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An Overview of Difficulties Faced by the Rural Population in Digital Payments

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Abstract

The world of today is much improved by digital payment systems, or digital payment processing systems, because of the progress made in information technology. Digital payments, which will now be referred to as opps, have had a significant influence because they have eliminated barriers of time, geography, language, money, and other variables. The core of every e-commerce system is Opps. E-commerce technologies allowed for the quick and easy purchasing of goods and services in a variety of currencies from anywhere in the world. The goal of the current study is to examine the difficulties rural residents have using digital payments.

Keywords: Digital Payment, Digital banking, Ecommerce, Rural population and online banking

I. INTRODUCTION AND PROBLEM STATEMENT

Technology and innovation drive global commerce. In many circumstances, technological breakthroughs alter the face of enterprises and the methods by which they operate. Payment system prospects have also changed as a result of technological advancements. In recent years, economic transactions have been carried out all over the world using electronic, internet, or cashless ways, particularly in rich countries and developing ones such as India. The rising use of digital payment methods has reduced the use of cash transactions in the economy. Digital transactions provide the advantages of speed, low cost, and convenience.

A well-functioning digital payment system has a significant impact on a country's overall economic activity, monetary policy, and financial stability. More than 2.5 billion persons globally lack formal bank accounts, making it more difficult to reduce inequality and stimulate economic growth. Around 60% of this population resides in underdeveloped countries. According to a new World Bank Development Research Group analysis, governments in these countries should scale up efforts to encourage the use of digital payments in order to increase financial inclusion, empower women, and spur economic growth.

With the mobile phone revolution well underway and ubiquitous Internet access, the globe is shifting away from cash and credit cards and toward digital payments such as mobile money, pre-paid debit cards, and electronic bank transfers. "Governments in the G20 (Group of 20 major economies) should target digital payments as a way to help people access basic banking facilities, which it says will encourage saving while reducing theft and corruption," According to the paper, which cites data from Brazil, India, Kenya, Niger, the Philippines, and South Africa, digital payment services can lower the cost of transmitting money both domestically and across borders, as well as transfer funds more swiftly.

Many poor individuals around the world rely on remittance remittances, which total around \$514 billion each year. "Rapid development and extension of digital platforms and digital payments can provide the speed, security, transparency and cost efficiency needed to increase financial inclusion at the scale required to achieve G20 goals,"

It is estimated that a move to a cashless model would add about 1 percentage point to the annual GDPs of mature economies and more than 3 percentage points to those of emerging economies¹. One reason is that mobile money can increase the velocity of value transfers. In addition, digital transactions provide more transparency, making it easier to offer and obtain financing.

Our economic environment has been marked by continuous technological advancement, particularly since the last decade of the twentieth century; moreover, not only have these changes been plentiful, but they have also occurred at breakneck speed, causing significant changes in the way we live our daily lives.

Without having to search thoroughly or in the most remote parts of the planet, one may locate a large number of middle-aged people who can recall the ordeal represented by telecommunications not long ago.

As we approach the reign of artificial intelligence, one of the most significant changes to our daily life is the transition to an Internet-based society. Electronic commerce explains how transactions take place across networks, most notably the Internet; it is the process of buying and selling goods, services, and information electronically. Certain EC applications, such as using and selling stocks over the Internet, are fast expanding. However, electronic commerce is more than just buying and selling; it is also about electronic communication, collaboration, and information discovery.

Digital payments in India have progressed from a dormant commercial institution to a highly proactive and dynamic one. This shift has been substantially facilitated by large-scale liberalization and economic reforms that have enabled banks to pursue new business prospects rather than rely on traditional revenue streams.. When it came to managing digital payments, the rural populace prioritized safety and security. Keeping this in mind, the current study aims to find a solution to the following research objectives:

1. To investigate the barriers to digital payments faced by rural populations.

Hypothesis for the Study

H₀₁: Association between the challenges on digital payments and the demographic profile of rural population does not exist significantly.

Literature Reviews

Atanda et.,al.(2012)²The structure, significance, problems, and effects of the recently implemented cashless policy program in the Nigerian banking sector were thoroughly explored. The cashless policy is primarily implemented to improve the efficiency of the flow of financial resources among economic agents in the economy at the lowest feasible cost, as well as to ensure fast cash transfers within the system. A careful examination of the policies included in this research revealed important obstacles that can impede the efficacy of cashless banking if the responsible authority does not respond quickly."

