EVALUATING THE IMPACT OF DIGITAL PAYMENT IN RETAIL FINANCE

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Abstract—*In this era Digital Payment preference varies from one person to another person. Thus, impact is depends on how efficiently they uses thew digital payment adoption and its uses with their features and with security with payment methods in accordance payment to other end digital expectations. Thus, in this study an attempt has been made to identify the impact of digital payment in retail financial usages. In order to evaluate the current scenarios in the modern banking system every retail stores have to understand the features considered by the customers preferences over payment methods. Thus, an earnest attempt has been made in this study to understand the customer preference for adaptation for digital payments. The main purpose of the paper is to reveal theoretically the impact of digital payment relationship between customer and to test them empirically. The quantitative research (survey) has been chosen in order to meet the purpose of the research and to test that relationship empirically. The data is collected from structured questionnaire. Sample size is 126 and also descriptive research study is used as a research design and followed simple convenience sampling method. The respondents are the users of the digital payment of retail finance Chennai, Tamil Nadu. The result of the study disclose that users give due importance for easy way of payment, time saving, less hand cash usage, rewards and its security preventions.*

Keywords: *Customer Preference; Convenient usage; Economic growth; Security measures; Retailers acceptance; Challenges in usages.*

INTRODUCTION

As organizations become increasingly customer focused and driven by demand, the need to gain customer loyalty and retain their loyalty is critical. Customer preference is the most effective way to achieve customer loyalty. Customer preference and customer loyalty share many similar traits. Customer value is the customer's perception of the ratio of benefits to what he or she gives to obtain those benefits. The customer value triad is a framework used to understand what it is that customers want. The framework consists of three parts: (1) perceived product quality, (2) value-based pricing, and (3) perceived service quality. Customers are satisfied, when value meets or exceeds expectations. If their expectations of value are not met, there is no chance of satisfying them. Figuring out what the customers want, however, is a difficult and complex process. To be able to create and deliver customer value is important to understand its components. On the most basic level, value from a use perspective is the ratio of benefits to the risks being taken while buying the product.

REVIEW OF LITERATURE

1. Raghavendra & Sharma (2018) studied the impact of digital payments in making transactions more efficient and lowering the use of cash in retail finance. According to them, digital payment systems greatly enhanced transaction speed and book-keeping and both consumers and firms were helped.

2. Agarwal & Chakraborty (2019) examined consumer adoption patterns for digital payment on the basis of convenience of use, trust, and perception of safety. They noted that mobile wallets and UPI payments became more popular with people because of their convenience of use and government advocacy.

3. Das & Mukherjee (2019) also considered digital literacy and how it influences the use of digital payments, especially rural regions. They concluded that there is overall incapability brought about by awareness and technical insufficiency in some groups.

4. Kumar & Singh (2020) highlighted the effect of digital payments on small traders and financial inclusion. Their research put forward the growth of small firms with the help of digital payments, which helped them access bank services, thus making their firms more creditworthy and robust.

5.Sharma & Nair (2020) studied the cyber security challenges that accompany digital payments and their primary threats in the form of data breaches, hacking, and phishing. Based on their study, they deduced that digital transactions require stronger encryption, tokenization, and multi-factor authentication to ensure secure transactions.

6. Deshmukh & Rao (2021) highlighted the impact of digital payments on consumer expenditure behavior. In their research, they discovered that digital payments had resulted in higher consumer expenditure because of the convenience and incentives offered by e-wallets, cashbacks, and reward schemes.

7. Khan& Roy (2022) wrote articles on the current trends in digital payment retail finance and predicted that digital payment growth would be sustained through financial technologies such as contactless payments, CBDCs, and AI-powered financial services that would continue shaping the industry. They outlined that there would be a requirement for ongoing innovation and adaptation of regulations to ensure that digital payment growth is sustainable.

RESEARCH GAP

Despite the growing use of digital payments in retail finance, there are still wide knowledge gaps regarding its overall impact. Literature is mainly concerned with the benefits of digital transactions like ease, speed, and security but falls short when it comes to addressing complex issues that small and medium-sized retailer's encounter. The urban-rural digital divide also means that there has to be an access and usage gap between the two regions, and therefore research must be carried out on how digital payment solutions can be segmented based on various market segments.

RESEARCH METHODOLOGY

The research design for this study is descriptive in nature and quantitative research methodologies are used. A structured questionnaire was used for quantitative research. A structured questionnaire was designed and was pre-tested before using as a final instrument for collecting the data, and analyses these to make a critical evaluation of the performance.

