



A STUDY OF ONLINE DIGITAL PAYMENT TRANSACTION OF VILLAGE SHOPS IN KARVEERAND RADHANAGARI TAHSIL

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ABSTRACT:

Digital payments are monetary transactions made without the use of papers such as cheques, deposit slips etc. Electronic payments include debit card, credit card, smart card, e-wallet, e-cash, electronic cheques etc. E-payment systems have received different acceptance level throughout the world; some methods of electronic payments are highly adopted while others are moderately low. This study aimed to get knowledge of methods which used for digital payments by small scale business and also identify the issues and challenges of electronic payment systems and deal with some solutions to improve the Digital system superiority.

Keywords: *Cyber Cash, Digital Signatures, e-Cash, Electronic Payments, Encryption, First Virtual Holdings, Net Bill, RAM (Random access memory), ROM (Read only memory), Secure Electronic Transaction Protocol.*

INTRODUCTION:

A digital payment, sometimes called an electronic payment, is the transfer of value from one payment account to another using a digital device such as a mobile phone, POS (Point of Sales) or computer, a digital channel communications such as mobile wireless data or SWIFT (Society for the Worldwide Interbank Financial Telecommunication). This definition includes payments made with bank transfers, mobile money, and payment cards including credit, debit and prepaid cards.

In other words Digital payments are transactions that take place via digital or online modes, with no physical exchange of money involved. This means that both parties, the payer and the payee, use electronic mediums to exchange money.

The Government of India has been undertaking several measures to promote and encourage digital payments in the country. As part of the 'Digital India' campaign, the government has an aim to create a 'digitally empowered' economy that is 'Faceless, Paperless, Cashless' by using various types and methods of digital payments.

It is clear that, digital payments can take place on the internet as well as on physical premises. For example, if you buy something from Amazon and pay for it via UPI, it qualifies as a digital payment. Similarly, if you purchase something from your local Kirana store and choose to pay via UPI instead of handing over cash, that also is a digital payment.

In present scenario, liquid cash transaction leads to storage of black money. And Black money leads to develop a Parallel Economy. India's population level has gone over 1.2 Billion. In India, 60% people are under banked, while 90 % small businesses have not linked with financial institution. Similarly 67% of payments are still made in liquid cash form. In India debit and credit card users are less than 10 percent. In addition, 20 % avail credit through the informal channel like money lenders etc.

On 8th November 2016, The Prime minister Narendra Modi demonetized 500 and 1000 Rs. notes from the currency circulation. It was motivated by to curb black money. There are many Programms which are being implemented by central government to enable online transaction across the country. It seems to us India is getting success in efforts of making digital payment in the country. Many companies' shops seller and citizens are doing digital payment. The Covid pandemic caused an estimated 5554 crore transactions in 2020-21 and 7422 crore transactions increased by 33% in 2021-22. To boost digital transaction in the country, the government of India developed Unified Payment Interface (UPI) system. In addition, National Payment Corporation of India has been taking efforts to be done digital transaction across the country.

OBJECTIVES:

1. To study methods of digital payments in India.
2. To study use of digital payment methods in Karveer and Radhanagari Tahsil.
3. To study problems and challenges of online digital payment.

DATA COLLECTION:

Every research requires proper methodology. It is therefore, researcher is adopted desirable research methodology to accomplish the research problem. The present research paper is depending upon primary and secondary data.

Primary Data:

To carry out the present study, the researcher collected primary data through questionnaire as well as personal interview with different type seller engaged in village rural market. While collecting primary data, researcher has been deliberately taken efforts to understand the awareness, perception and practices regarding the practices of digital payments.

Secondary Data:

The present research article necessary and required data has been collected through books, journals, government reports and newspapers as well as websites.

Research Methodology:

The researcher has selected 10% villages from respective Tahsil through simple random method and researcher generated frequency table and percentage for the sake of understand the variation of the sample data.

