

Perception Study of Consumers about Online Purchase through Digital Financing

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ABSTRACT

This article aims to explore the relationship between digital finance and online buying, the benefits of online buying and the satisfaction of customers when they buy products online. The study is based on both primary and secondary data. The primary data was collected through structured questionnaire prepared using google forms and circulated among respondents through online whatsapp groups. The random sampling method is employed for the study. 114 respondents answered the questions and based upon their views analysis of the study has been made. The secondary data were collected from published reports, journals, conference proceedings and books to have clear knowledge of the concepts and previous studies made on online buying and digital finance and to find the gap. Through literature review it was observed that many researchers either focus only on digital finance or on online buying. But very few researchers made the study both on digital finance and online buying. So here in this study we tried to make a conceptual study of both online buying and digital finance and the perception of people about both of them. The findings of the study shows that digital finance makes it easier for the people to access financial services at anytime and from anywhere as these are available at their finger tip through their mobile phones. Many respondents are of the opinion that internet is the measure source to know about online buying of products and services and cheap data plans help to have access to internet. The study shows online buying is easier for people as it has many benefits to offer but the measure force is digital payments as it helps in making the cumbersome process of making payments for the purchases simple i.e at a click.

Keywords-- Digital Finance, Online Buying, Fintech, Digital Payment, Google Pay, Phone Pe, Mobikwik, Amazon Pay

I. INTRODUCTION

In this fast moving world technological changes are happening at faster speed. These advancements in technology affects the financial sectors and this makes people more familiar with digital financing. Digital

financial services are a range of digital services through internet which includes a range of services like payments, savings, insurance, credit facility. Digital finance could help unbanked people to participate in financial activities in developing economies benefitting digital finance users, service providers, The government and economy at large (ozili, 2018). Digital payments have become more famous in India as E-wallets are introduces (Roy, 2022). The Digital India campaign was launched by Government of India on 2nd July 2015 which aims not only in implementing Government's services but also connecting rural areas with high speed internet networks. There are mainly three core components of the campaign i.e. the development of secure and stable digital infrastructure, delivering government services digitally and universal digital literacy. Online shopping is a process of shopping goods and services using internet as we all are now connected trough world wide web (Daroch, Nagrath, Gupta, 2021). The digitalized processes are giving a boost to e-commerce industry and digital payments make it more faster and easier (Sajid S et. al, 2022)

II. LITERATURE REVIEW

Digital financial services is a digital transformation in financial services industry, where nonbank players provide customer centric services and offer back office financial products and provide alternate to traditional banking system (IFC, world bank group,2017).

The digital finance institute describes digital finance companies as combination of financial activities with technology. It provides services like digital banking, payment solutions, peer to peer lending, bitcoin, Crowd funding, mobile solutions and delivery platforms etc. (Digital Finance Institute, 2015).

Allen F et al. (2002) describe E-finance or digital finance as the financial services and markets using Information and communication technology. The important points addressed in the study are use of digital

payment system; functioning of e-finance service providers and working of financial markets are studied in detail.

Berger SC et al. (2009) investigated on Emergence of financial intermediaries in electronic markets: the case of online P2P lending with the objective to analyze the role of the financial intermediaries in electronic market. The authors found that these financial intermediaries significantly improve borrower's credit condition by reducing gap of information and risk.

Burtch G et al. (2014) did their study to know cultural differences and geography as determinants of online prosocial lending. The researchers employed aggregate dataset of country -to -country lending volumes of 3 million individual lending transactions between 2005 and 2010 and takes into account geographical distance and cultural differences on lenders decision to support which borrower. In the study standard deviation method is used to prove that lender prefer culturally similar and geographically adjacent borrowers.

Choudhry V et al. (2009) investigated the incentives of adopting e-payment schemes in competitive market. The development of internet facility worldwide also affected financial sectors and many e-payment systems like google pay, Net Pay, credit card facility etc. make payment system cheaper. The researchers developed an economic model to study offering of discounts by sellers and how it encourages use of e-payment schemes. The researchers also found that convenience is another service that is provided by this e-payment system.

Contini D et al. (2011) studied the Mobile payment system in United States and what are the future scope for M- payments and discussions with Mobile Payment Industry Workgroup (MPIW) were made to develop ubiquitous payment environment. It also helped to develop point of sale (POS) mobile payment system in USA.

