



A STUDY ON IMPACT OF ONLINE PAYMENT SYSTEM AND CUSTOMER SATISFACTION IN CHENNAI

Brindha K¹, Dr S. Thirumal²

¹ B.com LLB (hons), School of Excellence in Law, Tamil Nadu Dr Ambedkar Law University, Chennai-6000113, kbrindha02@gmail.com

² Assistant Professor, Department of Commerce, School of Excellence in Law, Tamil Nadu Dr Ambedkar Law University, Chennai – 600113, drthirumal20@gmail.com

ABSTRACT:

The effectiveness of the online payment systems relies on customer satisfaction and their adoption. Online payment systems represent a contemporary method for facilitating transaction. This research paper explores the impact on online payments on customer satisfaction in Chennai. The study aims to analyze the factors influencing the usage of online payments and their subsequent effect on consumer satisfaction. It draws on both data's primary data collected from 82 respondents, and secondary data from various literature sources. The digital revolution has significantly altered people's lifestyles, with increased internet usage and initiatives like Digital India fostering exponential growth in digital payments. While online payments offer convenience to customers, they also encounter server and network issues highlighting the importance of addressing customer satisfaction in this domain. The paper also discusses various digital payment methods offered by financial institutions, contributing to the growing adoption of cashless transactions. The findings of this study offer recommendations to decision-makers to improve online payment systems and enhance customer satisfaction.

Key words: Online payment, customer satisfaction, Digital India, Digital payment

Introduction:

In recent decades, the prevalence of online payment systems has surged, driven by the widespread use of internet banking and online shopping. Online payment system is a mechanism to transfer money electronically or digitally between two entities, which could be a bank, business, government, or an individual customer. This transfer of money has many reasons, such as presenting services or goods, a compensation, a contribution to some of the issues, etc. An online payment system transaction is every payment in which paper instruments have not been used. Unlike traditional paper-based transactions, online payments offer efficiency, speed, transparency, and enhanced tracking capabilities. At the same time, in some countries, a payment by self cheques is considered to be an online form of payment due to the technology. The online payment system came to depose the cash payment system. An electronic payment system that provides tool to pay for services or goods purchased on internet. An efficient and reliable online payment system enables faster pay outs, better tracking transparent transaction, reduced time, cost savings and increased trust between seller and buyer. In digital payment, the payer and the payee, both use electronic modes to send and receive money. There is no use of hard cash; The operational network that connects bank accounts and is intended for monetary exchange also contains credit mechanisms so-called payments system widely, in the case, it is used instead of cash operating in domestic and foreign currency transactions.

Payment system is an essential service that banks and other financial organizations provide consumers. There are traditional payment systems like letters of credit and documents draft and negotiable instruments such as drafts (e.g., cheques). Alternative electronic payment systems have appeared since the development of computer technology and electronic communication. E-payment is carried out by electronic means from one account holder to another without the direct participation of bank employees. Among the most narrowly defined are electronic payments from one customer's bank account to another. This category includes payments on the Internet, payments that accompany electronic purchases and paychecks of employers sent to employees account. Modern payment systems can be characterized by the use of cash-substitutes in comparison to traditional payment systems. Cash substitutes are, in particular, debit cards, credit cards, electronic funds transfers, direct credits, direct debits, pay-pal, and e-commerce.

Payment systems can be physical or electronic and each system has its own established procedures and protocols. Standardization has allowed some of these systems and network to grow to global scale, however still many country-specific and product specific systems. Examples of payment systems that have grown to global scale are credit card and automated teller machine networks. Online payment describes how customers transfer funds from their account to a merchant's account via the world wide web. This is accomplished through various payment gateways, which provide the safe and effortless transfer of funds for online purchases. With the emergence of online shopping, there has been a possible chance to pay electronically, given the different types of credit and debit cards, e-wallets, mobile payments, bank transfer, and others. The government of India is moving to one of the most critical digital revolution and governments of digital payment system. It is the most vital bridge to the governments of cashless economy over coming years.

