A STUDY ON EXPLORING THE CHALLENGES FACED BY TELANGANA RURAL AREA IN ADOPTING DIGITAL PAYMENT

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ABSTRACT:

Digital payments are increasingly becoming popular in India, with more people using mobile payments, online wallets, and other digital payment modes. The government wants to establish a "digitally empowered" economy that is "Faceless, Paperless, Cashless" as part of the "Digital India" campaign. The education sector is also adopting digital payments as a means of collecting fees, making transactions more efficient and convenient. The study examines awareness and adoption of digital payments among students in Hyderabad. Primary and secondary sources are used to collect the data. Primary data is collected by administering a questionnaire to 440 students from various higher education institutions in Hyderabad. The secondary data is collected through journals, magazines, etc.

The study found that the level of awareness of all the digital payments was relatively good among students but only a few payment modes were widely used, such as UPI, credit/debit cards, and online wallets. The study identified several factors such as safety, ease of use, value added services like cash back offers, discounts, etc., were driving the students to adopt digital payments. The various inhibiting factors such as technical difficulties, security concerns, lack of trust, and insufficient knowledge were acting as barriers in adopting digital payments. India is an adamant attempt to move towards a digital economy by reducing the use of physical money and the cashless economy is the fastest way to move towards a cashless economy by encouraging digital transactions. Most of the transactions are carried out via the Digital Payment System in a cashless economy.

A cashless economy system where a given society has little or very low cash flow, meaning that digital payment can allow transactions Cashless economy is cost-effective, time-saving, business-friendly, pro-financial inclusion Digital payment system uncovers black money and regulates fake currency circulation. This paper would also explore the viewpoint of people in rural areas on the cashless economy and this analysis is focused on descriptive characteristics and secondary data sources.

Keywords: Digital Payments, United Payment Interface (UPI), Cyber Fraud, Students' Awareness and Adoption.

I. INTRODUCTION

The digital economy is an economy where the maximum transaction is carried out using digital transaction, google pay, Paytm, e-wallet, UPI, debit card, credit card, and Aadhar-based payment system

and this time a new payment system has been implemented using m-banking in this system is a new upgrade is m-cash using this feature cash withdrawal in ATM without ATM card, etc. The digital economy refers to the digitalization of the modern payment system and allows the country's eco-system to have several alternatives for various consumer segments to pass funds and to make digital payments in exchange for goods and services in exchange for value.

With the advent of the UID scheme called 'Aadhar', this has already been achieved in India. There were around 40 million accounts connected to Aadhar. And the digital payment system infrastructure is updated daily and makes digital transactions very simple and quick. And this digitalization framework is promoted by the Indian government using digital India and Indian skills. And in this era, most individuals are using the digital payment system and many businesses are supporting the digital payment system. The government's digital payment system in rural areas offers instruction for mobile users and people in rural areas are aware of the digital payment system. And the government started a payment system based on Aadhaar. In this scheme, in rural areas individuals often use this payment system without filling out any form customer use his finger and withdrawal cash from our account it is very quick and reduces time.

The digital revolution has transformed the way we interact, communicate, and transact with each other. The proliferation of smartphones, internet connectivity, and digital payment platforms has made it easier for people to carry out financial transactions without the need for physical cash. The Indian government has been implementing a number of initiatives to support and promote digital payments there. The government wants to establish a "digitally empowered" economy that is "Faceless, Paperless, Cashless" as part of the "Digital India" campaign. Digital payments come in many forms and modes. India is currently experiencing a digital transformation, with a growing number of people adopting digital means of payment. The aim of the Government is not only to reduce the hassle of handling cash but also to promote digital habits among the population.

It encourages the use of digital payment platforms to disburse scholarships and other financial aid to students, and also encourages institutions to offer financial literacy courses to help students understand how to manage their finances and make the best use of digital payment platforms. Higher education institutions, too, are slowly adopting digital payments to make transactions more transparent, efficient, and secure. The National Education Policy 2020 recognizes the importance of digital technology in education and aims to promote the use of technology in education at all levels. In particular, the policy emphasizes the use of digital payments in educational institutions, to make transactions more transparent, efficient, and secure.