Dodgson M et al. (2015) studied extensively managing digital money. The researcher focused on many aspects of availability of digital money, its advantages and challenges and how the money changes with the passage of time and technology.

Greiner ME, Wang H (2010) in his study building consumer-to-consumer trust in E-finance marketplaces said online market is full of uncertainty and risk, so building trust is a challenging task. The author used elaboration likelihood method (ELM) for explaining trust and attitude in E-marketplace. In this study it was found that economic status, social capital and listing quality are important for building trust.

Gomber P. et al. (2017) in their study Digital finance and fintech current research and future research direction extensively studied digital finance or fintech present research and future research possibilities. The authors introduced concepts like Digital finance cube and

its role in digital finance where digital payment is one among them. This paper helps researchers to know various concepts of digital finance as found by the researchers.

Hartmann ME (2006) in his paper E-payment revolution discussed e-money, e-payment and e-banking and the revolution that is taking place in this field. Though innovations in the field of e-payment system are introducing new avenues but it also faces some challenges. The researcher found in her study though e-money usage has increased in the recent years but Europe is having a slow movement. The mobile payments are gaining momentum as use of mobiles is increased and it is a convenient way to make payments. The study also shows some of the European countries have not fulfilled the standards for e-payment services.

Hu N et al. (2008) studied whether online review affect sale of products. The researcher found that online review is a major source of information to know qualitative products. The researcher used transaction cost economics and uncertainty reduction theory and found that quality of the reviewer, exposure, product coverage affect online sale of products.

Li et al.(2020) investigated the impact of digital finance on household consumption evidence from China and used panel data from CHFS survey and studied how digital finance affects consumption pattern of consumers. The researchers studied the mediating role of online shopping, digital payment ,online credit etc and found that they have a greater impact on consumption of products like clothing, entertainment medical care, education, house maintenance etc.

Wang. Q. et.al.(2020) investigated on impact of digital finance on financial efficiency with the objective to find out increase in financial efficiency due to availability of digital finance. The results of the study reflect digital finance slightly improves efficiency of the financial sector in China.

Covid -19 accelerated digitalization in India and Indian FinTechs and digital payment companies made significant progress, provide integrated and user friendly solution using hi-tech technology and innovative business models. Growing internet and mobile penetration, low-cost data plans, shift from offline to online shopping channels lead to adoption of digital technology. There is a surge in digital payments across online grocery stores,retail outlets,mobile recharge,bill payments ,OTT and online pharmacy(KPMG,2020) .

III. RESEARCH OBJECTIVE

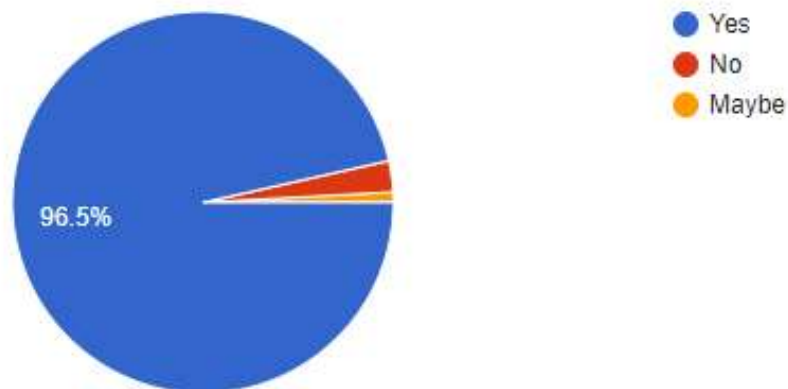
RO 1- To explore the relationship between digital financing and online buying.

RO 2- To identify benefits of online buying of products.

RO 3- To study customer's satisfaction with online buying.

IV. RESEARCH METHODOLOGY

The present study is based on both primary and secondary data. Random sampling method is used to collect the data. 114 samples were taken to analyze the data. For the purpose of present study primary data was collected through a structured questionnaire prepared with



2. During the survey to know the awareness level of consumers and the sources of their awareness it was found among many sources internet is the key source of knowing about the digital payment services. Most of the respondents are of the view that internet is the principal source followed by friends and peer groups which helps to know about the digital payment services.

3. In the opinion of the respondents, the benefits of digital mode of payment is realized when they use it practically as it is less time consuming and hassle free.

4. Even though people who are computer illiterate are also able to use the services of digital payment service providers. The service providers make the procedure simple and by following fewer steps the transaction is completed.

