to a surge in digital payments, with the launch of UPI (Unified Payments Interface) and BHIM (Bharat Interface for Money) apps.
4. 2017-present: Rapid growth in digital payments, with increasing adoption of UPI, mobile wallets, and card payments.

Key Players in India's Digital Payment Ecosystem

1. National Payments Corporation of India (NPCI): Regulator and operator of payment systems like UPI, IMPS, and RuPay.
2. Reserve Bank of India (RBI): Regulator and supervisor of payment systems.
3. Banks: Offer digital payment services through online banking, mobile banking, and card payments.
4. Fintech Companies: Provide innovative digital payment solutions, such as mobile wallets and payment apps.
5. Payment Gateways: Facilitate online transactions between merchants and customers.

Popular Digital Payment Methods in India:

1. UPI (Unified Payments Interface): Enables instant bank-to-bank transfers using mobile devices.
2. Mobile Wallets: Store value and enable transactions, e.g., Paytm, Mobi Kwik, and Google Pay.
3. Debit/Credit Cards: Used for online and offline transactions.
4. Net Banking: Online banking services offered by banks.
5. IMPS (Immediate Payment Service): Enables instant inter-bank transfers.

Government Initiatives

1. Digital India: Aims to transform India into a digitally empowered society.
2. Cashless India: Encourages digital payments to reduce cash transactions.
3. RBI's Payment Vision 2025: Seeks to enhance digital payment infrastructure and usage.

Challenges and Opportunities

1. Infrastructure: Expanding digital payment infrastructure to rural areas.
2. Security: Ensuring secure transactions and protecting user data.
3. Awareness: Educating consumers about digital payment benefits and usage.
4. Innovation: Developing new digital payment solutions and technologies.

India's digital payment system has made significant progress, but there's still room for growth and innovation. As the ecosystem continues to evolve, we can expect increased adoption, improved infrastructure, and enhanced security measures.

About the Study

The very purpose of the digital transactions is to achieve the RBI's vision Less Cash Society. Youth especially the students of graduation are powerful set in the population to adopt the change particularly related to technology. And they can guide their parents towards digital payments once they believe in. With this reason, the students of III BA selected the degree college students for this survey on "Usage of and Awareness on Digital Payments System in Degree College Students" A Case Study in SCHVPMR Students with the following objectives.

Objectives of the Study

- ❖ To assess the level of awareness about digital payment systems among degree college students.
- ❖ To identify the most commonly used digital payment methods among degree college students.
- ❖ To determine the factors influencing the adoption of digital payment systems among degree college students.
- ❖ To suggest strategies to increase awareness and adoption of digital payment systems among degree college students.
- ❖ To compare the usage and awareness of digital payment systems between different streams of degree college students (e.g., arts, commerce, science).

Method and Scope of the Study

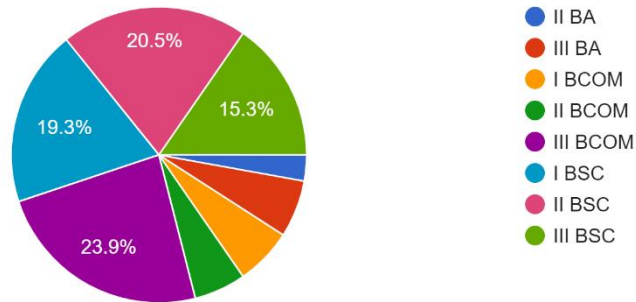
The study was taken up by seven students from III BA. After taking a decision to conduct this study project, prepare a google questionnaire (Structures and Pre – tested) with twelve questions which are aimed at collecting inputs for the present study, besides gathering the respondents' basic details like name, year of study, program of study etc. which is also essential for the basic analysis of inputs. The time limit they fixed for data collection is 15 days. Once data collection was completed, prepared the report by using google analytics.