The policy highlights the need to establish a digital infrastructure that enables the use of digital payments in educational institutions and encourages institutions to adopt cashless transactions. The younger generation, who are more inclined towards technological advancements and newer options, have been quick to adopt digital payments. This study aims to assess the level of digital payments awareness and adoption among students of Hyderabad and their overall satisfaction with digital payment options.

II. REVIEW OF LITERATURE

Esther Krupa, Shekina D (2022)1 Based on this study, Google Pay and Paytm offer their users a platform for financial transactions and payments without any fees on transactions. All payments are made in one application that is simple to use. According to the survey, increasing smartphone and internet usage also makes it easier for people to adopt digital payments. It was also discovered that users frequently cited a lack of security and trust as a problem. Iradianty. A and B R Aditya (2021)2 This study looks on Indonesian higher education students' knowledge of digital payment services. According to the study's findings, there was no noticeable difference between the demographics of Indonesian students and their level of familiarity with digital payment services. Pragya Chawla et.al (2019)3 The investigation found that, despite all of the government's claims, cash and credit cards are still typically chosen as a form of payment. Despite the fact that more people of all ages are adopting digital payments, further awareness needs to be spread, especially regarding UPI. Although consumers are aware of UPI, it is claimed that their interest in it is not as great as their interest in mobile wallets and debit/credit cards. Suneel Kumar (2019)4 This research aimed at identifying the various digital payment methods offered in India, current government initiatives to encourage their use, and the degree of digital adoption and satisfaction among Delhi University students. It was discovered that students prefer digital payment methods in general, with e-wallets being the most popular among the available choices. They are motivated to utilise digital payment methods by factors like convenience, time efficiency, and rewards, whereas the main barriers that limit their desirability are security and additional costs. It was discovered that male respondents were more used to it and adaptable to making payments online. Chawla, D., & Joshi, H. (2017)5 Examined the factors influencing the adoption of mobile wallets in India, it was found that perceived ease of use, perceived usefulness, trust, security, and enabling conditions all have an impact. Bezhovski, Z. (2016)6 examined the range of payment options provided to consumers and the growing use of mobile payment methods. The researcher also called attention to security issues with mobile payments. Users' acceptance of mobile payments has been influenced by the enabling digital infrastructure, which has contributed to the growth of trust. Better integration with current technology, elimination of security and privacy concerns, and promising future for mobile payments.

III. RESEARCH GAP

In the context of growing trend of digital payments in India, there is a need to understand the awareness and adoption of digital payments among students in Hyderabad. While digital payments have the potential to make transactions more convenient, efficient and secure, it is not clear how aware and comfortable students are with using digital payment options. This research aims to explore the awareness and adoption of digital payment among students in Hyderabad.

IV. OBJECTIVES

The objectives of the study are:

1. To understand the awareness among students regarding digital mode of payments in Hyderabad.

2. To evaluate the factors influencing the adoption of digital payments among students Hyderabad.

3. To identify the benefits and challenges associated in the adoption of digital payments among students in Hyderabad.

V. CHALLENGES IN DIGITAL PAYMENT ADOPTION

Although much has been accomplished since the advent of digital payments in India, adoption is still steady and slow. Digital payments are becoming more popular as technology advances, but acceptance is stymied by problems including cybercrime, a lack of infrastructure, ignorance, adoption in tier 3 and tier 4 cities, transaction costs, connectivity challenges, etc. 85% of Indians lack access to the infrastructure needed to adopt the digital payment framework, which is mainly reliant on cell phones, claims apnapay.in (2019), a mobile PoS cloud firm. Therefore, the country urgently needs interoperable and comprehensive digital payment methods. Although many ecommerce platforms are moving towards accepting digital payments, consumers still like purchasing with cash. Cybersecurity in digital transactions is the cause of this. Consumers are reluctant to use digital payments due to a lack of technological literacy and the significant risk of cybersecurity. Creating a user experience that is simpler and more secure will be key to the success of digital payments. To make it more palatable, efforts should be done at the local level. In his study, Shashank Kumar (2019) notes that while India has made significant advances in the area of digital payments, there are still several obstacles standing in the way of full digitization. These include (a) A lack of cooperation between banks and fintech organizations. There aren't enough incentives to encourage the use of digital payments, (b) smaller retailers need POS terminals together with more affordable payment choices, and (c). Other significant obstacles to the expansion of digital payments include the relatively higher infrastructure costs, the low financial literacy of small business owners, the large propensity of households to save money in cash, and the disorganized monetary incentives.

