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A Study on Consumer Preference towards e-Payments

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Abstract: The evolution of technology revolution have opened the door of new modes of delivery and processing channels as well as more innovative product and services in the market. It has expanded the market to the world level enhancing the consumers to purchase any product or service from one corner of the world to another. With increased educational qualification and growing wealth consumers' need and expectations are continually changing and they are involving themselves more and more in their financial decisions. E-Payments has made their approach easier through Debit Card, Credit Card, ECS, EFT, RTGS and NEFT. The aim of the study is to analyse the various preference factors which affect their purchase decision through online mode.

Keywords: e-Payment, debit cards, credit cards.

I. RESEARCH OBJECTIVES

The study is conceptual in nature in which the researcher has made an attempt to analyse the preference factors of the consumers to make online payments.

Research Design:

The study is exploratory in nature. The researcher has examined various literatures on the discussed area and has also comprehended the usage of e payments. The study has also incorporated the personal experiences and knowledge of the researcher.

II. REVIEW OF LITERATURE

Miss. R. Elavarasi in her study on Customer Awareness and Preference towards E-Banking Services of Banks studies about way us to customer awareness & to find out what they most preferred e-banking services of banks. The researcher has identified which commercial bank provides better service with regards to e-banking services to customers and also identified satisfaction level of customer view about internet banking website of banks. The data analysis shows that age, educational qualification, occupation, income level of customer are significant factor that decide usage of e-banking services of various banks in the study area.

Ari Hyytinen – Tuomas Takalo in their study on Consumer awareness and the use of payment media had analysed that some consumers use only one medium when paying for their point-of-sale transactions, while others use many. This pattern reflects the diffusion of new payment media, because a payment method innovation is typically first used simultaneously with the established methods. These results suggest that increasing consumer awareness may have been underlying the rise of debit card use around the world. It could also speed up the adoption of new means of payment, such electronic money and mobile payments. To the extent that antitrust concerns in the market for payment media stem from the lack of information, improving consumer awareness could be a remedy.

Manqele G. Siduduzo in his study on University Students' perceptions on the use of e-payment systems: A Case of Durban University of Technology has analysed why students are not adopting e-payment. The study showed lack of awareness in implementation of electronic payment systems at universities. The study recommends educating students and promoting e-payment at universities. This study adopted a descriptive survey research design approach. Students from Durban University of Technology were chosen as respondents for this study. The findings showed that majority of respondents agreed electronic payment systems consist of fraud and there is no clear policies on customer data protection. Also, the study showed that e-payment is a reliable method that maintains privacy.

Shaun O'Brien in his study on Consumer Preferences and the Use of Cash: Evidence from the Diary of Consumer Payments Choice provides new evidence on the determinants of cash usage for small value payments, and particularly how consumers' stated payment instrument preference and the amount of the purchase affect their propensity to use cash. Participants who stated a cash preference have a predicted probability of a cash payment of 80 percent overall. The result suggest cash continues to play a large role as a payment instrument especially in lower value transactions for all demographic groups.

Kevin Foster, Scott Schuh, and Hanbing Zhang in their study of the 2010 Survey of Consumer Payment Choice have analysed that the amount of cash withdrawals, and cash holdings by consumers decreased moderately in 2010. Credit card payments by consumers increased 15 percent, reversing more than half the 2009 decline, and the steady trend decline in paper check payments by consumers continued. Debit cards and cash continued to account for the two largest shares of consumer payments and consumer adoption of all types of prepaid cards increased notably in 2010.

Nouman Anwar Dar study on Awareness Of Electronic Banking In Pakistan has focuses on growth and awareness of electronic banking in Pakistan. Electronic banking is today's need as it provides easy way to monitor an account. Most of the commercial banks in the country switched to the convenience ways in accessing the accounts of the customers and giving them the freedom for the easy access. Electronic distribution channels provide alternatives for faster delivery of banking services to a wider scope of customers. But despite all the opportunities and benefits created by the e-banking, there are still many challenges that are present in the financial sector. There are also some limitations of e-banking as it requires awareness, knowledge and skills to operate it.

Oladejo, Morufu. O in his study on E-payments Adoption and Customers' Service delivery in Nigerian Deposits Money Banks analyses the use of e-payment is expected to improve financial transaction in Nigeria and serve as a pointer to digital economy. It remains pertinent by exploring the influence of e-payments adoption on customer's service delivery in Nigerian Deposits Money Banks (DMBs). Data were collected through a structured questionnaire administered on ten quoted DMBs and financial statements of the sampled banks to elicit information on adopted e-payments and combined effect on service delivery measured by customers' deposits between 2005 and 2012. The overall result from data analysis shows that when bank adopt e-payment systems, their performance level measured by customer deposits changes. With exception of mobile transactions, the result indicates that high volume of ATM transactions is an evidence of high customer deposits.

