



## INFLUENCE OF DIGITAL PAYMENT SYSTEMS ON BEHAVIOURAL AMONG CONSUMERS AND VENDORS

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### Abstract

*In India, digital payments have been growing at an exponential rate; Indore has also seen this trend. It is projected that cashless transactions, made possible by digital payment methods like internet banking, smartphones, and card purchases, will fuel Indore's economy in the future. This digital shift, notably in Indore, has been greatly aided by the government of India's massive Digital India initiative and the upgrading of India Post. The dynamic relationship between customers and vendors in Indore with regard to digital payments is examined in this article, along with the behavioral shifts that have affected those interactions. The research centers on a sample size of 150 participants, which consists of 50 suppliers and 100 consumers, in order to offer a thorough understanding of the effects of digital payments. This research demonstrates how the introduction of digital payments has changed consumer preferences, purchasing patterns, and financial management by examining the transformative effects of technology, economic variables, and societal developments unique to Indore. In order to keep up with the shifting consumer market, it also looks at how vendors are adapting their strategy and operational changes. The study also discusses the benefits and problems brought about by these behavioral shifts, providing insightful information for Indore stakeholders hoping to successfully navigate and prosper in the digital payment era.*

**Keywords:** Digital Payments, Digital India, Consumer Behaviour, Vendors, Indore, India.

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## 1. INTRODUCTION

India is leading a digital revolution. Digital transactions—debit or credit card, interbank transfer, or digital wallet—have expanded dramatically in number and value. After demonetizing the Rs. 500 and Rs. 1000, which accounted for 86% of cash circulation, Prime Minister Narendra Modi has promoted cashless transactions as part of his reforms. Digital payments have skyrocketed since demonetization. A December 2016 Ministry of Finance Report on Digital Payments identified financial inclusion as India's largest issue. Official financial services are available to 53% of Indians. Digital payments can boost financial inclusion. Indian digital payments are enabled by the proliferation of 3G and 4G networks, data network infrastructure, mobile phones, and a large merchant ecosystem. Additional support comes from government, industry, and regulators working together. The Central Government of India established "Digital India" to make India a digital hub. Increased digital connectivity, talent development, and other measures will enable the country to employ technology. No doubt, a digital economy will boost our economy.

### 1.1. Key Concept

**Digital Payments:** Spreading the word about payments utilizing digital means is as digital payment. Both the payer and the payee send and get cash utilizing digital ways while making digital payments. It's otherwise called electronic asset moves. The digital payments do exclude real cash. With digital payments, each exchange is done on the web. Payments can be made rapidly and effectively with this technique.

**Consumer Behaviour:** The investigation of how explicit consumers, gatherings, or associations pick, buy, use, and dispose of ideas, items, and administrations to satisfy their necessities and wants is known as consumer behaviour. It discusses client behaviour in the commercial centre and the fundamental inspirations driving that behaviour.

**Vendor:** A substance in the store network that gives items and administrations to organizations or clients is known as a vendor. Standard to allude to the association gets payment for things provided



as a "vendor" as opposed to the organization that makes the products straightforwardly. Regardless, a vendor can work as a creator as well as a supplier (or vender) of products.

## 1.2. Objectives of the Study

- To analyse customer adoption trends and preferences with regard to digital payment options.
- To comprehend how consumer buying habits in Indore are affected by digital payments.
- To investigate the difficulties and lessons suppliers have encountered when implementing digital payment systems.

## 2. LITERATURE REVIEW

**Devanesan, M. D. (2021)** focused on assessing what moving consumer behavior might mean for the utilization of digital payment systems (DPS). The idea sees DPS-related advancements and DPS-related behavioral changes in purchasers as indicators of the expectation to much of the time use DPS more. In view of replies to a 17-thing poll, 100 respondents gave information to the examination. Purchaser behavior changes connected with DPS because of Coronavirus and the goal to utilize DPS all the more habitually during the Coronavirus emergency are separated by segment factors like age (Gen Z, twenty to thirty-year-old, and X), favored digital payment techniques (credit and check cards, web banking, portable payment systems, and digital wallets), and private area (metropolitan, rural, and rustic). The relationship between segment factors and the few purposes/administrations covered by DPS is assessed utilizing non-parametric tests, and the ongoing usage of DPS is broke down utilizing engaging insights. The outcomes show a significant relationship between' s DPS-related promoting and the goal to upgrade DPS use, but the blend of contributing variables contrasts across various segment gatherings. Besides, there is areas of strength for a between the goal to involve DPS all the more habitually and changes in purchaser behavior connected with DPS.