In earlier days individual have used different payment system in obtaining products and services. The first way was bartering where individual used to exchange goods and services for other goods and services. The cattle, sheep and vegetables were some of the exchange items. Later grain, shells, coins and gold was used as a form of payment. In the beginning of 20th century was the first time the charge card was used. Digital payment was discovered in the 1960's after the issuance of first credit card. Further, in 1983, the idea of digital cash was described, and it was the expression of the leading the world into the era of electrical payment. With the rise of the internet in the 1990's, e-commerce, or buying and selling goods and services online, was developed. For the first time, about ten years later, a purchase was made online. As the demand for convenience has risen, so have Payment methods in response; these methods were cashless payments, which strive to facilitate linking the customer with its merchant practically and rapidly. Major cashless payment innovations include credit and debit cards, online banking and bill payments, while modern innovations are mobile payments applications and mobile payment applications and mobile web payments. As technology is growing increasingly, so does advances in technology made people be able to pay via their E-phones. Some other technology development services have found their way. In 2008, when bitcoin was first introduced this has caused the rise of cryptocurrencies. With the development of technology such as Near-Field Communication (NFC) and QR codes and several applications, the payment is possible. For examples include Google pay, Net Banking, UPI, Paytm, etc. The introduction of digital payments has had a significant impact on society. It is now possible for people to make transactions at any time and from any location. This has eliminated the need for physical cash and checks, which has made transactions faster and more convenient. The increasing number of companies offering online payment systems across different sectors include banking, hospitality and retail among many others has enabled most of the transacting to be done online. Apart from restaurant chains such as Subway and Starbucks now allow making payment through NFC technology and the petty shops also accept the online payments. Daily, the number of mobile payments users increasing, but a few people are using cash payment. Electronic payment (e-payment) system include quality, trust, perceived, ease of use, perceived usefulness and satisfaction. The RBI also refers to the report have stated their vision statement as build best payment and settlement system for a digital India.

Review of literature:

Dr V. Josephine Lourdes De Rose, (2017) In his study on 'Consumer Preference towards Online Payments' had states that e-payments eliminates the task of physical handling of cash. It is helping the people to become a smarter citizen. By more facilitated privacy and convenience. It also discloses the E-payment has the vast exponential growth in comparison with physical traditional payment mode. That digital payment had a significant impact on consumer behavior. They opined that the people are trying to take advantage of the various digital platforms to expand their business and for sustainable development.

Choudhary and Ahmed (2011) conducted a "Study factor affecting online shopping participation in Malaysia". His major factor of study was to describe the relationship between independent variables, Pearson correlation method. The limitation of the study is to use only for variables to explaining the consumers participation but did not take other variables in to account. This study shows useful insights of significant role of students in online shopping.

Subramanian S (2014) "Digital Payment the significantly impact on Consumer Behavior". It states that the E-payment has wider increase compared to physical traditional payment mode in India. He found that the charges card, credit transfer and direct debit payments significantly influence the use of mobile banking application. There was usage of debit card and credit card compare to cash transaction which slowly took down and gave rise to prepaid.

Kanguk Lee (2023) 'The impact of digital payments according to changes in digital environment' his opinion on the matter is that as the convenience and acceptability of payment methods become more important to consumers for online product purchases and payments, it is very important to produce actual purchases through marketing or promotional activities that attract customers interest in online marketing channels and provide convenient and diverse payments services. He added that digital payments, also called electronic payments have revolutionized the way we make transaction.

Alex Anzel (2023) 'The impact of online payment acceptance on customer satisfaction' he describes the various payment gateways, which associated with safe and effortless transfer of funds for online purchase. These stranger shopping-security devices are used daily and have revolutionized the connection between merchants and customers.

Research Gap:

This topic deals with Impact and people's satisfaction towards Online payment system with respondent of Chennai. This new mode of payment helps to secure our amount and cashless. It secures money and saves time. In this research we are trying to analysis the people's satisfaction and their impact on online payments modes. The purpose of this study is to know how the customer's satisfaction and opinion about Online payment system in Chennai.

Statement of the problem:

While online payment systems offer convenience and efficiency, they also pose challenges such as server issues and transaction failures. This research aims to identify customer satisfaction levels and concerns regarding online payments and digital payments methods in Chennai

Objectives:

- To evaluate the impact of cashless policies in compared to cash transaction.
- To assess people's satisfaction with online payment methods.

- To understand the significance and challenges of online payments.

Research methodology:

This descriptive study employs both primary and secondary data collection methods. Primary data was gotten from a random sampling method, surveying 82 respondents in Chennai. Secondary data was collected from various sources, including websites, research articles, and journals. Data analysis involved presenting findings in tabular and diagrammatic formats.