For the selection of shops, researcher has been considered number of shops like grocery stores, retail sellers, vegetable and fruit seller and other miscellaneous shops. The researcher selected 12 shops from 6 market villages and 5 shops from 7 non market villages in Karveer Tahsil. Similarly. The researcher has chosen 12 shops from 5 market villages and 5 shops from 6 non market villages in Radhanagari Tahsil. it means . researcher has interviewed $12 \times 6 = 72$ belonging to market village respondents and $5 \times 7 = 35$ belonging to non-market villages ($72+35= 107$) in Karveer Tahsil . Similarly, researcher was interviewed $12 \times 5 = 60$ belonging to market village respondents and $5 \times 6 = 30$ belonging to non-market villages ($60 + 30 = 90$). The total respondent of study is ($107+90=197$) where researcher was contacted.

DATA ANALYSIS:**1. Methods of digital payments in India:**

After the launch of Cashless India, we currently have ten methods of digital payment available in India. Some methods have been in use for more

than a decade, some have become popular recently, and others are relatively new.

I. Banking Cards:

Indians usually use Banking cards, or debit/credit cards, or prepaid cards, as an alternative to cash payments. Andhra Bank launched the first credit card in India in 1981.

Cards are preferred because of multiple reasons, including, but not limited to, convenience, portability, safety, and security. This is the only mode of digital payment that is popular in online transactions and physical transactions alike. Nowadays, many apps are being launched with the sole purpose of managing card transactions like Cred, Square, etc.

II. Aadhaar Enabled Payment System (AEPS):

AEPS is a bank-led model for digital payments that was initiated to leverage the presence and reach of Aadhaar. Under this system, customers can use their Aadhaar-linked accounts to transfer money between two Aadhaar linked Bank Accounts. As of February 2020, AEPS had crossed more than 205 million as per NPCI data.

AEPS doesn't require any physical activity like visiting a branch, using debit or credit cards or making a signature on a document. This bank-led model allows digital payments at PoS (Point of Sale / Micro ATM) via a Business Correspondent (also known as Bank Mitra) using Aadhaar authentication..

III. Unified Payments Interface (UPI):

UPI is a payment system that culminates numerous bank accounts into a single application, allowing the transfer of money easily between any two parties. As compared to NEFT, RTGS, and IMPS, UPI is far more well-defined and standardized across banks. You can use UPI to initiate a bank transfer from anywhere in just a few clicks.

The benefit of using UPI is that it allows you to pay directly from your bank account, without the need to type in the card or bank details. This method has become one of the most popular digital payment modes in 2020, with October witnessing over 2 billion transactions.

IV. Mobile Wallets:

Mobile Wallets, as the name suggests, are a type of wallet in which you can carry cash but in a digital format. Often customers link their bank accounts or banking cards to the wallet to facilitate secure digital transactions. Another

way to use wallets is to add money to the Mobile Wallet and use the said balance to transfer money.

Nowadays, many banks have launched their wallets. Additionally, notable private companies have also established their presence in the Mobile Wallet space. Some popularly used ones include Paytm, Freecharge, Mobikwik, mRupeee, Vodafone M-Pesa, Airtel Money, Jio Money, SBI Buddy, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, etc.

V. Bank Prepaid Cards:

A bank prepaid card is a pre-loaded debit card issued by a bank, usually single-use or reloadable for multiple uses. It is different from a standard debit card because the latter is always linked with your bank account and can be used numerous times. This may or may not apply to a prepaid bank card.

A prepaid card can be created by any customer who has a KYC-complied account by merely visiting the bank's website. Corporate gifts, reward cards, or single-use cards for gifting purposes are the most common uses of these cards.

VI. PoS Terminals:

PoS(Point of Sale) is known as the location or segment where a sale happens. For a long time, PoS terminals were considered to be the checkout counters in malls and stores where the payment was made. The most common type of PoS machine is for Debit and Credit cards, where customers can make payment by simply swiping the card and entering the PIN.

With digitization and the increasing popularity of other online payment methods, new PoS methods have come into the picture. First is the contactless reader of a PoS machine, which can debit any amount up to Rs. 2000 by auto-authenticating it, without the need of a Card PIN.