Primary data: The primary data were collected from the users of digital payments at Chennai in Tamil Nadu, questionnaire prepared exclusively for find impact of digital payment technology for its users; this questionnaire contains direct questions in the Likert scale.

Secondary data: Websites, magazines, articles were used widely as support to primary data as a secondary data source.

Sampling Design and Size:

Researchers targeted all the users of digital banking methods at Chennai in Tamil Nadu, a detailed study comprising of all consumers is an arduous task for an individual researcher. Therefore, to keep the study within the reliable and manageable limits, CONVENIENCE SAMPLING was adopted. 150 questionnaires were distributed in the sample areas, in that 126 respondents were return back, and among those 110 questionnaires were found suitable for the study.

Pre-Testing Procedures (Pilot Study)

Before the survey questionnaire was administered to the respondents, a pre-test of the questionnaire was conducted to test the validity of the questionnaire used for data collection 50 Questionnaires were distributed personally to the respondents, some minor wording modifications to the questionnaire and certain changes were made which enabled the researches to plan the survey effectively and to accomplish the objectives of the study and made as a result of this process.

Objectives of the Study:

- To analyse the impact of digital payment in retail finance and its improvement with customer preferences.
- To assess the impact of attributes of digital payment on customer preferences and their perspective of digital technology.
- To evaluate the digital payment impacts in retail finance sector.

Hypotheses of the Study

H_{01}: There is no significant impact attributes of digital payment on customer usages.
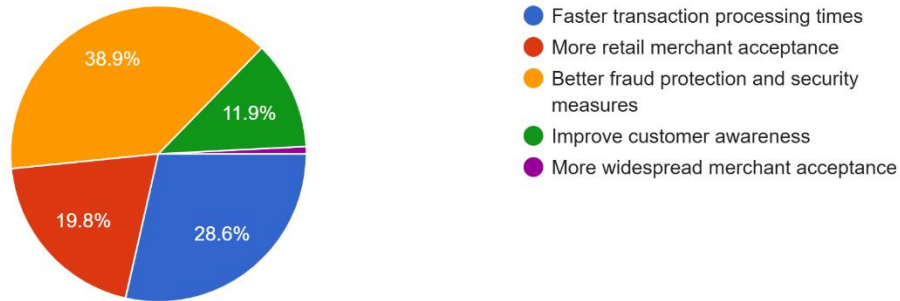
H_{02}: There is no significant influence of attributes of digital payment on retail finance.

ANALYSIS AND INTERPRETATION RESULTS:

Data 1: Study of digital payment feature and users prefers for it changes.

Which digital payment feature would you prefer to see improved in the future?
126 responses

- ● Faster transaction processing times
- ● More retail merchant acceptance
- ● Better fraud protection and security measures
- ● Improve customer awareness
- ● More widespread merchant acceptance

Improvement	Percentage (%)
Better fraud protection and security measures	38.9%
Faster transaction processing times	28.6%
More retail merchant acceptance	19.8%
Improve customer awareness	11.9%
More widespread merchant acceptance	0.8%

Interpretation: The poll indicates Digital Payment is plagued with many different issues, and 28.6% choose "Faster Transaction processing times" as the greatest issue. More retail acceptance (19.8%) is the biggest single issue, followed by Improve customer awareness (11.9%). The data shows that no one issue prevails over another, so a balanced strategy is necessary. Making payment easier and effective among the retail sector financial aspects for the business flows.

Data 2: Reason of customer preference still cash over digital payment

What do you think are the main reasons some of your customers still prefer cash over digital payments?
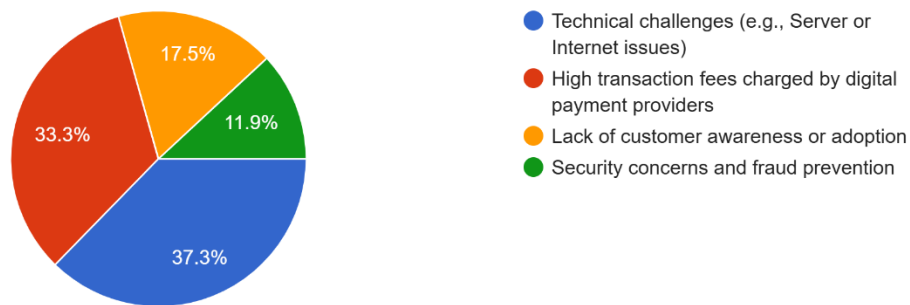126 responses

- ● Concerns about security and data privacy
- ● Limited access to digital payment technology (e.g., smartphones)
- ● Habit and preference for traditional payment methods
- ● Digital payment options are not widely accepted in your area

Impact	Percentage (%)
Concern about security and date privacy	39.7%
Limited access to digital payment technology (e.g., Smartphones)	31%
Habit and preferences for traditional methods	22.2%
Digital payments options are not widely accepted in your area	7.1%

Interpretation: The survey indicates that 39.7% of the population were sure that the most significant reason why safety interventions must be implemented in a Digital Payment is to prevent Frauds and it is a matter of urgency. 31% believe Limited access to technology phones. 22.2% each have experience using traditional payment method. The evidence testifies to the significance that is not widely acceptance over 7.1% with difficulties.