Result and Discussion:

The study was to describe the people satisfaction level towards the online payment in Chennai. The objective was to ascertain attitude and knowledge of people on online payment system and also to determine the satisfaction level on online payment system.

Table 1: Socio Economic Variable of Impact of Online Payment and customer satisfaction

Particulars	Variables	Number of respondents	Percentage
Gender	Male	32	39%
	Female	50	61%
	Total	82	100
Age	Under 18	18	22%
	19-30	60	73.2%
	31-50	4	4.8%
	Total	82	100
Annual Income	Under 50,000	60	73.2%
	50,000-1,00,000	16	19.5%
	2,00,000-4,00,000	4	4.65%
	Above 5,00,000	2	2.65%
	Total	82	100
Occupation	Student	68	82.9%
	Company employee	6	7.3%
	Others	8	9.8%
	Total	82	100
Educational qualification	School level education	14	17%
	UG	50	61%
	PG	18	22%
	Total	82	100
Marital status	Married	4	5%
	Unmarried	78	95%
	Total	82	100

Source: Primary data.

Interpretation: In the present study the data are collected from the 82 respondents out of them. In Gender the 50 are female and 32 are male. In Age 30 from 19-30, 18 from under 18 and 4 from 31-50. In Annual Income 60 from under 50,000, 16 from 50,000-1,00,000, 4 from 2,00,000-4,00,00 and 2 from 5,00,000. In Occupation 64 are students, 8 are other workers and 6 are company employee. In Educational Qualification 50 from UG student, 18 from PG student and 14 from school level qualified. In Marital Status 78 are unmarried and 4 are married.

Table 2: Opinion table of Impact of Online payment and customer satisfaction

Statement		Yes	No	Total
1. Do you use online payment	Number of respondents (Percentage)	70 (73.2%)	12 (26.8%)	82 (100)

2. There is always a record or history of transactions	Number of respondents (Percentage)	74 (90.2%)	8 (9.8%)	82 (100)
--	------------------------------------	------------	----------	----------

Source: Primary data

Interpretation: In the present study the data are collected from 82 respondents out of them 70 are using the online payment and 12 not using the online payment. The 74 say that the payment transactions are always record a history and 8 of them say not recorded. From the table we assume that 73.2% using online payment and 90.2% prefer the transaction are recorded.

Table 3: Presumption table of Impact of Online payment and customer satisfaction

Statement		Agree	Neutral	Disagree	Total
1. Online payment system save your time and money	Number of respondents (Percentage)	40 (48.8%)	36 (43.9%)	6 (7.3%)	82 (100)
2. Online payment systems are better and safer than cash	Number of respondents (Percentage)	32 (39%)	38 (46.3%)	12 (14.6%)	82 (100)
3. If any issues in payment transaction the security alert the customer	Number of respondents (Percentage)	62 (75.6%)	18 (22%)	12 (2.4%)	82 (100)
4. Online payment is useful for customers	Number of respondents (Percentage)	64 (78%)	16 (19.5%)	2 (2.5%)	82 (100)
5. Is strangers/hackers stolen the money while using online payment	Number of respondents (Percentage)	22 (26.8%)	36 (43.9%)	24 (29.3%)	82 (100)
6. Do you agree the cashless payment is more convenient	Number of respondents (Percentage)	36 (43.9%)	40 (48.8%)	6 (7.3%)	82 (100)
7. There are always confirmation and proofs of payment sent either on your mobile number or e-mail	Number of respondents (Percentage)	64 (78%)	18 (44%)		82 (100)
8. Online payment offers a great choice for consumers and merchant in the way they send and receive payment	Number of respondents (Percentage)	38 (46.3%)	38 (46.4%)	6 (7.3%)	82 (100)

Source: Primary data

Interpretation: In the present study the data are collected from 82 respondents out of them 40 are agree the online payment save time and time and 36 are neutral to that statement. Out of 82 respondents the 36 are neutral the online payment is better than cash and the 32 are agree to that statement and 12 are disagree the statement. Out of 82 respondents the 62 are agree that any issues in online payment the security alert the customer and 18 are neutral to the statement and 2 are disagree the statement. Out of 82 respondents the 64 are agree the online payment is very useful to the customer and 16 are neutral to that statement and 2 are disagree to that statement. Out of 82 respondents the 36 are neutral that strangers/hackers are stolen the money while using online payment and 24 are disagree to that statement and 22 are agree that statement. Out of 82 respondents the 40 are neutral the cashless payment is more convenient and 36 are agree to that statement and 6 are disagree the statement. Out of 82 respondents 64 are agree that there always confirmation and proofs of payment sent either on your mobile number or e-mail and 18 are neutral to that statement. Out of 82 respondents 38 are agree the online payment offers a great choice for consumers and merchant in the way they send and receive payment and 38 are neutral to that statement and 6 are disagree the statement.