**Sharma, N. (2019)** sought to determine the variables that quantify the effect of digital payments on the retail of textiles, with a focus on Indore. Indian nationals have always used digital payment methods. Digital payment systems are thought to be a convenient and safe alternative to cashless transactions. The use of digital platforms to improve security and transparency in company operations has been encouraged by recent government efforts and legislation. Nonetheless, payments made using cash are still common in the retail sector, and in India, electronic payments are still in their infancy. There are 154 respondents from Indore City in the sample size. The study's main goal is to give textile merchants valuable information that will help them develop appropriate strategies and, ultimately, grow their market share.

**Panda, S. (2022)** investigated the street vendors' understanding of digital payments and how it affects their business performance. The country is seeing a notable 30% growth rate in digital payments and receipts, which is assisting the economy in transitioning to a cashless society. This analysis takes street vendors into account. For this objective, standardized questionnaires and interviews are used to gather data from three tier 2 cities in Odisha: Cuttack, Khurda, and Berhampur. Furthermore, in order to appropriately address the aforementioned purpose, this empirical study combines primary and secondary data. Statistical techniques including gap analysis, principal component analysis, ANOVA, and regression analysis are used to analyze the collected data. The study's conclusions show that street vendors are a financially marginalized sector of the economy. A thorough examination of the data reveals a robust correlation between the street sellers' business performance and the established dimensions of digital payment knowledge. Citing the managerial implications of its findings, the report ends.

**Elanchezhian, J. (2021)** talked about the set of experiences, benefits, and restrictions of such advancements as digital and payment. The Brought together Hypothesis of Acknowledgment and Utilization of Technology (UTAUT) is utilized in this review to research the variables that lead people to take on versatile banking. This review, which examined 116 respondents, found that, in the request for their relative affecting strength, social impact, saw monetary expense, execution hope, and saw validity all essentially impacted a singular's penchant to utilize portable banking.



Working with climate and individual expectation significantly affected the behavior. With respect to directing impacts old enough and orientation, this investigation discovered that age altogether directed the impacts of seen self-adequacy and working with conditions on genuine reception behavior, while orientation essentially directed the impacts of execution hope and saw monetary expense on behavioral goal.

**Singh, S. (2017)** asserted that the utilization of cell phones and the web in India has expanded altogether during the beyond a decade. The utilization of digital payments is developing dramatically because of elements like the rising web and cell phone infiltration as well as government drives like Digital India. Technology Digital payments are those made by clients at the retail location (POS) for labor and products utilizing a Mastercard, a web banking account, or a cell phone application. Reception of digital payments is fundamentally and well affected by client view of these payment techniques. An organized poll was utilized as an exploration instrument to discover how consumers had an outlook on digital payments. In Delhi, essential information was accumulated from 150 respondents. The responses were analyzed utilizing recurrence examination and ANOVA. As indicated by an ANOVA, patient socioeconomics like orientation, age, occupation, and yearly pay don't essentially influence client discernment. Notwithstanding, it was found that reception of digital payments was essentially impacted by schooling.

### **3. RESEARCH METHODOLOGY**

#### **3.1. Research Design**

The study uses a quantitative research design to examine how vendors and customers are utilizing digital payments and their effects. Data on digital payment preferences, perceived usefulness, and related issues are gathered using a standardized questionnaire. Evaluating how digital payments affect customer behavior and vendor operations in Indore is the goal.

#### **3.2. Sample Area**

The study is carried out in Indore. This city was selected to be the research location for the adoption of digital payments because of its varied population and economic activities.



### 3.3. Sample Size

A total of 150 respondents—100 customers and 50 vendors—are the study's target sample. In order to ensure that the insights are representative of both the vendor and the customer viewpoints on digital payments, this sample size was chosen to provide a balanced picture of both.

