A Study on Awareness of Digital Payment on Small Vendors in rural areas with reference to Mysuru District

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Abstract

The Indian government launched the "Digital India" initiative, to give its citizens greater access to technology, under this program, the government has promoted several digital payment systems, such as mobile wallets, UPI, AEPS, USSD, and mobile banking. It lessens the need for actual currency and makes internet transactions easier. Furthermore, a digitalized culture contributes to a decrease in black and counterfeit money in India. The main objective of the current study was to gauge small vendors' knowledge of digital payment systems in rural areas while accounting for all of these variables. Both primary and secondary data have been considered in order to conduct this research. Using a straightforward random selection technique, 221 small suppliers were chosen to provide primary data. These little sellers are from Mysuru's rural areas. The chi-square and anova tests are then used to assess the gathered data. To achieve the goals of the study, descriptive research is modified to gauge small sellers' knowledge of digital payment systems in rural locations. According to the results, an average proportion of small merchants in rural areas are aware of digital payments. According to the study's conclusions, the government must upgrade the infrastructure, especially in rural regions, to encourage adoption. Workshops aimed at increasing knowledge can assist small vendors become more self-assured and more conscious. In the end, empowering and educating small sellers can prove to be very helpful in furthering the objective of "Digital India."

Keywords: Digital Payment, Small Vendors, Rural Area, Awareness

1. Introduction

1.1 Introduction to Digital India

Digital India is considered to be the flagship programme of Government of India which visions to transform India into a digitally empowered society and in a knowledge economy. The tagline used for the same is stated as "Faceless, Paperless and Cashless"[1]. Many cashless transaction models that enable all payments to be made digitally without the need of physical currency have been proposed in an effort to bring India closer to becoming a cashless society. USSD, AEPS, UPI, mobile wallets, banking cards, point of sale, mobile banking, micro ATMs, banks' pre-paid cards, and online banking transactions are only a few of the prevalent methods that the Indian government has put into practice.

Digital payment refers to any method of payment that facilitates the completion of all transactions via digital channels. Both the payer and the payee receive and send money digitally using this approach. Every transaction is completed online because real money is not used. It is regarded as a quick and simple way for an individual to make a payment. The concept of "Digital India" is in line with the widespread use of digital payments, especially among small firms. The "real face of today's India" where digital transactions are becoming ubiquitous[2].

1.2 Background of the research

The goal of the Indian government's flagship initiative, Digital India, is to make the country a knowledge economy and digitally empowered society. Digital India claims that country is currently "Faceless, Paperless, Cashless." A number of digital payment methods have been made available to the public in order to accomplish this goal and eliminate cash from the economy. Included are micro-automated teller machines, Internet banking, mobile wallets, point-of-sale systems, prepaid bank cards, USSD, AEPS, and UPI. These tactics have been successful in providing ample opportunity for assistance. Make sure you can motivate them to embrace a cashless society. Customers can make payments whenever and wherever they choose, regardless of business hours or bank holidays, thanks to methods that are frequently simple to use and suitably handy. Retailers and small business owners have begun to accept payments using digital payment systems as a result of their increasing popularity. Researchers have discovered that digital payment systems are a useful alternative for assessing small sellers' awareness of them.

1.3 Introduction to Digital Payments

Digital payments are those that are paid via readily available digital platforms. Despite not being specifically acknowledged as an instrument, the phrase is frequently used as an umbrella. In order to ascertain a parameter associated with a particular meaning that is ascribed to its name, a variety of tools are employed in different ways. In order to improve results, the Indian government has not provided a unified definition for it; instead, it has evolved into a measurement activity that makes it possible to analyze and evaluate important aspects of digital payments. To support and promote the use of digital payment dimensions by individuals and organizations, the Indian government has participated in a number of promotional programs. The government's "Digital India" initiative aims to equip the nation with digital capabilities through the implementation of "Faceless, Paperless, and Cashless." Digital payments are typically made and transactions are typically conducted electronically when goods and services are purchased or sold. No payment of any type requires cash or checks. When all transactions are conducted using a variety of payment options and intangible currencies to purchase or sell goods and services, the economy is said to be cashless.