Data 3: Challenges faced in integrating digital payment systems

What challenges does you face in integrating or maintaining digital payment systems?
126 responses

- Technical challenges (e.g., Server or Internet issues)
- High transaction fees charged by digital payment providers
- Lack of customer awareness or adoption
- Security concerns and fraud prevention

Hypothesis	Percentage (%)
Technical challenges (e.g., Server or Internet issues) hinder the smooth integration of digital payment systems.	37.3%
High transaction fees charged by digital payment providers discourage businesses from adopting digital payments.	33.3%
Lack of customer awareness or adoption is a barrier to digital payment implementation.	17.5%
Security concerns and fraud prevention issues affect trust in digital payment systems.	11.9%

Interpretation: The survey indicates 37.3% of the sample provide a correct definition of a technical server issues primarily involves the internet, phones, server issues matters. 17.5% incorrectly believe that high transaction fees for payment by providers, 11.9% associate it with lack of customer awareness, and 17.5% believe it is Security concerns and fraud preventions.

Data 4: Adoption of digital payment important for future economic growth

How important is the adoption of digital payments for the future of our Economy?
126 responses
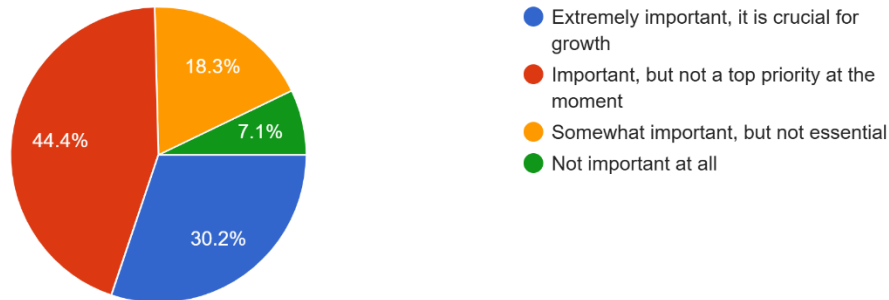
Growth	Percentage (%)
Digital payments are crucial for economic growth.	30.2%
Digital payments are important but not an immediate priority.	44.4%
Digital payments are somewhat important but not essential.	18.3%
Digital payments are not important at all.	7.10%

Interpretation: The survey examines that population of 30.2% says that digital payment is extremely important for economy and 44.4% says it is important but not priority for now. 18.3% answer that somewhat important but not essential. 7.1% answers not at all important. It is more important for the business people who earns and runs a business for their own profit with get fooled but not getting money from customers it is common in city areas not in rural areas people not aware of this impact in the economy.

SUGGESTIONS

Among the strongest drivers of digital payment growth is growing public education through financial literacy initiatives and programs, especially in rural areas where traditional payment culture is strong.

The government and banks have to collaborate in the creation of policies that will encourage digital financial inclusion, allowing business and individuals to make an effortless switch.

Finally, a well-designed and well-balanced strategy emphasizing security, accessibility, education, and infrastructure will be key to long-term success of digital payments.

In recent times, most of digital users faces various due to server issues from UPI payment methods and other situations like digital frauds and their processing fees so it should reduced while payments.

In solving consumer as well as merchant issues, digital payment systems can become an even more trusted, data privacy and fraud protection, and widely accepted form of transaction, contributing to economic growth in the aggregate.

CONCLUSION

Digital payments have transformed the retail finance business in a massive way by maximizing efficiency in transaction, finance transparency, and curbing cash usage. Customers and businesses alike have enjoyed the speed, convenience, and security offered by electronic payment, thus propelling a behavioural change in making payments. The growth in mobile wallets, UPI, contactless, and other fintech products has brought in an efficient and integrated financial system. Security is a concern of seriousness in the digital payments arena. Although innovation in encryption, biometric authentication, and anti-fraud through artificial intelligence has enhanced security, risk through cyber fraud, data breach, and phishing

attacks still persist. Consumers and businesses need to remain vigilant always against security best practices to protect themselves from such attacks.

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