Bansi and Urvi (2012)³suggested that appropriate modifications should be adopted by the economy as technology changes. Plastic money has become an unavoidable element of each transaction nowadays. Furthermore, it would make life easier and development more efficient. The study will concentrate on how plastic money was used in the financial business in the Indian context. Furthermore, with the introduction of plastic money, it will be easier

to prevent money laundering and make better use of the financial system, which will be beneficial to tax legislation.

Methodology

The study's methodology is provided below, and it is investigative and qualitative in nature. The research is primarily based on primary data gathered from sample respondents via a structured questionnaire. The questionnaires are distributed to a total of 100 people from the city (20 people from each zone). The study used basic random sampling as its sampling technique.

Statistical tools for analysis

- Simple Percentage
- Analysis of variance

Limitations of the Study

1. The scope of this study was limited to the city of Coimbatore in the Indian state of Tamil Nadu. As a result, the findings of this study may not be applicable to other parts of the world.
2. Because the study used simple random sampling, which is one of the ways of probability sampling, the limitations of this technique apply.

Analysis and discussion

Table 1: Demographic Profile of the Respondents

Classification	No of Respondents	Percentage	Total
Gender			
Male	56	56	100
Female	44	44	
Age (Years)			
16 - 25	12	12	100
26 – 35	28	28	
36 - 45	38	38	
Above 45	22	22	
Marital Status			
Married	76	76	100
Unmarried	24	24	
Others	0	0	
Educational qualification			
No formal education	15	15	100
HSC	37	37	
UG	28	28	
PG	08	08	
Diploma and others	12	12	
Occupation			
Farmer	26	26	100
Professional	06	06	
Self employed	24	24	
Public employee	04	04	
Private employee	34	34	
Others	06	06	

Source: Primary data

The demographic profile of the respondents, who are rural residents, is shown in the above table. Of the 100 respondents that were chosen, 56% had been male, 38% had been between the ages of 36 - 45, 76% had been married, 37% had completed their Higher Secondary education, and 34% had jobs in the private sector.

Challenges in Digital Payments**Table 2: Challenges on digital payments**

Challenges	Mean score	Rank
Lack of awareness among most of the rural population	2.62	14
Poor connectivity/Network issues which takes a long time load to next step	1.70	8
Extra charges during some transaction that forces the rural people to opt out of its usage	1.86	10
Literacy problems	1.26	1
Lack of information about the procedure involved in making digital payments	1.45	5
Frequent technological changes to update the advancements	1.78	9
Tedious Procedures at times	1.62	6
Miscommunications from the banks to customers	1.92	11
Unsafe transactions	1.66	7
Need for advanced mobile phones	1.29	2
Maintaining Secrecy/Passwords/PIN	1.39	3
Technical barriers	1.44	4
Lack of proper government regulations	2.06	12
Knowledge gap of various services	2.21	13

Source: Primary data

The table above demonstrates the challenges that the rural population has when it comes to digital payments. The various problems are ordered based on the mean score. The table clearly shows that the challenging literacy difficulty is first, followed by the necessity for upgraded mobile phones, keeping secrecy/password/pin, and ultimately a lack of knowledge among the majority of rural population.

Association between the challenges faced by the rural population on digital payments and their demographic profile

H₀: Association between the challenges on digital payments and the demographic profile of rural population does not exist significantly.

Table – 3: Chi-Square Analysis

S. No	Dependent Variable	Independent Variable	χ^2	Sig. value	Hypothesis
1	Challenges	Gender	2.28	0.00**	Rejected
2	Challenges	Age	1.62	0.21	Accepted
3	Challenges	Marital status	3.98	0.02*	Rejected
4	Challenges	Education	8.29	0.02*	Rejected
5	Challenges	Occupation	2.72	0.08	Accepted

Source: Primary data * Significant at 5%. ** Significant at 1%

The above table depicts the chi-square analysis between challenges on digital payments and the demographic profile of rural population. It is clear from the table that the hypothesis is accepted for age and occupation and rejected for the rest of demographics. Hence, the null hypothesis is rejected for those variables and conferred that association between the challenges on digital payments and the demographic profile of rural population do exist significantly via; gender, marital status and education.

II. CONCLUSION

India is rapidly emerging as one of the world's largest and most well-developed economies. Certain vital variables, such as greater transparency and corporate governance, play a significant role in sustaining development and growth with robust economic development. All developments are only possible if the population welcomes digital payments and transactions. As a result, if the discussed challenges are addressed and improved solutions in terms of digital transactions with more secure features, ease of transactions, and lower cost of managing digital payments are developed, it may lead to more potential developments and support in improved conditions of digital payments processing.

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