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[1] https://csc.gov.in/digitalIndia

[2] https://www.google.com/search?q=palki+sharma+shares+a+powerful+observation+from+the+street+of+Delhi&sca_esv=2a2803fed160e49b&sxsrf=AE3TifPFxx_NKQfXJVBAEVxP1HEFNUt9sw:1751001689388&source=lnms&fbs=AIIjpHxU7SXXniUZfeShr2fp4giZ1Y6MJ25_tmWITc7uy4KIeqDdErwP5rACeJAty2zADJjYuUnSkczEhozYdaq1wZrEWeBTRRMkGx8PE2F9zI9kP0W9slwfD0e_E2SCYpxxEsC_BrWJwexl-O9EWcJokLfolidtcXxvW99MwkbO-wb4MAKMfrgJXRv1udcTEvX7muF0uB0QmZ1f0PFcGGpV6k0vi_XqFw&sa=X&ved=2ahUKEwiJ0cnN7ZCOAxXOma8BHULzA9kQ0pQJegQIAhAD&biw=1540&bih=738&dpr=1.25

Types of digital payment methods

When it comes to payment methods, small vendors have a wide range of digital possibilities. The top five payment methods used by small vendors in Mysuru District are as follows**:**

1.3.1 Aadhar Enabled Payment System
1.3.2 Unified Payment Interface
1.3.3 Point of Sale (PoS)
1.3.4 Internet banking
1.3.5 Mobile banking

1.3.1 Aadhar Enabled Payment System (AEPS): It simplifies the verification process for banks, which is crucial to meeting their responsibilities. In light of AEPS's broader role, this is essential to carrying out banking transactional tasks. Its goal is to guarantee cash deposits and withdrawals, balance inquiries, Aadhar-to-Aadhar fund transfers, and payment transactions. These days, all transactions are usually handled by banking correspondents who only use Aadhar authentication. Customers do not need to physically visit a bank location in order to complete transactions, present a credit or debit card, or sign papers.

1.3.2 Unified Payment Interface (UPI): It allows for quick money transfers between banks using smart phones. Payments can be made using suitable mobile applications. UPI allows you to transact in cash at any time of day. It enables all account holders to send and receive money using their mobile devices with a single identity. The National Payments Corporation of India, or NPCI, was later founded to simplify the digital payment sector in India.

1.3.3 Point of Sale (PoS): It is referred to as the location and time of the transaction's completion. With the use of POS, the merchant may assist in figuring out the customer's ownership amount and provide an invoice that appropriately reflects it. The customer must use a printout from the cash register to make the payment. Informing the retailer that a digital payment option is available is beneficial**.**

1.3.4 Internet Banking: Internet banking is the practice of doing transactions online. It helps with a variety of tasks, such initiating money transfer, setting up a fixed or recurring deposit, closing a particular account, etc. It is also known as e-banking or virtual banking. Payments and transactions can be initiated electronically. Banks and other financial institutions usually offer this kind of feature to facilitate a range of financial transactions via their website**.**

1.3.5 Mobile Banking: A mobile smart phone has become one of the most essential tools for everyone. Mobile banking services can be provided by any financial institution, including banks. To use it remotely, tablets and smart phones are used. However, unlike online banking, it requires the usage of specialized software in the form of applications. The main advantage of mobile banking is its 24/7 accessibility, which allows users to check their accounts and complete transactions at any time outside of regular business hours.

