

## **A STUDY ON OPPORTUNITIES AND CHALLENGES FACED THROUGH DIGITAL PAYMENTS WITH REFERENCE TO COIMBATORE CITY**

<sup>1</sup>C. NANDHINI, <sup>2</sup>Dr. A. Kothai

<sup>1</sup>Assistant Professor, Department of B.Com CA, Kongunadu Arts and Science college, Coimbatore

<sup>2</sup>Assistant Professor, Department of commerce, Government Arts College, Coimbatore

### **INTRODUCTION:**

Today's Digital Economy promises to lead in an unprecedented convergence of People, that transforms existing business models and creates new business opportunities. The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of professed role of Digital India. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available.

### **DIGITAL PAYMENT:**

Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in the digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments. Digital payments save you from long queues of ATMs and banks. Because, if you pay digitally, you won't need to withdraw cash from your account. It also lots of time and a little bit money as well.



**Mode of Payment:**

- Bank Cards
- Banking App
- Wallet
- Paytm
- Rupay Card
- PoS [Point of Sale]
- AEPS[Aadhaar Enabled Payment Service ]
- UPI [ Unified Payment Interface ]
- USSD[ Unstructured Supplementary Service Data ]

**CHALLENGES OF DIGITAL PAYMENTS:**

**Account Takeovers:** Cybercriminals have quickly discovered how to exploit financial and market systems that interface with the Internet, such as the automated clearing house (ACH) systems, card payments, and market trades. Exploiting system users rather than the systems themselves earns criminals access to existing bank or credit card accounts or financial systems, and allows them to carry out unauthorized transactions. According to a recent report on cyber security in the banking sector, almost half (46 %) of institutions reported account takeovers as the most frequent cyber intrusion activity.

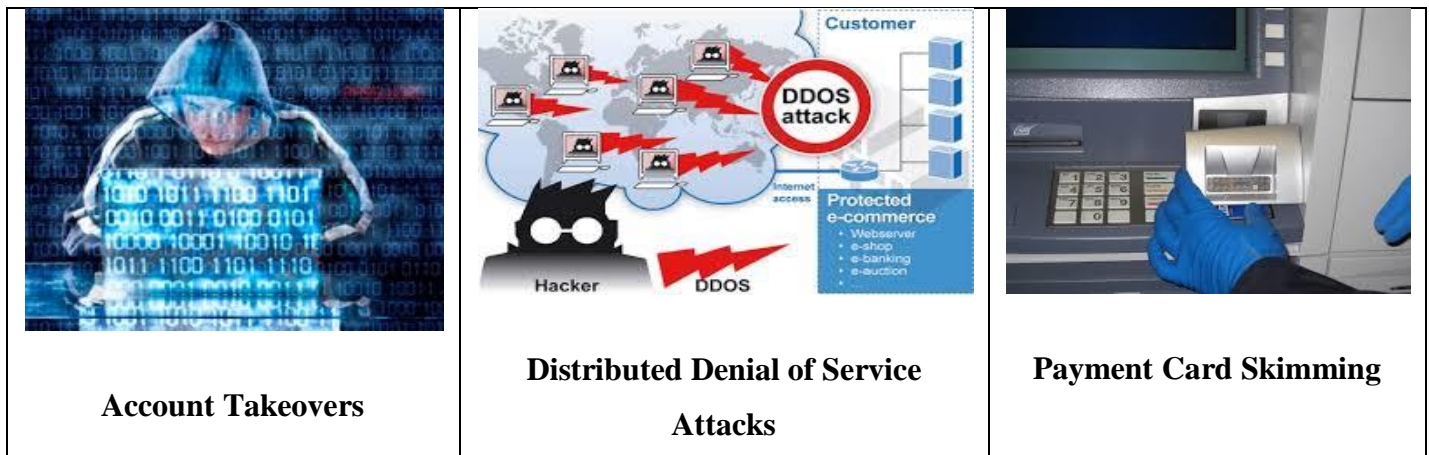
**Distributed Denial of Service Attacks (DDoS):** These threats are defined as “any attack intended to compromise the availability of networks and systems” and are of concern to financial corporation’s operating consumer facing websites or trading systems. Such attacks flood to network connection requests, making it unavailable to process.

**Payment Card Skimming:** A skimmer Device fit to the outside or inside of an ATM, POS device enables a criminal to collect card numbers and personal identification. The stolen data is usually sold or used to make fake cards to withdraw money from the compromised accounts.. Hackers have already designed Bluetooth enabled wireless skimmers to download data when in range of the wireless network. And the Skimmer Devices is always available on internet with low price that any one can use it.

**Customer experience:** It is critical that recipients of electronic payments, especially cash transfers, feel comfortable with the payment process and financial instrument. This includes understanding the program, payment process, conditional payment calculation, and recourse

mechanisms. If recipients do not understand how the program works or if payments are inconsistent, recipients will lose trust in the system.

**Consumer education:** Poor recipients and those living in remote areas might not be familiar or comfortable with using a digital payment system. This is especially a challenge for social cash transfer programs that by definition often target the poorest people. Assuring basic financial literacy is necessary; for example, recipients should be educated about using and remembering their PINs, understanding how much money they should receive at each payout period, and knowing what to do if something goes wrong.



**OPPORTUNITIES OF DIGITAL PAYMENTS:**

**1. Increasing cash-out points:** While digital payments can make payments more efficient, it is important to note that cash-out points are an important feature of the financial system, even in a digitized environment. Indeed, a reliable cash-out experience is key to the success of digital payments.