Analysis of Inputs

The sample size is **176**

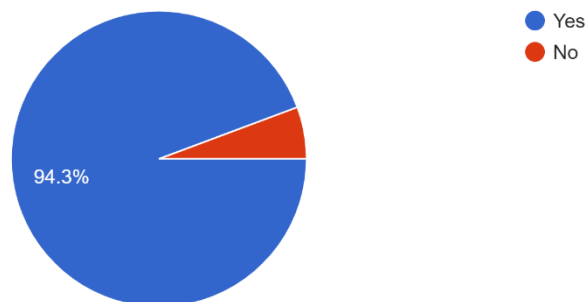
2. Program and Year of studying

176 responses



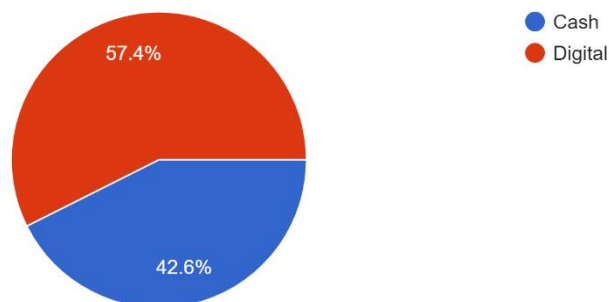
3. Have you heard about digital payment systems such as UPI, Mobile wallets, Internet banking etc.

176 responses



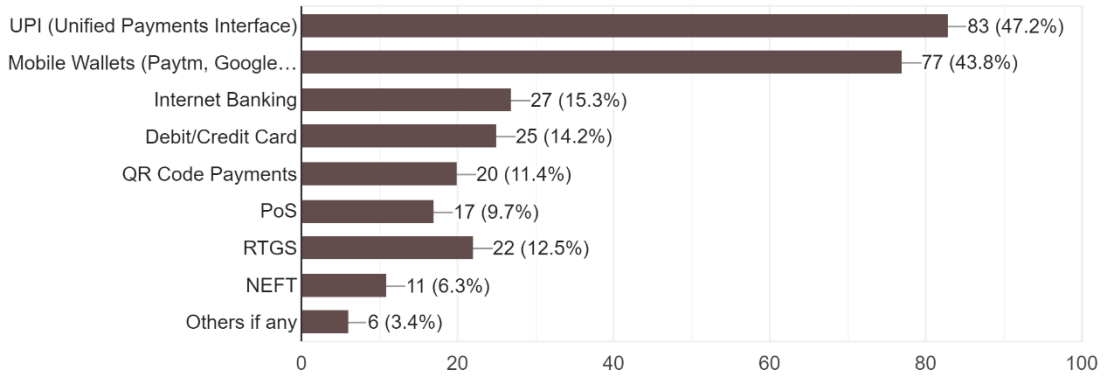
4. What type of payment you prefer most?

176 responses



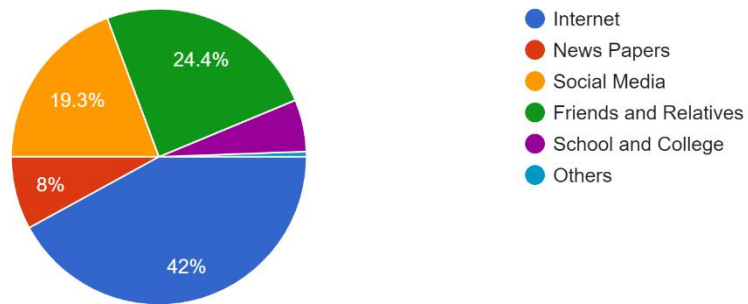
5. Which digital payment methods are you aware of?

176 responses



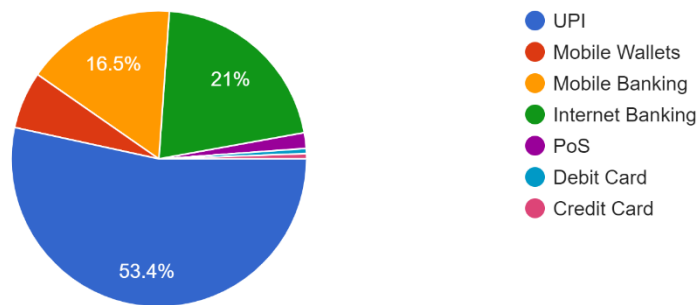
6. How do you come to know about digital payment?

