



Digital Payment Awareness in Rural Area

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ABSTRACT

The growth in banking sector can be realized by the no of banks operating in rural areas and the usage of banking services by rural customers. Technology advancement such as debit cards, credit cards has contributed to the development of banks particularly in urban areas unlike the rural ones. Many factors led to the acceptance of this newer technology by the rural people. The paper evaluates the use of plastic cards specifically debit or credit cards in rural areas and the issues or advantages associated with it. Plastic money is an emerging tool to make financial transactions efficient and cost effective. Current scenario (covid19 virus and lockdown) makes it necessary to use digital mode of making payments. It has completely changed the usage or adoption patterns of Plastic cards in rural India. So, research to enhance the current knowledge possessed by rural people regarding plastic cards is required. The main objective of conducting the study is to identify the current possession and the role of local traders in promoting digital payments in rural area. Respondents are shopkeepers, local traders or residents of Village Dhanaura (Ambala, Haryana). The study found that people above 40 years of age still prefer cash mode of making payment whereas youth preferably use digital mode of making payments. While using Plastic cards, cash available at any place, any time is one of the major benefit and chances of Robbery are also less. Lack of trust, Cyber Crime and fraudulent activities are some of the major challenges for people in adoption of plastic cards.

KEYWORDS: Plastic Cards, Debit Cards, Credit Cards, Rural Area, Payments



INTRODUCTION

Technology nowadays has completely changed the way people deal with money. Now they have easy access to funds anytime and from anywhere. It all gets started with simply a credit card which offers customer to purchase today and pay later on. With the upgradation in the technology nowadays each bank provides its customer with ATM card and debit card that can be used for making purchases, online transactions, payments and cash withdrawal.

Plastic money refers to hard cards made of plastic which we can use in our everyday life in place of physical cash. They are available in different forms like debit card, credit card, master card, ATM card. Mere technology upgradation or new products innovation cannot improve the situation or contribute to make India a cashless economy until or unless customers respond to it in a positive manner. Banks must consider the preferences, needs or perception of customers at its utmost priority. Also nowadays services provided by banks are not only confined to Branch customers only. Customer today is treated as the customer of the bank as a whole. Private Banks are playing a major role in acceptance of plastic cards in rural areas. They cover the major part of rural areas and make it convenient for rural youth to use these e banking services or plastic cards. Despite all this, there is a major question is India ready to go Cashless, the major perquisite of which is **Financial Literacy**.

Financial Literacy is the ability to understand savings, investments, handling money to make financial decisions. To make rural people contributing towards cashless India, Literacy is the first step. Rural People are still in the influence of private moneylenders. Most credit card companies, banks still did not offer their services in rural areas. This creates an opportunity for the lenders to explore the rural area and expand their businesses there.

OBJECTIVES

- To assess the level of awareness among people regarding plastic cards
- To study the role of local traders or shopkeepers in acceptance of debit and credit cards
- To study the role of banks and government in creating awareness
- To study various factors which led to the non- acceptance of debit credit cards
- To study the need of online transactions in rural area



REVIEW OF LITERATURE

Renu Singh, Garima Malik (2019) According to the report of credit card database, the number of card selling is increased that influence point of sale (PoS) of banking sector. In other words, people of India started making payments by a debit or credit card over cash withdrawal from ATM for making a cash transaction. Accordingly, the total number of debit card-related transactions has increased to 1.2 billion from 818 million in the financial year of 2016. Besides, ATM transactions are almost the same at 700 million, the transactions at PoS terminal have increased three times from 108 million in the financial year 2016 to 329 million in January 2017. The technological innovation has unlocked numerous methods of digital payments by which the consumers could make transactions in a convenient and acceptable manner.

Dr. S. Hemalatha, Dr. S. Ganapathy (2020) Gerrard (2003) found that financially advanced customer raise profitability easily in using plastic money. Youth generation adopt plastic money higher than the old aged people. Usage of plastic money by married is more than the that of unmarried people. Online banking has cost advantages, have negative impact in usage of plastic money (Sathye, 1999). Some customers have psychological fear in using plastic money Adoption of technology is related with technology readiness (Shambare, 2013). Card are resolve the issue of carrying huge cash (Bindu, 2016S). Sharma (2012) identified major frauds in using plastic money. Technology has been drastically changed in all the fields especially in banking sector (Sultana and Hasan, 2016). The major advantages of using plastic money are cost savings, product innovation, mass communication, customer base etc. (Giannakoudi, 1999). Usage of Plastic money gives luxury to the customers (Manivannan, 2013)

Research Methodology:

The study is of empirical nature. Primary and Secondary both types of data are used in the study. In case of Primary Data, the sample size is 101. 101 samples were collected from the local population of village Dhanaura. The sampling method used was random sampling. The used instrument in conducting the survey was questionnaire. Personal Visit to local shopkeepers and business owners were also there. Data from different age groups are collected and analyzed. Secondary data is collected through different websites, publications, research papers etc.