Mobile PoS terminals are those which work through a tablet or smartphone and Virtual PoS systems are those that use web-based applications to process payments

VII. Internet Banking:

Internet Banking, also known as e-banking or online banking, allows the customers of a particular bank to make transactions and conduct other financial activities via the bank's website. E-banking requires a steady internet connection to make or receive payments and access a bank's website, which is called Internet Banking.

Today, most Indian banks have launched their internet banking services. It has become one of the most popular means of online transactions. Every payment gateway in India has a virtual banking option available. NEFT, RTGS, or IMPS are some of the top ways to make transactions via internet banking.

VIII. Mobile Banking:

Mobile banking refers to the act of conducting transactions and other banking activities via mobile devices, typically through the bank's mobile app. Today, most banks have their mobile banking apps that can be used on handheld devices like mobile phones and tablets and sometimes on computers.

Mobile banking is known as the future of banking, thanks to its ease, convenience, and speed. Digital payment methods, such as IMPS, NEFT, RTGS, IMPS, investments, bank statements, bill payments, etc., are available on a single platform in mobile banking apps. Banks themselves encourage customers to go digital as it makes processes easier for them too.

IX. Micro ATMs:

Micro ATM is a device for Business Correspondents (BC) to deliver essential banking services to customers. These Correspondents, who could even be a local store owner, will serve as a 'micro ATM' to conduct instant transactions. They will use a device that will let you transfer money via your Aadhaar linked bank account by merely authenticating your fingerprint.

Essentially, Business Correspondents will serve as banks for the customers. Customers need to verify their authenticity using UID(Aadhaar). The essential services that will be supported by micro ATMs are withdrawal, deposit, money transfer, and balance inquiry. The only requirement for Micro ATMs is that you should link your bank account to Aadhaar.

2. Use of Digital Payment Methods in Karveer and Radhanagari Tahsil:

The researcher selected 12 shops from 6 market villages and 5 shops from 7 non market villages in Karveer Tahsil similarly. The researcher has chosen 12 shops from 5 market villages and 5 shops from 6 non market villages in Radhanagari Tahsil. it means . researcher has interviewed $12 \times 6 = 72$ belonging to market village respondents and $5 \times 7 = 35$ belonging to non-market villages ($72+35= 107$) in Karveer Tahsil . Similarly, researcher was interviewed $12 \times 5 = 60$ belonging to market village respondents and $5 \times 6 = 30$

belonging to non-market villages (60 + 30 = 90) . The total respondent of study is (107+90=197) where researcher was contacted.

Table: 1: Selected villages in Karveer and Radhanagari Tahsil

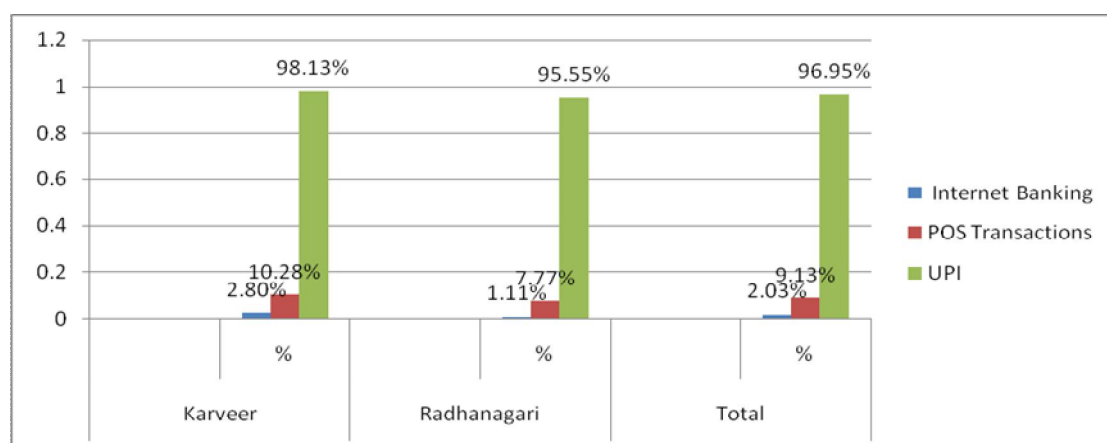
Sr. No	Selection of Tahsils 15%	Total Villages	Selection of Villages 10%	Shops		Sample Respondents		Total Sample respondents
				With weekly Market (A)	Non weekly Market (B)	A	B	
2	Radhanagari	114	11	5	6	5 x 12	6 x 5	90
Total	02	243	24	11	13	132	65	197