**2. Improved speed and timely delivery:** In contrast to a cash payment that travels at the speed of its carrier, digital payments can be virtually instantaneous, regardless of whether the sender and receiver are in the same town, district, or country. This means that employees are paid on time, which might reduce demand for payday loans and informal loans to meet monthly expenses. Especially in emergency situations that lead to unexpected income shocks such as a health emergency or natural disaster, speed and timely delivery can be of the essence. In digital form, payments—be they remittances from abroad or government assistance in times of disaster situations—can be made without delay when the need is greatest.

**3. No clerical record:** Often we forget to note down cash spending. Or even if we note, it takes a lot of time. But here no need to note or record the information every time. These are automatically recorded through electronic device or E-Wallet. This helps to view the statements which we spend and forecast budget plan too.

### **OBJECTIVES OF THE STUDY**

- To know the challenges faced by the respondents through digital payment.
- To study various opportunities in digital Payment.
- To provide Suggestion to overcome the challenges

**RESEARCH METHODOLOGY:** The methodology of research work provides an outline and a frame work of how the work is conducted. It is a systematic and scientific way of solving the research problems. Primary data was collected through a survey. The data-collecting instrument used for obtaining the desired information was a questionnaire. Secondary data are those data that already exists. Secondary data was collected through magazines and websites.

**ANALYSIS AND INTERPRETATION:** Analysis and interpretation refers to the challenges and opportunities of the Digital payment through digital transformation. This section deals with data collected from respondents through separate questionnaire, which were systematically processed and presented as tables in comprehensive manner.

#### **1. Age wise Classification**

<b>Age</b>	<b>No of respondents</b>	<b>Percentage</b>
Below 20	15	10
21 – 30	30	20
30 – 40	24	16
40 – 50	33	22
50 – 60	23	15
60 and above	25	17

**Interpretation :** The above table shows that 10% respondents are in the age group of below 20 yrs; 20% respondents are in the age group of 21-30 yrs; 16% respondents are in the age group of 30 – 40 yrs ; 22% respondents are in the age group 40 – 50 ; 15% respondents are in the age group 50 – 60 yrs ; 17% respondents are in the age group above 60 yrs . It is significant to note the majority of the respondents are 22% belong the age group of 40 - 50 yrs

**2. Education Qualification**

<b>Education Qualification</b>	<b>No of respondents</b>	<b>Percentage</b>
Plus two	34	23
Graduation	29	19
Post Graduation	31	21
Professional	11	7
Un Educated	45	30

**Interpretation:** It could be seen that education levels were 30% are Un-Educated,7% are professional, 21% are Post Graduation, 19% were Graduation, and 23% are plus two . It inferred that the majority of the respondents are belonging to the Un Educated .

**3. Mode of Payment by the Respondents**

<b>Mode of Payment</b>	<b>Mean Score</b>	<b>Rank</b>
A. Credit cards	42.21	I
B. ATM Facilities	30.24	III
C. Mobile banking facilities	35.99	II
D. Wallet Facilities	15.11	V
E. Paytm	12.25	VI
F. POS	17.74	IV

**Interpretation:** The above table shows the mode of payment through digital technologies with mean score and ranks. Credit card facilities has been ranked first with the highest mean score of 42.21 Paytm has been ranked last with the mean of 12.25

**4. Challenges faced on Digital Payment methods:**

<b>Factor</b>	<b>Mean Score</b>	<b>Rank</b>
A. Self services	59.5	III
B. Adapting new technologies	41.3	V
C. Payment card skimming	29.9	VII
D. Account Takeover	71.4	1
E. Less Security	64.9	II
F. Hanging up of Network services	47.5	IV
G. Lack on customer Knowledge	38.7	VI

**Interpretation:** The above table shows the challenges faced on digital payment with mean and ranks. Account Takeover has been ranked first with the highest mean score of 71.4. Payment card skimming has been ranked last with the mean of 29.9.

**5. Opportunities on Digital Payment methods :**

<b>Factor</b>	<b>Mean Score</b>	<b>Rank</b>
A. Low Cost	65.5	I
B. Security	23.3	V
C. Time Delivery	58.9	II
D. No Clerical record	42.4	III
E. Technologies	34.9	IV

**Interpretation:** The above table shows the opportunities on digital payment with mean and ranks. Low Cost has been ranked first with the highest mean score of 65.5. Security has been ranked last with the mean of 23.3.

**SUGGESTIONS**

- They can adopt user friendly technology to provide best services.
- They can provide awareness on digital payment to the General Public.
- They can provide more security for their digital transaction.

**CONCLUSION:**

The Government initiatives for financial inclusion, benefits transfers through bank accounts and promotion of digital payments have transformed the Payment System initiatives in India into world’s largest Digital Governance initiative. Many are thinking about reducing their physical footprint, as it’s too large – indeed, some have already made significant steps in this direction. However, they need to be smart about how they do this.

**REFERENCES:**

1. [https://en.wikipedia.org/wiki/Digital\\_India](https://en.wikipedia.org/wiki/Digital_India)
2. Digital India: Unlocking the trillion dollar opportunity,
3. <http://digitalindia.gov.in>
4. [www.i-scoop.eu](http://www.i-scoop.eu): Digital Transformation
5. <http://vikaspedia.in/e-governance/digital-india/nine-pillars-of-digital-india>

6. <http://www.digitalindia.gov.in/content/universal-access-mobile-connectivity>
7. [www.digital-india-10-important-initiatives-launched-by-narendra-modi-..](http://www.digital-india-10-important-initiatives-launched-by-narendra-modi-..)
8. <http://www.communicationstoday.co.in/images/reports/>