Need of Debit/ Credit Cards in Rural Areas

In today's era plastic cards are much needed in rural area so as to make them stand equal with people who are proficient with regards to technology and helps them to connect with better product choices, safer mode of making payments, widening of rural customers market ,etc. They can avail the various benefits offered by debit and credit cards. They can improve their CIBIL score which helps them in taking easy loans from the banks. In case of any medical emergency, they take the benefit of the loan provided in the form of Credit cards. Internet purchases they can make with the help of these cards and avail various discounts and offers which are available on various cards. They can get transaction statement on their emails also. Paper money usage will be reduced and the chances of robbery of loss of cash can also be reduced. For using debit cards customer has to open a bank account which also helps them to take various government scheme benefits. Time requires the usage of plastic money as we are heading to the path of making India cashless economy. Credit Card provides interest free loan for a particular period. By using this money people can start their small business or even can expand their business which contributes to the growth of the village. Employment opportunities will be generated and this leads to increase in income of the rural people and contributing to increase their living standard. In short in coping with today's competitive world and continuously changing technological environment rural people need to be smart enough to use these plastic cards so that at whichever place they go they did not feel neglected or lagging behind something. They are familiar with the plastic cards and can use them without any hindrance or difficulty.

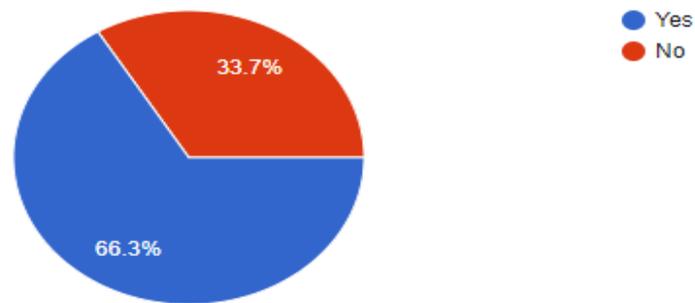
FINDINGS AND DISCUSSIONS

A survey was conducted to know about the debit credit card holders in rural areas, their demographic profile like age and its relationship is also studied. Reasons for not using debit / credit cards are also analyzed.

Figure1:

Do you have a debit / credit card ? (if no, then choose the reason mentioned below and submit ; if yes proceed to other questions)

101 responses

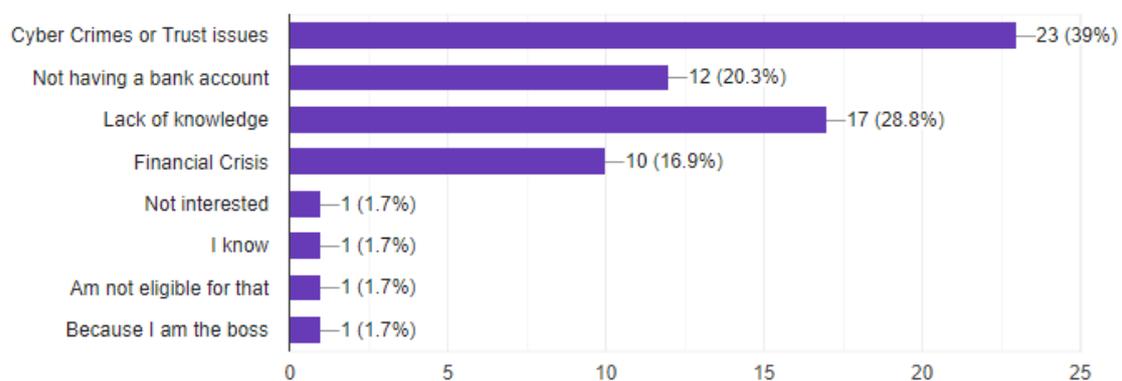


The above fig. shows that 66.3% people in Dhanaura Village at an average use debit/ credit cards. 33.7% among are those who did not have plastic cards. These people have many fears in their mind regarding plastic cards so they prefer cash over modern methods.

Figure2:

Reason for not having debit / credit card ?