Lack of Infrastructure

Infrastructure for digital payments is still missing in some places. This implies that those residents would not have access to digital payment choices, or that those options might be scarce or unreliable. Many rural areas in India do not have reliable internet access. This makes it difficult for people to learn about and use digital technologies. Rural areas often lack the basic infrastructure needed to support digital literacy, such as schools, libraries, and community centers with computers and internet access.

Poor Internet Connectivity

India is a big country with a diverse population, and not everyone there has access to the Internet. The inability of many rural communities to access the internet makes it challenging for residents to use digital payment services. Digital payments rely heavily on internet connectivity, yet residents in India's most rural areas are unable to use them because of intermittent connectivity problems.

Cash Dependency and Habit

Cash remains dominant in India despite government efforts to encourage digital payments. Cash is still preferred over digital payments, which some people may view as less reliable or safe. Cash is still used for many small transactions, and many individuals choose it because it is more convenient and familiar. As it is said that “Old Habits Die Hard”, people are using cash for a very long time and they have in it and feel secure about it. They think that by using cash, everything is in their control and they feel safe about it, and they do not want to change the existing system of transactions.

Rural Adoption

According to a Nielsen survey, there are 352 million internet users in rural India, which is 20% more than there are in urban India. However, the report noted that due to a lack of digital literacy, roughly 60% of rural Indians are not actively utilizing the Internet. According to the survey, connectivity issues are to blame for the low adoption rate because many rural areas in India lack the necessary internet speed. Major bottlenecks include a lack of reliable infrastructure and a steady supply of electricity. Rural areas often have fewer resources available to support digital literacy initiatives, such as funding, training, and technical support. Lack of understanding also plays a role. Many decision-makers in rural areas do not understand the importance of digital literacy or how to support it. This can lead to a lack of investment in digital literacy programs and initiatives. Language obstacles also exist because English is the primary language used for digital communication but indigenous languages are spoken and understood in rural areas of India. Additionally, the majority of residents of rural areas do not grasp the language used on digital platforms and for technology.

Lack of Willingness to Adopt Digital Payments

Although customers are increasingly using digital payments, many businesses still prefer cash payments. This is caused in part by the expense of receiving digital payments and the challenge of transaction reconciliation. According to a research paper by Ligon E. et al. (2019), despite significant efforts to encourage adoption, India's adoption rate in particular remains low. Using survey data from 1,003 Jaipur merchants, it is discovered that the low adoption rate is not a supply-side issue because the necessary infrastructure is available, the costs of the digital platforms are affordable, the merchants have access to bank accounts, smartphones, and, most importantly, the necessary literacy to use digital payments. The authors came to the conclusion that the lack of adoption is a result of a demand-side issue after gathering adequate evidence. They discovered that because of tax liabilities brought on by mobile payment records, merchants do not want to accept payments or be paid digitally. In a nation like India, there is a belief that keeping track of every transaction could lead to problems, such as increased scrutiny or taxation. Some consumers favor the fact that cash leaves no digital trace (Kothari, 2018).

Trust

Another aspect that has a big impact on whether or not digital payments are used is trust. Due to security worries, many people are still hesitant to use digital payments. They worry that a breach of their financial and personal information could result in fraud or identity theft. In India, there have been instances of digital payment fraud, which has caused some users to exercise caution when utilizing these services. To increase user confidence, the government and digital payment service providers must solve these security issues. As Kothari (2018) in an article said “Many people still don't trust electronic payments. Because they don't trust the Internet and the alleged security threats, some people don't yet feel secure using this. The perception that someone else has access to their bank accountstops them to use the new payment system”. The effectiveness of e-payment and m-payment methods, according to Vizzarri, Vatalaro, and Vari (2013), depends mainly on their secure use and the end user's awareness of security risks in the mpayment area. The perceived risk significantly negatively impacted perceived trust and customer satisfaction, according to Hossain M. A. (2019). Perceived trust is the most important component in determining customer satisfaction, and it is a good indicator of future customer loyalty.