2. Review of Literature

Dr. M Sumathy and Vipin KP (2017) examined growth, awareness, and perceptions of digital payment safety under the Digital India program, using a descriptive approach with 100 respondents. **Durlav Kumar Barman (2018)** investigated urban residents' understanding of digital payment systems in Guwahati City, focusing on challenges and opportunities, using a descriptive research design and convenience sampling. The study contributes to understanding digital payment adoption and its complexities in India**. Shallu Aggarwal et al. (2018)** found that despite being aware of digital payments, people were reluctant to use them daily, suggesting government campaigns to promote and educate on digital payments**. Dr. Kamini Shah and Mrs. Parul Dipsinh Zala (2018)** focused on women, discovering that while they were aware of digital payments, they didn't use them, with age and education influencing their perspective. The study highlight the need for awareness campaigns to bridge the gap between knowledge and adoption of digital payment systems. **Dr. G. China Babu (2018)** found that consumers have switched to digital payments, but emphasized the need for ease of use and management. **Mr. Manish H. Tailor (2020)** discovered that people are aware of digital payment

services but don't use them due to lack of awareness and security concerns, suggesting banks should develop plans to raise awareness. **M. Deepa (2021)** found that most participants are knowledgeable and satisfied with digital payments, facilitated by smartphone and internet penetration. These studies highlight the growing adoption of digital payments, but also emphasize the need for awareness, security, and ease of use. **Dr. Runumoni Lahkar Das et al. (2022)** found that cashless transactions offer advantages like speed, convenience, and reduced risk, but issues like insecurity and digital illiteracy persist, impacting awareness and acceptance. The study highlights the significant impact of the cashless economy on national and retail sector operations. **Krunalkumar C Kamani et al. (2022)** focused on raising awareness of digital banking services among middle Gujarati milk farmers, finding that while many have smartphones and internet access, few are aware of smartphones' potential for agricultural purposes. The study emphasizes the need for awareness and education to promote digital financial inclusion and efficiency.

Need for the study: Since there are very few research studies that take into account on level of awareness about digital payment on small vendors' in rural areas of Mysuru District, this kind of research is necessary.

3. Research Methodology

3.1 Statement of the problem: One of the payment methods that is expanding the fastest in India is the digital payment system. Online payment options are used for the majority of transactions. Many users will benefit from this. This study is being carried out in the district of Mysuru. Since there are many small sellers in the rural parts of Mysuru District, the focus of this study is on whether or not these merchants are aware of digital payment methods.

3.2 Research Gap:

Few studies have been done on "Awareness of Digital Payment on Small Vendors in rural areas with reference to Mysuru District," but the majority of the authors have studied digital payments, awareness of online payments, raising awareness of digital banking services, benefits of digital payments, and perceptions of adoption of digital payments.

3.3 Aim of the research: Aim is a crucial component of the entire study. Therefore, framing is crucial enough to guarantee that relevant components are covered in the whole investigation. Therefore, the current investigation's goal is:

"Measuring the level of awareness on small vendors' in rural area about digital payment systems in Mysuru District"

3.4 Objective of the study:

1. To study the awareness of small vendors towards the various digital payment system.
2. To study the association between demographic profile and awareness about digital payment system.

3.5 Research questions:

1. What is the awareness level of small vendors in rural areas towards various digital payment modes?
2. What is the association between demographic profile and awareness about digital payment system?

3.6 Significance of the study: The investigation must be significant enough to address some of the issues with digital payments that could be negatively impacting the economy. The extensive adoption of digital payments in the Indian economy after demonetization is one of their notable characteristics. It's critical to determine how widespread digital payments are among small vendors and how much they genuinely like using them for cash inflows and outflows. The study will also take into account the perceptions of small sellers about digital payment options. The current study is important enough to learn how users feel about these payment alternatives that the government has made available to them. By enabling small vendors to make basic purchases using their credit cards, debit cards, and mobile wallets rather than always carrying cash, money transfers make shopping more convenient. It not only simplifies payment methods but also lowers the quantity of counterfeit currency in circulation and contributes to the protection of the country's currency from theft.