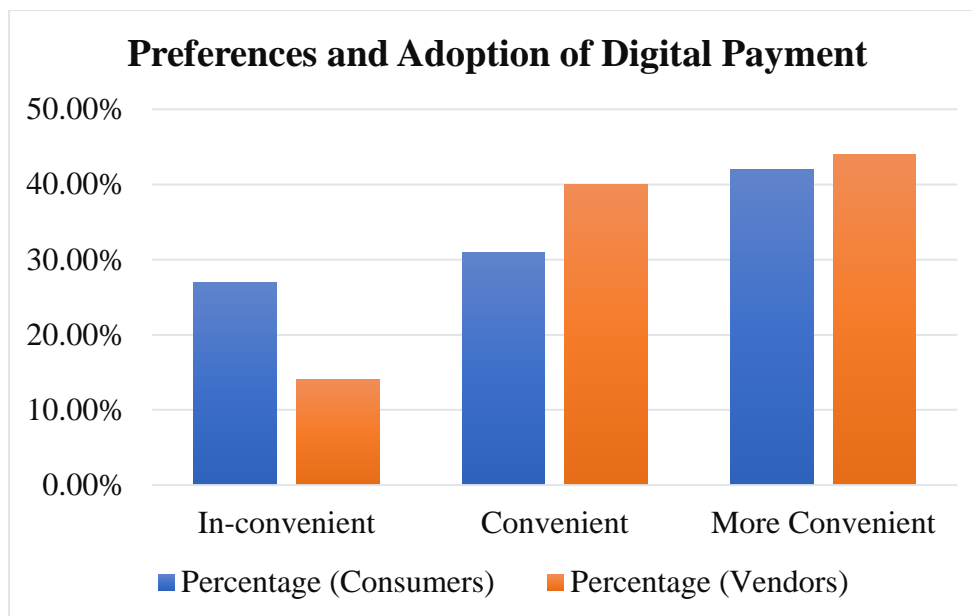
### 3.4. Data Collection

To evaluate many facets of digital payments, including adoption rates, perceived utility, and difficulties faced, a standardized questionnaire was created. Fifty vendor surveys and one hundred consumer questionnaires were given out for data collecting. In order to ensure the validity of the data obtained and to attain a high response rate, this distribution sought to elicit thorough input from both groups.

## 4. DATA ANALYSIS

**Table 1:** Vendors and Customers' Preferences and Adoption of Digital Payment

S. No.	Level of Adoption and Preference	Number of Consumers	Percentage (Consumers)	Number of Vendors	Percentage (Vendors)
1	In-convenient	27	27.00%	8	16.00%
2	Convenient	31	31.00%	20	40.00%
3	More Convenient	42	42.00%	22	44.00%
<b>Total</b>		100	100%	50	100%



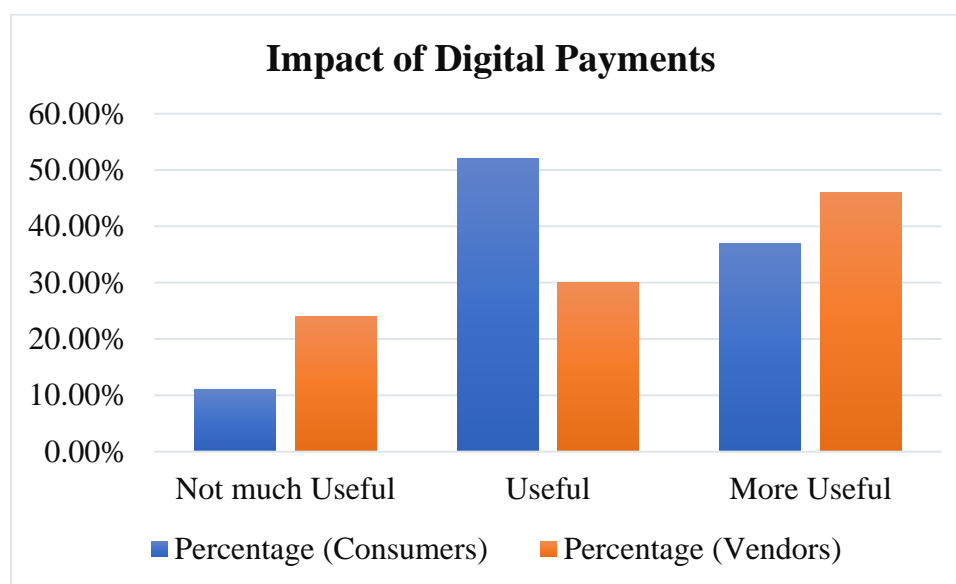
**Figure 1:** Vendors and Customers' Preferences and Adoption of Digital Payment

The degree of vendor and consumer preference and implementation of digital payment systems is shown in table 1. Of the 100 consumers surveyed, 27 (27.00%) thought digital payments were inconvenient, 31 (31.00%) thought they were convenient, and 42 (42.00%) thought they were more convenient. In the same way, out of fifty sellers, eight (16.00%) thought digital payments were inconvenient, twenty (40.00%) thought they were convenient, and twenty (44.00%) thought they were more convenient. With 44.00% of vendors and 42.00% of consumers expressing a preference for digital payments as more convenient, both groups clearly favor these systems, demonstrating an overall positive trend towards the adoption of digital payment systems.