Source: Compiled by researcher

Table: 2: Use of Online Transaction Methods by Businessmen in Karveer and Radhanagari Tahsil

Sr. No.	Online Transaction Method	Karveer		Radhanagari		Total	
		No of Businessmen	%	No of Businessmen	%	No of Businessmen	%
1	Internet Banking	3	2.80%	1	1.11%	4	2.03%
2	POS Transactions	11	10.28%	07	7.77%	18	9.13%
3	UPI	105	98.13%	86	95.55%	191	96.95%
	Total	107		90		197	
Total						197 (100%)	

Source: compiled by researcher



The above table 2 observed that, online transaction methods which were used by sample respondents. There are number of methods which are being method used by respondent such as internet banking, debit card, UPI and mobile wallets in Karveer and Radhanagari Tahsil. It is found that UPI online transaction method reported 96.95 % followed by POS transactions 9.13%, internet banking 2.03%

In respect of Karveer Tahsil, the UPI online transaction method registered higher level 98.13% while internet banking online transaction method registered lower 2.80%.

In case of Radhanagari, the UPI online transaction method recorded highest level 95.55 % while PoS transactions are recorded 7.77% internet banking online transaction method recorded lower i.e. 1.11 %.

It is concluded that. UPI online payment is being used significantly level by sample respondent because of UPI method is much simple easy to use both the seller and customers. It seems to be that. Pay TM, Google Pay BHIM App like other apps are much popular between seller and customers while mobile wallets online transaction method is being used very much lower and negligible by sample respondent due to critical using process for rural villagers.

Use of Online Transaction Methods by Consumers in Karveer and Radhanagari Tahsil:

Sr. No.	Online Transaction Method	Karveer %	Radhanagari %
1	Internet Banking	1%	0%
2	POS Transactions	2.35%	1.35%
3	UPI	65.25%	40.55%

When we try to collect information from the merchants from karveer and Radhanagari, they said that only 1% and 0% respectively consumers are using internet banking for their transactions and 2.35% and 1.35% respectively consumers prefer the PoS method whereas the UPI method in which Phone Pay,

Google Pay, Paytm, etc are used very frequently by the consumers i.e. 65.25% in karveer and 40.55% in Radhanagari.

3. Problems and Challenges of Online Digital Payment:

Online payments can help you expand your business and reach global audiences. It can also help improve customer experience since transactions are more convenient online. These are some of the benefits of enabling e-payments for your business. But, accepting online payments can also pose problems for you and your customers. Below are some of the potential challenges that you need to know.

I. Lack of Awareness:

Making online payment is not an easy task. Even educated people also face problems in making online payments. Therefore, they always prefer traditional way of shopping instead of online shopping. Sometimes there is a technical problem in server customers tried to do online payments but they fails to do. As a result they avoid it.

II. Online Payments are not Feasible in Rural Areas:

The population of rural areas is not very literate and they are also not able to operate computers. As they are unaware about technological innovations, they are not interested in online payments. So the online payment systems are not feasible for villagers.

III. Highly Expensive and Time Consuming:

Electronic payment systems are highly expensive because it includes set up cost, machine cost, Management cost etc and this mode of payment will take more time than the physical mode of Payment.

IV. Technical Issues (Low internet bandwidth):

Online payments are vulnerable to technical disturbances. This is a common issue among systems that depend on technical infrastructure. Technical issues can cause several hours of downtime. This can frustrate shoppers who cannot pay with cash.