3.7 Hypothesis:

3.7.1 Association between awareness levels of small vendors of digital payment system

$H1_0$: There is no significant difference in the awareness level of small vendors for digital payment system.
$H1_1$: There is a significant difference in the awareness level of small vendors for digital payment system.

3.7.2 Association between gender and digital payments system

$H2_0$: There is no association between gender and digital payment system.
$H2_1$: There is an association between gender and digital payment system.

3.7.3 Association between marital status and digital payment system

$H3_0$: There is no association between marital status and digital payment system.
$H3_1$: There is an association between marital status and digital payment system.

3.7.4 Association between education qualification and digital payment system

$H4_0$: There is no association between education qualification and digital payment system.
$H4_1$: There is an association between education qualification and digital payment system.

3.7.5 Association between education qualification and digital payment system

$H5_0$: There is no association between nature of business and digital payment system.
$H5_1$: There is an association between nature of business and digital payment system.

4. Analysis and Interpretation

Table 01 Demographic profile of respondents

Variables		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	101	46.2	46.2	46.2
	Female	120	54	53.8	100
	Total	221	100	100	
Marital Status	Married	131	59.7	59.7	59.7
	Unmarried	90	41	40.3	100
	Total	221	100	100	
Education Qualification	SSLC	20	9.5	9.5	9.5
	PUC	68	30.8	30.8	40.3
	UG	125	57.1	56.1	96.4
	PG	8	3.6	3.6	100
	Total	221	100	100	
Nature of Business	Trading	68	30.8	31.1	31.1
	Manufacturing	50	23	22.4	53.4
	Service	103	47.0	46.6	100
	Total	221	100	100	

Source: Primary Data

Table 02

Frequency				
Particulars		**Gender**		**Total**
		Male	**Female**	
Awareness	Fully Aware	52	50	102
	Aware	20	51	71
	Neither Aware or Unaware	9	4	13
	Partially aware	21	11	32
	Not aware	0	3	3
Total		102	119	221

Source: Primary Data

The majority of small vendors in rural areas are either fully aware of or aware of digital payments, based on the data above. There are fewer small suppliers who are either ignorant or not aware. Compared to women, men are more likely to be completely aware. Males are more likely to be partially conscious than females, while females are more likely to be aware than males. The above information indicates that small vendors in rural areas have a comparatively high level of awareness regarding digital payments. Males are more likely than females to be fully or partially conscious, indicating some disparities in awareness levels. The information can be utilized to guide focused awareness campaigns or educational initiatives to close certain awareness gaps in Mysuru District's rural areas.

Table 03

Chi-Square Tests			
Particulars	**Value**	**df**	**Asymptotic Significance (2-sided)**
Pearson Chi-Square	20.436[a]	4	.000
Likelihood Ratio	22.042	4	.000
Linear-by-Linear Association	.607	1	.436
N of Valid Cases	221		
a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.38.			

Source: Primary Data

The table above shows respondents' awareness of their gender in relation to digital payments. Given that the p value is 0.000 less than 0.05, the results indicate a significant relationship between gender and awareness of digital payments. As a result, the alternative hypothesis is accepted and the null hypothesis is rejected.

Table 04

Frequency				
Particulars		Marital Status		
		Married	Unmarried	Total
Awareness	Fully Aware	55	47	102
	Aware	46	25	71
	Neither Aware or Unaware	11	2	13
	Partially Aware	17	15	32
	Not Aware	3	0	3
Total		132	89	221

Source: Primary Data

The respondents' awareness of their gender in regard to digital payments is displayed in the above table. The findings show a substantial correlation between gender and awareness of digital payments, with the p value being 0.000 less than 0.05. Consequently, the null hypothesis is rejected and the alternative hypothesis is accepted.

Table 05

Chi-Square Tests			
Particulars	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.136[a]	4	.087
Likelihood Ratio	9.657	4	.047
Linear-by-Linear Association	1.127	1	.288
N of Valid Cases	221		
a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.21.			