**Table 2:** Impact of Digital Payments on Vendors and Customers

S. No.	Level of Impact of Digital Payment	Number of Consumers	Percentage (Consumers)	Number of Vendors	Percentage (Vendors)
1	Not much Useful	11	11.00%	12	24.00%

2	Useful	52	52.00%	15	30.00%
3	More Useful	37	37.00%	23	46.00%
<b>Total</b>		100	100%	50	100%



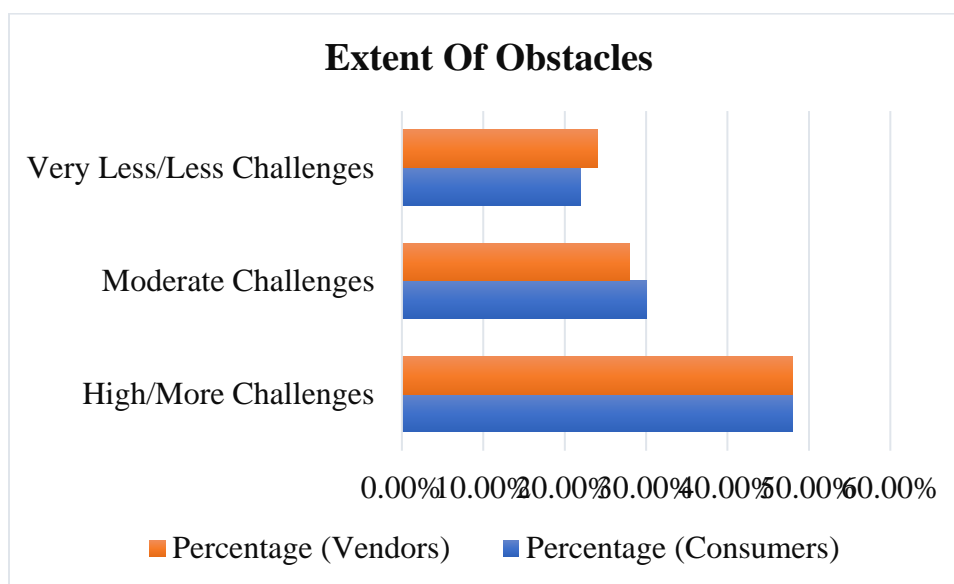
**Figure 2:** Impact of Digital Payments on Vendors and Customers

Table 2 shows a strong overall preference for the usefulness of digital payments: out of 100 consumers, 52 (52.00%) find them useful, 37 (37.00%) think they are more beneficial, and 11 (11.00%) think they are not very useful. This indicates that the majority of customers see digital payments favorably, with many considering them to be especially helpful. Of the fifty merchants polled, twenty-three (46.00%) think digital payments are more helpful, fifteen (30.00%) think they're helpful, and twelve (24.0%) think they're not very helpful. Most merchants are optimistic as well; a sizable percentage believe that digital payments are more beneficial. In general, digital payments are seen favorably by both vendors and customers, with a sizable majority of each grouping acknowledging their increased advantages or utility.



**Table 3:** The extent of obstacles encountered by vendors and customers

S. No.	Level of Challenges	Number of Consumers	Percentage (Consumers)	Number of Vendors	Percentage (Vendors)
1	High/More Challenges	48	48.00%	24	48.00%
2	Moderate Challenges	30	30.00%	14	28.00%
3	Very Less/Less Challenges	22	22.00%	12	24.00%
<b>Total</b>		100	100%	50	100%



**Figure 3:** The extent of obstacles encountered by vendors and customers

The degrees of difficulty encountered by sellers and customers are shown in table 3. Of the one hundred customers, 48 (48.00%) have very few issues, 30 (30.00%) have moderate challenges,



and 22 (22.00%) have extremely few challenges. Comparably, of 50 suppliers, 24 (48.00%) say they have more issues, 14 (28.00%) say they have moderate challenges, and 12 (24.00%) say they have fewer challenges. According to the research, the majority of consumers and sellers encounter high or greater issues, and a notable percentage also encounter moderate difficulties. While a sizable portion of each group report less obstacles, this illustrates a consistent tendency of significant challenges affecting both groups.

## 5. CONCLUSION

The study on the impact of behavioral changes in the digital payment era has revealed that consumers and vendors have experienced significant shifts in their practices. Consumers have embraced digital payment methods due to their convenience, speed, and security. This has led to increased online purchases and reduced reliance on traditional payment methods. Vendors who have adopted digital payment solutions have seen benefits such as improved efficiency and reduced costs. However, smaller vendors and those in certain industries face challenges in adopting digital payments. Trust and security are critical factors influencing consumer behavior, and building trust through robust security measures is essential. Continuous education and awareness campaigns are needed to promote digital payment adoption. Overall, the study concludes that consumer behavior has changed, with money being transferred immediately and the need for separate bank accounts for savings and deposits.

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