A solvable yet common issue, low internet bandwidth is usually responsible for failed online payments. No matter how advanced your virtual presence is, low internet bandwidth can be a critical concern especially if you use an integrated payment gateway. The payment process can be interrupted due to non-responsive servers. In many cases, it results in the deduction of payment

from the customer's bank but does not reach the merchant – a situation that results in further hassles for the customer as well as the business.

V. Card data security:

Online frauds including ID thefts, database exploits, phishing attacks, and card payment-related scams are common in India, and the number has only increased during the pandemic. Hence while being cautious of the data, it is also essential for e-commerce merchants to use a secure payment system that assures the least possibility of any data leak. Consumers in India experienced a fairly high online fraud encounter rate of 69% in the past year, according to the Microsoft 2021 Global Tech Support Scam Research report. 31% Indians lost money through a scam-the highest globally.

VI. Security Problems:

Much like other electronic systems, e-payment platforms are also vulnerable to hacking. Malicious users orchestrate attacks to trick unsuspecting users into providing important online details. These can include the log-in details of their e-wallets. This information can provide access to the victims' personal and financial information. Hackers can also take advantage of inadequate authentication on online payment systems. Lenient authentication processes can result in hackers using another person's cards and e-wallets. In 2020, the total identity fraud losses rose to \$56 billion. This number highlights the importance of adequate authentication measures. Without these measures in place, customers may be reluctant to use e-payment systems.

VII. Disputed Processes and Transactions:

If you're a victim of hacking, you can try to file for a refund if someone else used your card. You can do this by filing a claim with your bank, online payment processor, or credit card company. But, without information about the person who used your card, it may be difficult to prove your claim. This also means that you may not get a refund.

VIII. Increased Costs:

Installing and maintaining e-payment systems can drive up costs for your business. You'll need money to protect sensitive data in your infrastructure against unauthorized access. If you offer in-house e-payment, you'll pay extra to buy payment-security systems. You also need to pay more money to install and maintain the systems.

IX. Lack of Trust:

Electronic payments have a long history of fraud, misuse and low reliability as well as it is new system without established positive reputation. Potential customers often mention this risk as the key reason why they do not trust a payment services and therefore do not make internet purchases

CONCLUSIONS:

In Kolhapur District, there are number of online digital payment method which is being used by seller such as Bharat QR Code, Micro ATM, UPI, Net Banking/ Mobile Banking, M Wallets, SMS Transaction and Banking Cards out of these different types of digital payment method, the UPI online digital payment has been used popularly in the study area.

It is concluded that. UPI online payment is being used significantly level by sample respondent because of UPI method is much simple easy to use both the seller and customers. It seems to be that. Pay TM, Google Pay BHIM App like other apps are much popular between seller and customers while mobile wallets online transaction method is being used very much lower and negligible by sample respondent due to critical using process for rural villagers.

Many businesses have been able to maintain a steady growth curve with the help of digital technology, but many others are just starting to explore its potential. As technology continues to advance and determine the success of every online business, merchants need to be equally aware of the products available that can turnaround their businesses.

As far as the challenges of online payments are concerned, a robust payment gateway can potentially minimize most of the issues and significantly improve the customer experience. UPI Payment Gateway is being trusted by hundreds of merchants to solve their payment challenges and maximize the success rate of transactions.

More than 70% consumers prefer to cash transaction due to network issue, security issue of online transaction and lack of financial awareness about digital payments.

Many traders also prefer the cash transactions as they want to get rid of income tax and service tax etc.

SUGGESTION:

1. Bankers and Users are taken initiatives to Protect sensitive card related information and personal information including bank details.
2. Bankers and Government should be taken initiatives to create a vulnerability management program.
3. To make considerable level online transaction, government should provide well equipped internet connectivity and infrastructure facilities in rural area and its hilly areas.
4. Government of India must be extended awareness among the common people about online transaction. To be ensure the same, government has to be taken extensively digital literacy programme and campaign at the village level.
5. In order to reduce cybercrime in this area, banks and other financial institution must be used strongly level infrastructure regarding the digital payment system with the build and maintain a secure network

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