176 responses



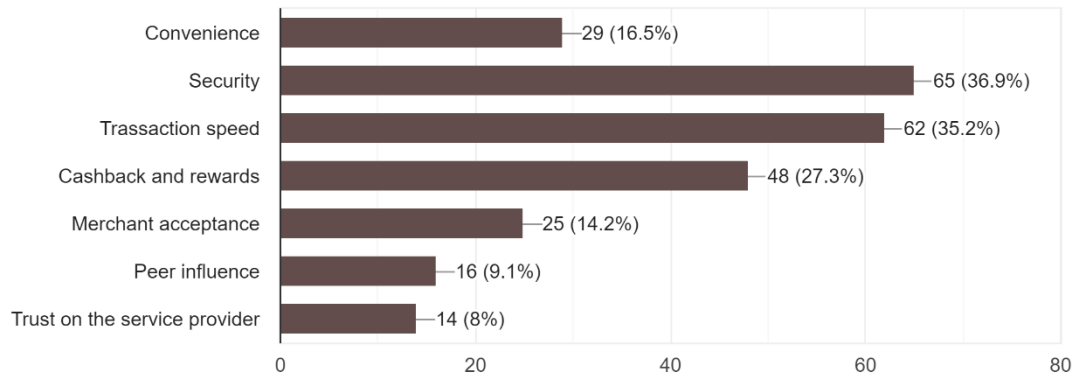
7. Which digital payment method do you use frequently? (Select One)

176 responses



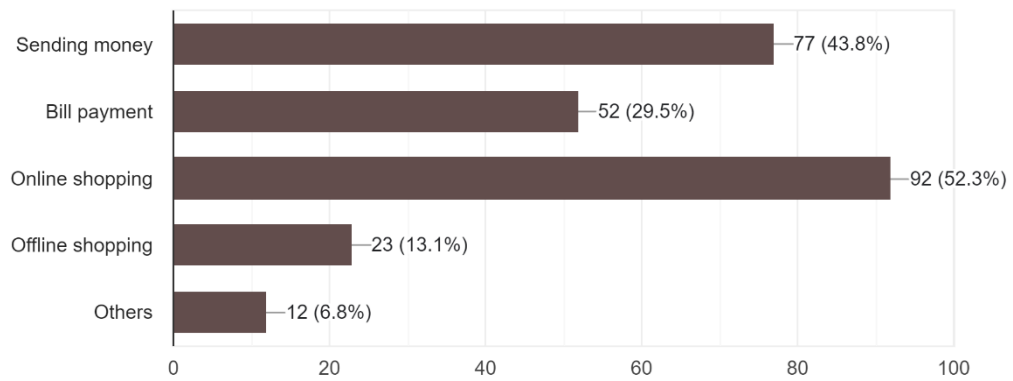
8. What factors influence your choice of digital payment method?

176 responses



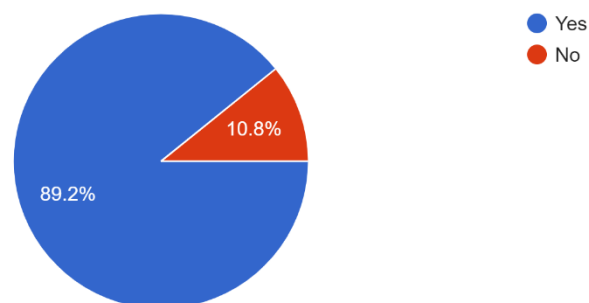
9. For what purposes you are using digital mode payments?

176 responses



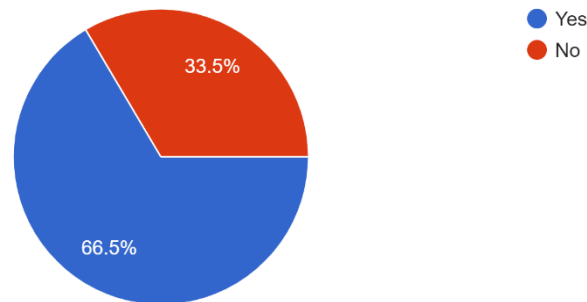
10. Do you feel safe while using digital payments system?