Source: Primary Data

According to the above chart, both married and single respondents have a comparatively high level of awareness regarding small sellers in rural areas. Married respondents and unmarried respondents have the same level of awareness. because the p-value is 0.087 higher than the significance level. As a result, the alternative hypothesis is rejected and the null hypothesis is accepted.

Table 06

Frequency						
Particulars		Education Qualification				Total
		SSLC	PUC	UG	PG	
Awareness	Fully aware	2	32	64	4	102
	Aware	1	18	48	4	71
	Neither aware or unaware	0	6	7	0	13
	Partially aware	15	12	5	0	32
	Not aware	3	0	0	0	3
Total		21	68	124	8	221

Source: Primary Data

The respondents with the highest level of awareness regarding digital payments are SSLC, PUC, UG, and PG, per the data above. The above table shows that awareness and educational qualification level are positively connected, with higher education credentials showing a stronger correlation.

Table 07

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Awareness	Between Groups	86.873	4	28.958	30.982	.000
	Within Groups	202.819	217	.935		
	Total	289.692	221			
Awareness	Between Groups	83.905	4	27.968	32.818	.000
	Within Groups	184.936	217	.852		
	Total	268.842	221			
Awareness	Between Groups	81.750	4	27.250	28.582	.000
	Within Groups	206.884	217	.953		
	Total	288.633	221			
Awareness	Between Groups	81.509	4	27.170	30.733	.000
	Within Groups	191.839	217	.884		
	Total	273.348	221			
Awareness	Between Groups	81.750	4	27.250	28.582	.000
	Within Groups	206.884	217	.953		
	Total	288.633	221			

Source: Primary Data

According to above table reveals that significant p value is .000 less than 0.005 indicating significant differences in awareness levels between groups. Hence null hypotheses is rejected and alternative hypothesis is accepted.

Table 08

Frequency					
Particulars		Nature of business			Total
		Trading	Manufacturing	Service	
Awareness	Fully aware	42	17	44	103
	Aware	15	0	56	71
	Neither aware/ Unaware	2	6	0	8
	Partially aware	6	23	2	31
	Not aware	4	4	0	8
Total		68	49	102	221

Source: Primary Data

According to the above table, level of awareness in different business sectors of small vendors' is aware about digital payment in rural sector in Mysuru District. Level of awareness varies across business type. Service sector respondents have higher awareness levels and Manufacturing sector respondents have lower awareness levels.

Table 09

Chi-Square Tests			
Particulars	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	107.635[a]	8	.000
Likelihood Ratio	115.280	8	.000
Linear-by-Linear Association	1.602	1	.206
N of Valid Cases	219		
a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is 1.34.			

Source: Primary Data

Above table reveals that the p value is 0.000 less than 0.05, the results indicate a strong correlation between the type of business and awareness of digital payments. As a result, the alternative hypothesis is accepted and the null hypothesis is rejected.

5. Findings, Suggestion and Conclusion

5.1 Findings:

- Majority of the small vendors' of rural area are fully aware or of digital payment.
- There is a significant association between the gender and awareness towards digital payment.
- The awareness level of small vendors' in rural area is relatively high among both married and unmarried respondents.
- The educational qualification level is positively correlated with level of awareness, with higher education qualifications.
- Service sector respondents have higher awareness level and manufacturing sector respondents have lower awareness level.

5.2 Suggestions:

- The government must run a number of awareness campaigns about digitalization programs to encourage small vendors in rural areas of Mysuru District.
- High-speed internet services must to be offered at affordable prices so that they can complete transactions without any difficulties.
- An emphasis on security, usability, and removing possible obstacles such transaction costs.

- Regular software upgrades, two-factor authentication, and stronger passwords are essential for security.

5.3 Conclusion: The study reveals that the small vendors' of rural area in Mysuru District are aware about digital payment system. They are interested in implementing digitalization payment methods in their business sectors. Since they are very handy and allow them to handle cashless transactions without making mistakes in mathematical precision.

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