Security Reasons

Unauthorized payment connections, fraudulent UPI handles, and screen monitoring by fraudsters are a few of the potential concerns associated with UPI(Mistry, 2022). Mobile payments are susceptible to fraud, including unauthorized purchases and false returns. Both businesses and consumers may suffer financial losses as a result of this. Utilizing trustworthy payment processors and routinely keeping an eye out for suspicious activities are crucial for reducing this risk. Users fear that while making online purchases, their mobile devices could be hijacked or attacked by a virus, losing their money. According to Linck K., Key P., and Wiedemann D. G. (2006), if Mobile Payment Service Providers (MPSPs) don't adhere to security requirements, their clients can stop using their payment method. However, it's imperative to know that security is not merely a desirable feature but also a must.

Digital Illiteracy

More information and awareness about digital payments are required. Some individuals might not understand how to use digital payment platforms or may not be aware of the advantages of doing so. Only 14.7% of India's population in computer literate and 20% of population use internet. according to NSO 2020 survey. According to a 2018 estimate by the "Digital Empowerment Foundation", around 90% of Indians are digitally illiterate. India is facing a digital revolution that could progress our country's economic success and growth, but we also run the risk of creating a new class of "digitally-poor" citizens. The inability to use and benefit from information and communications technology services due to access or lack of skills is known as digital poverty, a relatively recent notion.

Substandard Internet Quality

Due to high competition in telecom companies and giving price benefits to customers, there is no money left to the companies for improving internet network quality. A significant increase in Internet demand as a result of COVID-19 has put additional pressure on the network infrastructure. In contrast to normal online browsing, payment traffic has unique requirements such low latency, short response time, and the necessity to link together contemporary TCP/IP-based systems with old ISO systems. Latency is the time it takes for a signal to travel from one point to another. In the context of payment processing, latency can be a major issue because it can lead to delays in processing payments. Response time is the time it takes for a system to respond to a request. In the context of payment processing, response times need to be low in order to ensure that transactions are processed quickly and efficiently. Slow response times can lead to delays in processing payments, which can be frustrating for users. Many payment systems are still based on legacy ISO systems, which are not as efficient or secure as modern TCP/IPbased systems. This can create challenges when trying to connect these two types of systems together.

Cyber Frauds

As per a report (Lyra, 2021), 52% of people in India does not know how to protect themselves against cyber fraud and cyber-crime. India comes on second position after US as far as hacking is concerned. Although fraud on big scale is limited in India but overall security for online payment is in infancy in India. The reasons for frauds in online payments are due to insufficient investment in security technology and lack of awareness of people with respect to cyber frauds and cyber-crimes. Because of

this people become victim of these frauds and it reduces trust in digital mode of payments. While the banking and fintech sectors are attempting to regulate this, hackers and cybercriminals are also improving their methods. In such an environment, technological utilization combined with more knowledge and tougher legislation can aid in avoiding the dangers of security issues.

Disputes of Merchants

Until Dec 2020, there was no real-time Online dispute resolution for UPI transactions. In the year 2021, NPCI and RBI have made it mandatory for all participating banks to have an Online dispute management system not only for UPI but also for Card transactions as well (Mistry, 2022). Due to the lack of an efficient dispute resolution procedure, many customers are reluctant to use digital payment methods (Salunke, 2022). Smaller merchants despite receiving SMS or receipt of payment confirmation doubt that they will not receive the payment the next day and do not deliver goods. The reason for this may be that either they lack awareness about the operation of digital payment and what is meaning of electronic confirmation, and the second reason is that difficult and prolonged conflict resolution procedures. Generally, the SMS or confirmation of payment receipt is in English, and most of the small merchants are unable to understand what is written in English.

VI. RESEARCH METHODOLOGY

The study comprises the information collected from primary and secondary sources. The primary data is collected by administering a questionnaire to a sample of 440 students from various higher education institutions in Hyderabad. Secondary data sources include various journals, articles, reports, websites, etc.