59 responses

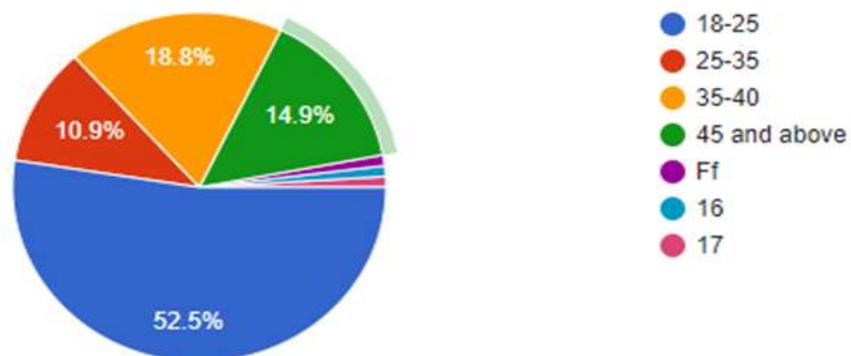


As 33.7% people didn't use plastic cards they provide above mentioned issues are the reasons for not having or using plastic cards. Different respondents have different issues. They are provided with the option of choosing more than one reason for not having such cards. 39% are of the respondents are of the belief that cyber- crimes hamper their security and they have trust issues in using such cards. While 12% did not have any bank account. 17% respondents did not have sufficient knowledge about plastic cards and they didn't know how to get them issued and how to operate them. 16.9% respondents are not financially strong to use these services. They did not have money to save, they are daily bread earners. 1-2% remaining respondents have their own reasons for not using such cards.

Figure3:

Select your age group

101 responses



As per the above figure respondents below age group of 40 are active users of plastic cards. Youth specifically among rural areas are now moving towards debit/ credit cards or digital payments. People above 45 years of age are less used to plastic cards. They prefer cash mode of payments also in today's scenario. These people because of many disadvantages of plastic cards prefer to use cash mode of making payments. We can say that youth in rural areas is moving towards the path of cashless transactions.

Figure4:

Which service on your debit card do you often use ?

86 responses

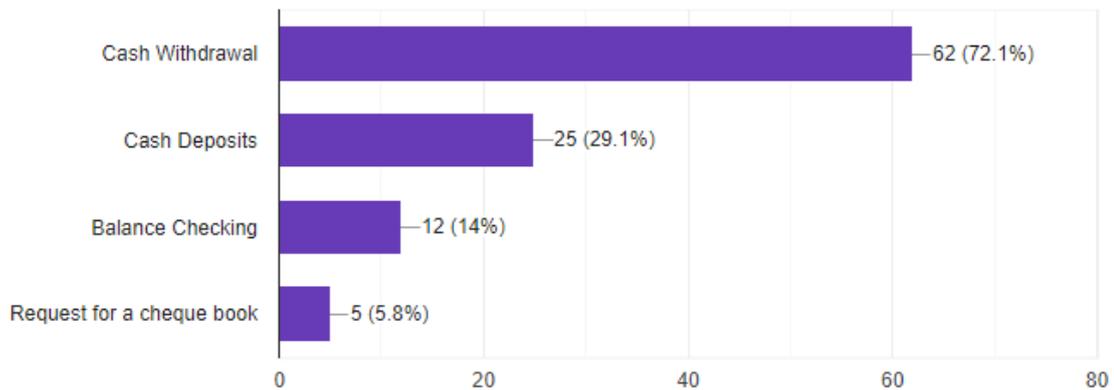


Figure 4 shows the services used by rural people while using digital mode of making payments. It can be seen that people nowadays in rural area are also aware about the various services provided by debit cards. Cash withdrawal facility is used by maximum people.

Role of local Traders or business owners in acceptance of debit/ credit cards in rural area

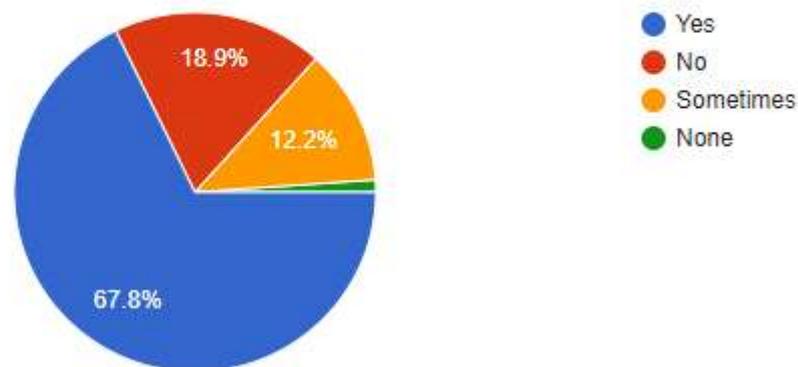
In current scenario, most of the youth in rural areas prefer to make payment by way of debit/ credit cards, QR code. This makes it necessary for any trader or business owner either operating at small, medium or large level to accept the payments of their services through digital mode for better sales volume. Almost 90% of the traders or business owners accept payments through Paytm or QR code. Paytm QR, bill payments, money transfers are the most popular way of making payments but if we come across POS terminals, they are very free businesses or traders how use POS machines. Most of them did not know how to operate them. During my study, I visited many local traders of village Dhanaura where I found that they were aware about POS machines but they don't know how to operate it. Some small owners are of the view that they have less sales volume and nowadays due to more shops in rural areas they didn't want any extra burden on them as by using POS machines they have to pay installation and other charges. They also have the fear that they may even loose some of their regular or retained customers due to this. While literacy is one of the major barriers to the adoption of POS machines in a particular area, it becomes imperative for local traders to