Table 4: What are you reasons for choose online payment?

--

Source: Primary data

Interpretation: In the present study the data are collected from 82 respondents, the above graph shows that the 53.7% choose the online payment is more convenient and 48.8% chose easy to transaction. We assume that people chose the online payment for it is convenient and that same time it is easy to transaction.

Table 5: What are main disadvantages of using online payment?

Statement	Number of respondents	Percentage
Charges	6	7.3%
Network issue	18	22%
Limited amount only transaction	6	7.3%
Server problem	52	63.4%
Total	82	100

Source: Primary data

Interpretation: In the present study the data are collected form 82 respondents, the 52 are chose the server problem and 18 chose network issues and 6 chose charges and limited amount only transactions are the main disadvantage of the using online payment.

Table 6: What are major barriers to choose online payment?

Statement	Number of respondents	Percentage
Don't trust the security	36	43.9%
Technology difficult	32	39%
Inconvenient	14	17.1%
Total	82	100

Source: Primary data

Interpretation: In the present study the data are collected from 82 respondent out of them 36 are chose don't trust the security and 32 chose technology difficult and 14 chose inconvenient is the major barrier to choose online payment.

Table 7: Do you use online payment, which method?

Statement	Number of respondents	Percentage
Google pay	64	80%
Paytm	4	9.65%
Debit card	4	3.45%
Mobile banking	4	3.45%
Others	4	3.45%
Total	82	100

Source: Primary data

Interpretation: In the present study the data are collected from 82 respondents out of them 64 are using google pay and 6 are use Paytm and 4 use debit card and 4 are use mobile banking and 4 are use others methods.

Limitation of study:

The sample size taken for study is limited only to 82 respondents. Due to shortage of time study was restricted. The study is limited only to Chennai. The attitude of the customer changes from time to time.

Suggestion:

As the world moves towards digital, payment increasingly adopt cashless systems that make their accounting and tax filings more efficient and transparent. While users enjoy the ability to transact at any hour of the day, measures should be put in place to deal with server and network failures. It is also important that such systems reach out to rural areas. Additionally, cyber crime should be controlled using strict laws.

Conclusion:

In the modern world cash is no longer becoming a mode transaction. The world needs to move from the cash-based towards a cashless (digital) payment system. This will provide advantages such as, to know about the transactions, check tax evasion etc., enhance financial inclusion and gradually integrate the parallel economy with the main stream. The online payment systems also include quality, trust, perceived ease of use, perceived usefulness and satisfaction. The research findings indicate potential customer's satisfaction levels on online payment usage. Digital revolution has changed the routine life style of people. The power of internet and digital payments is having play a vital role in getting connected and making anytime anywhere payments at your fingertips.

REFERENCES:

Journals:

1. Joesphine, "A study on consumer preference towards e-payment". International journal of advance research in computer science and management studies, Issue no.2, vol no.5 (2017)
2. Aswin Kumar, "Digital payments and its effects in India business". Iconic research and engineering journals, Issue no.12, vol no.2 (2019)
3. Ameena Abdulrahman Alhammadi, "The impact of quality e-payment system on consumer satisfaction". Journal of critical reviews, Issue no.15, vol no.7 (2020)
4. Saurabh V Singh and Pratik Suthar, "A study on consumer satisfaction and perception toward digital payment". Journal of emerging technologies and innovative research, Issue no.2, vol no.10 (2014)
5. Hway-Boon Ong and Lee-Lee Chong, "The effect of cashless payments on the internet and mobile banking". J financ serv mark, Issue no.28, vol no.1 (2022)

Website:

1. <http://www.iamwire.com/2016/11list-of-mobile-wallets-upi-payments-apps-in-india/145172>
2. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC8897554>
3. <http://journalppw.com>
4. <https://originstamp.com/blog/the-impact-of-digital-payments-on-society>
5. <https://medium.com/@alexanzel76/the-impact-of-online-payment-acceptance-on-customer-satisfaction-c24b9364fbd>