This research concentrates on descriptive attributes and is focused on secondary results. The data are taken from government websites and RBI records, literature from studies previously reported. Cashless Economy: Issues and Challenges in Rural Areas in India People in rural areas are not aware of the digital payment system and are not connected to the internet and most do not have smartphones, and mostly older people do not like digital payment because they are not aware of it. Cash transactions are fairly easy and transparent and there are no hidden fees, and the already proven business corporation (BC) model is often used by individuals. There must also be knowledge of the advantages of digital transactions. People in rural areas do not take security or cyber risk, some people give their bank information, and then he has stolen several reasons for his money from his account to minimize the cashless economy in rural areas. And in village and energy problems, there are few banks and they use ATM only for cash withdrawal, they are not aware of the digital payment system. And there is a shortage of digital technology, and inadequate banking system, weak internet access, poor digital infrastructure, and some ATMs, and there is a chance of online fraud and private information leakage. Cashless Economy: Opportunities in Rural Areas in India The government has introduced the Bharat Interface for Money (BHIM) to provide a fast, safe, efficient way to make digital payments using the UPI (Unified Payment Interface) platform and mobile wallet, e-wallet, Aadhaar-based payment system via your mobile phone."And the government is also encouraging digitalization by providing several deals and offering cashback in E-wallet, and the government has introduced a new scheme called" Digital Finance for Rural India: Creating Awareness. 2 lakhs Common Service Centres (CSCs) to provide digital payment methods to about 1 crore rural people and 25 lakhs merchants across India with capacity building,

knowledge access. The government has conducted a digital literacy mission through an awareness program.

Steps Taken by Government for Digital Payment System in Rural Areas in India

By giving a discount to consumers on the purchasing of petrol/diesel at a cost of 0.75% of the sale price, the Central Government Petroleum PSUs shall, if payment is made by digital means, award benefits. Indian Oil, BPCL & HPCL Oil Marketing Firms are now giving all LPG customers who book and pay for their LPG cylinders online an upfront discount of Rs 5/- for every LPG refill. If payment is made by digital means, the Central Government Petroleum PSUs shall offer benefits by giving a discount to customers on the purchase of petrol/diesel at a rate of 0.75 per cent of the sale price. Indian Gasoline, BPCL & HPCL Oil Advertising Agencies are now offering an upfront discount of Rs 5/- on every LPG refill to all LPG customers who book and pay for their LPG cylinders online. The Central Government will extend financial support via NABARD to eligible banks to install 2 POS devices in 1 Lakh villages with a population of less than 10,000 each to broaden the digital payment system in rural areas. These POS machines are meant to be installed in primary cooperative societies/milk societies / agricultural input dealers in order to promote Agri-related transactions through digital means. The Central Government will also encourage the issuance of Rural Regional Banks and Cooperative Banks 'Rupay Kisan Cards' via NABARD to 4.32 crore Kisan Credit Card holders in order to enable them to make digital transactions at POS / Micro ATMs / ATMs. For all train passengers buying online tickets, the free accidental protection covers of up to Rs. 10 lakhs are extended.

SUGGESTIONS

The government needs to raise awareness and build its infrastructure for digital transactions in rural areas Completely safe and secure for a better digital economy. Open a bank account and operationalize these accounts. To benefit from the digital payment system, the government should be conscious of rural citizens. The government should increase the coverage of rural areas on the internet. The rural people should use the digital platform of banking system and aware digital payment system. The rural people use internet for knowing the digital payment how to work and how to use. Confidence and trust in the cashless payment’s mechanism should be providing to rural citizen.

CONCLUSION

We may infer that people are not aware of the digital payment system in their rural areas and that there is weak digital infrastructure. The government has introduced the UPI payment system and gives licensing in digitalization for broad infrastructure and the government gives several kinds of offers to use the digital payment system. And the government has initiated a digitalization awareness campaign and they are aware of it by camping in rural areas. Not only needs but also today’s emerging need for effective economic growth are the cashless activity to fulfill the dream of digital India, there are more challenges in rural areas. And via digital payment, the government has promoted the offer by giving. The banks and government should implement a policy to promote cashless transactions and prevent cash transfer by better enforcing and monitoring limits about the use of cash-based transactions, which will then come true in future for cashless India.

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