176 responses



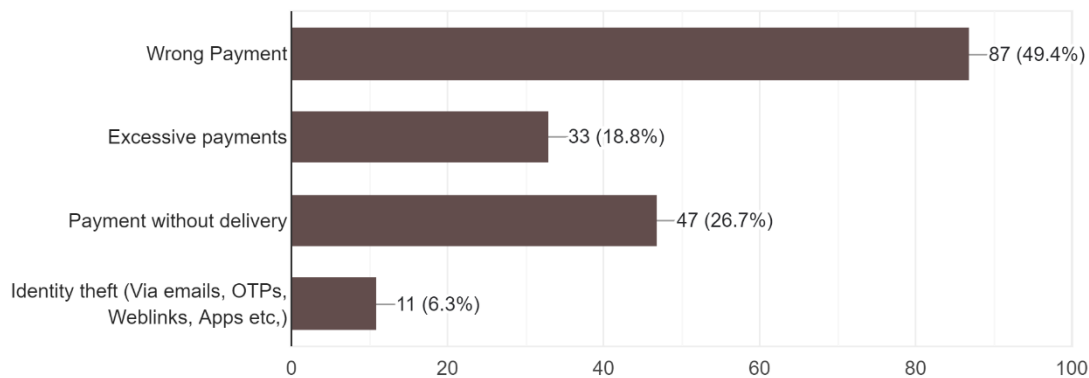
11. Have you ever experienced any security issues or fraud related to digital payments?

176 responses



12. If Yes, what kind of issue you have faced?

176 responses



Major Findings

- ❖ Even now, 42.6 per cent of the respondents are willing to pay in cash.
- ❖ The main source to know about digital payment methods is internet (42%) followed by friends and relatives (24.4%).
- ❖ Unified Payments Interface (UPI) methods (47.2%) are most using methods with compared to mobile valets, card payments etc. and RTGS and NEFT are lowest using methods. (This is because respondents are students and they are hardly involved in bigger transactions)
- ❖ Security (36.9%), transaction speed (35.2%), cashback and rewards (27.3%) are the first three reasons for using digital methods for payments.
- ❖ Online shopping (52.3%), sending money (43.8%), bill payment (29.5%) are the major activities that the respondents using digital payment methods.

- ❖ Almost ninety per cent of the respondents felt that the digital payment methods are safe for transactions. (Attributed to the technological development) but contrary to this, 66.5 per cent respondents said that they experienced some security issues while using them.
- ❖ The main issues faced by respondents during the digital transactions are wrong payments, excessive payments and payments without delivery. 6.3% respondents faced identity theft like issues while using them.

Suggestions and Conclusion

After the observation of inputs, there is a dire need to aware people on digital payment methods to achieve the targets of the RBI LESS CASH SOCIETY, CASH LESS SOCIETY, FINANCIAL INCLUSION and to control the parallel economy fully. Financial institutions should concentrate on training programs to improve digital literacy, especially among rural and underprivileged populations, offer hands-on experience with digital payment methods to build confidence, offer incentives, such as discounts, cashback, or rewards, to encourage digital payment adoption. Integration of financial literacy into school curricula and vocational training is one of the best measures to implement.

- ❖ [Google Questionnaire Link](#)
- ❖ [Responses Link](#)

References

- ❖ <https://www.forbes.com/advisor/in/banking/what-is-a-digital-payment-and-how-does-it-work/#:~:text=Such%20a%20payment%2C%20sometimes%20also,%2C%20debit%2C%20or%20prepaid%20card.>
- ❖ https://www.researchgate.net/profile/S-Sahayaselvi/publication/336835369_An_Overview_On_Digital_Payments/links/5db52c584585155e270755d8/An-Overview-On-Digital-Payments.pdf