use POS machines and make them available to the rural people specially youth who finds ease in making payments through digital mode or plastic cards.

Figure below analyses how much debit/ credit cards are acceptable in rural area by the local traders or business owners.

Is this mode of payment acceptable in your area ?

90 responses



Above figure suggests that 67.8% respondents are of the view that that they can easily made payments in their area through debit/ credit cards. 18.9% respondents are of the opinion that plastic cards payments are still very less or not accepted in their area. 12.2% respondents say that sometimes or by some shopkeepers debit/credit card payments is acceptable. Very few are those who did not have any idea regarding the same. If proper awareness can be generated or proper guidance can be provided to rural shopkeepers or business owners they can contribute to accept plastic cards payments and make Indian economy a cashless economy.

Shift in behavioral trends in Banking Practices and linkages with government Schemes

- Digital India Programme of the government of India is a core programme having a vision to transform country to a digital economy and a digitally empowered society. In the programme, government promotes digital payments and supports the development of easy to use and low cost digital payment methods or solution for all the sections of the society. To make India Paperless or Cashless various services to be provided across the country especially in Remote or Rural areas, many digital



payment modes have been provided to increase the usage of plastic cards like Point of Sale Machines, Aadhar enabled payment system, Internet banking, etc. Through this programme – Panchayat and districts equipped with Public Financial Management System, Digital Payments are now accepted at ration shops and Fertilizer shops. (POS) has installed there, People use cards now to pay electricity bills also.

- PMJDY (Pradhan Mantri Jan Dhan Yojana, 2014) make available banking services at the doorstep of every household. PMJDY makes it easy for the rural household to open their bank accounts. Almost all people have now bank accounts due to PMJDY.
- Private Sector Bank especially Axis Bank has a major role in increasing the quantity of persons using debit/credit cards. They make efforts to make the cards within the reach of every household. They continuously try to motivate people and regularly tap new customers and make them use of these cards by providing various offers and benefits to the local people.
- Public Sector Banks Indian Bank, PNB also influence people to use online services and issues debit cards as and when people open their accounts with the bank. They provide all the services at comparatively low cost.
- KCC credit Cards launched by government to help farmers in rural areas and it provide short term credit for crops. It is also an insurance cover. It helps in creating awareness and farmers use these cards on a regular basis.
- PM KISAN YOJANA also motivates people to open bank accounts as under this scheme government provides Rs. 6000 per year to farmers. So, to access this amount people open bank accounts and this also increase the use of debit/credit cards by rural people as now they have more money to spend.

CONCLUSIONS AND RECOMMENDATIONS

The study concludes that people living in rural area of Dhanaura who are above the age of 45 give preference to cash mode of making payments. They are of the opinion that cash is the suitable mode for them. They find it easy to use as they have little knowledge about the cards and the digital transactions. Most of them also not have smart phones also. But if we come to youth the contribution of youth towards using debit/credit cards are increasing. Almost 60% - 70% of the youth use plastic cards and digital mode of making payments. Role of



shopkeepers or local business owners in increasing the card mode of payments in the area is still not very satisfying but they are moving towards POS and other digital modes. Banks and government also made efforts to increase the usage of debit/ credit cards in rural area but more efforts on their part are required so that total digitalization mode is there in the area. It should be suggested that that some steps on the part of local administration and government should be taken like administration can coordinate with local banks, NGO's and officials to create awareness and reduce the fear in the mind of the people regarding usage of plastic cards. A simple and easy to use app can be created which helps the local people to understand how to use and operate these cards and they can save from online frauds and cyber- crimes. Door to Door campaigns can be arranged to create awareness. Digital literacy centres should be opened nukkad nataks, education programmes should be organized. School or college students should be taught about digital payments by conducting guest lectures and teach them in morning assemblies. People should be provided with all the advantages and disadvantages specially of credit card well in advance so that by having lack of knowledge they are just tapping to the credit and the burden of making payments on them increases and they will badly in debt. Hence, time to time review of all the steps taken, monthly monitoring meetings should be organized and further steps should be taken for making the rural economy a cashless economy.

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