Akudo C. Anyanwu, Absalom E. Ezugwu, Sale E. Abdullahi in his study on Electronic Payment System (EPS): Facilitating the Development and Adoption in Nigeria have analysed that parties conducting electronic businesses and transactions have usually never seen each other face-to-face, nor exchanged currency or hard copies of documents hand-to-hand. The society at large prefers transactions that involve physical contact of people, cash and cheques to that which is done over a telecommunication network such as the Internet. However, security, trust and convenience are among the major contending factors affecting the adoption of e-payment systems in Nigeria. This paper presents issues on the factors necessary to facilitate the development of EPS in Nigeria and devise ways to enhance its adoption by users.

Rachna And Priyanka Singh in their paper on Issues and Challenges of Electronic Payment Systems. Analyses that Electronic payments are financial transactions made without the use of paper documents such as cheques. 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 relatively low. This study aimed to identify the issues and challenges of electronic payment systems and offer some solutions to improve the e-payment system quality.

Okifo Joseph and Igbunu Richard in their paper on Electronic Payment System in Nigeria: Its Economic Benefits and Challenges have studied the crux of adoption of E-payment system in Nigeria: Its economic benefits and challenges. The arrival of the internet has taken electronic payments and transactions to an exponential growth level. Consumers could purchase goods and services from the internet and send unencrypted credit card numbers across the network, which did not provide much security and privacy. But a wide variety of new secure network payment schemes have been developed as consumers became more aware of their privacy and security. The benefits of e-payment are unquantifiable in that it would galvanize Nigeria into a cashless society and elimination of fear of the unknown. Though e-payment is faced with challenges, like public acceptability, lack of uniform platform being, operated by the banks, lack of adequate infrastructure and issues of security, with the proper use of e-payment system, corruption which is a cancer in government arena will be holistically addressed.

Karamjeet Kaur and Dr. Ashutosh Pathak in their paper E-Payment System on E-Commerce in India analyses that E-Payment system is secure there should be no threat to the user credit card number, smart card or other personal detail, payment can be carried out without involvement of third party, It makes E payment at any time through the internet directly to the transfer settlement and form E-business environment. Studied have been carried out on E-Payment system .E-Payment system an integral part of electronic commerce. An efficient payments system reduces the cost of exchanging goods and services, and is indispensable to the functioning of the interbank, money, and capital markets.

Ajeet Singh, Karan Singh, Shahazad, M.H Khan and Manik Chandra in their paper on A Review: Secure Payment System for Electronic Transaction reviews a secure electronic payment system for Internet transaction. The electronic payment system is to be secure for Internet transaction participants such as Payment gateway server, Bank sever and Merchant server. The security architecture of the system is designed by using Many Security Protocols and techniques, which eliminates the fraud that occurs today with stolen credit card/debit card payment information and customer information. Electronic commerce involves the exchange of some form of money for goods and services over the Internet but today, Internet is an insecure and unreliable media. The asymmetric key cryptosystem Methodology with help of Security Protocol, secure communication tunnel techniques can protect conventional transaction data such as account numbers, amount and other information.

Saba Abid in his paper Electronic Payment System: An Evolution in Indian Banking System Has made an attempt to study electronic payment system that has changed the traditional payment system in India. The time period for study is defined to last five years only, i.e., from 2010- 11 to 2014-15 and is based on secondary data sources. The paper talks about different e-payment methods provided by RBI and Indian banks and their level of transaction in terms of value and volume. A comparative analysis of different e-payment namely ECS, NEFT, CBC and RTGS methods are done for the defined time period.

III. DISCUSSION

The analysis suggests that E-payment is very convenient compared to traditional payment methods such as cash or check. Since we can pay for goods or services online at any time of day or night, from any part of the world, we don't have to spend time queuing in banks or merchant offices waiting for your turn to transact. Nor do we have to wait for a check to clear the bank to access them.

e-Payment also eliminates the security risks that come with handling cash money. While there are no additional charges for making a cash payment, trips to the store typically cost money, and checks also need postage.

On the other hand, there are usually very small fees to swipe card or pay online. In the long run, e-payment could save both individuals and businesses hundreds to thousands of rupees as transaction fees.

Offering your customers a variety of payment types and the option of paying online gives them the freedom to choose when, where and how they pay. Many consumers utilize the option of online payments to pay all their bills in one convenient sitting or to get last minute bills paid on-time.

With electronic invoicing customers can digitally monitor their banking activity. Avoiding late payments and fees is easier when a reminder is sent out on or near the due date of a payment. Utilizing debit, credit and Automatic Clearing House payment options makes paying bills online very easy.

We can transfer funds, purchase stocks, and offer a variety of other services without having to handle physical cash or checks as long as bank is providing such services online. The significant effect is we do not have to queue in lines, thus saving our time.

Debit cards and online bill payments allow immediate transfer of funds from an individual's personal account to a business's account regardless the designated place (around the globe) by few clicks without any actual paper transfer of money. This bring convenience individual like us and businessmen. Consumers will have greater privacy when shopping on the Internet using electronic money instead of ordinary credit cards.

IV. CONCLUSION

e-Payments offer us a variety of facilities to opt for rather than physically handling cash. As for our economic situation today e payments are a boom for the society. They offer more privacy, convenience and on the date payments without delay in bills and keeps us updated on our financial activities. It avoids stress in handling cash and unnecessary waste of time. With all the advantages understood it is high time we move towards e-Payments which would make us smarter citizens.

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