5. It was observed through the study that people face difficulty in availing digital payment services due to slow network connectivity and time consuming fund transfer due to network problem.

6. Now a day's people prefer digital mode of payment due to many benefits like time saving, inexpensive mode, free from carrying cash, easy processing, hassle free fund transfer, perfect count etc. But most people are of the opinion that it is less time consuming followed by hassle free processing and fund transfer.

7. As per the survey, though there are so many players providing digital payment services but most prominent

the help of google forms and circulated among participants. The secondary data sources are mainly journals, articles and published reports. The paper is mainly a conceptual paper using charts and diagrams.

V. ANALYSIS

1. As per the study, the awareness of the respondent about online digital payment is significant and 96.5% of the respondents know about it.

brands are Phone Pe, Google pay, Pay TM, Free Charge, MobiKwik, Amazon Pay.

8. In this internet era most people go for online shopping of products which is also similar to the findings of the study where higher percentage of the respondents are frequent buyer who prefer to buy through online mode of shopping i.e. internet.

9. Among most of the FMCG products people shop fashion and beauty products followed by electronics and use other services like online recharge and bill payments using digital services.

10. The e-commerce industry is growing at a hopping speed. The e-commerce industry report by IBEF, 2022 estimates the overall e-commerce market will reach US \$350 billion by 2030 and will have 21.5% growth in 2022 and will result in US \$74.8 billion. It has become a new normal to shop goods online for the following reasons

- Wide range of products which suits the different needs of different people - The e-tailers provide wider choice of products of different size, shape, price, brand etc. Whereas the traditional brick and mortar shops can store limited products. The products are based on the demographic profile of the customers in a particular area. The size and stocks are also limited.
- Convenience – The online shopping is convenient for customer. Generally shopping is a cumbersome task as you have to get ready, travel

through heavy traffic to a specific location, wait in long queues to make payment and travel back again with the heavy traffic. But all these activities are done online in some clicks.

- No Time constraints – In traditional shopping one has to devote a lot of time for shopping. In the present time people are working in multinational companies and sometimes the clients are in another country then there may difference of day and night in the two countries. So it becomes difficult for them to go for shopping as traditional stores follow specific time of opening and closing the shop generally 9 am to 10 pm. Online shopping does not have such constraints.
- Offers and discounts – The online stores give lucrative offers and discounts to attract the customers and people can select products as per their need, compare between sellers offer and choose the best one for them.
- Easy shopping – In online shopping there is no interference of the selling personnel, as they try to influence a customers buying decision by their view on products. Here customers choose products as per their own choice though pop-up ads will be shown on screen but it can be closed if not required.
- Secrecy – While purchasing some embarrassing products the customers prefer to maintain secrecy of the transaction which is possible in online mode.
- Easy replacement and refund – The service providers also help in the replacement of products and refund of money for the products, if customer is not happy with the product. The customer will mention the reason for rejecting the product online and the money will be refunded to the mentioned account of customer or replacement of the product as the case may be.
- Free delivery – The e-tailers facilitate doorstep delivery of products and most of the times it offers free delivery of products if customers purchase goods of certain quantity and price.
- Detailed information of products – Customers can go through the details about the product, it's ingredients, components, review by other customers to judge whether the offer is suitable for them or not.
- Rare products – Sometimes it is very difficult to find products which are rare and may not be available in traditional shops. But in online shopping customers can check so many online stores for the products they want compare their prices and take the purchase decision. In online

mode it is easy to find rare products and it's like you mention it, you get it.

VI. FINDINGS AND DISCUSSIONS

Digital finance is a financial service provided by using information and communication technology and mediums used for the purpose are mobile phones, personal computers, debit and credit cards linked to reliable digital payment service providers.

A Mc Kinsey report views digital finance as “Financial services provided through debit and credit cards, mobile banking and internet banking facility through mobile phones and personal computers.”

Acc. To Gomber, Koch and Siering (2017) digital finance includes e-financial products, novel financial businesses, Fintech services, Softwares related to finance, innovative ways to communicate with customers are provided by e-finance service providers or popularly known as fintech companies.

So putting all the above together it may be accepted that e-finance or digital finance includes all the products and services, facilitates in terms of technology which helps individuals and organizations to access facilities like e-payment, e-savings and credit facility in online mode using internet via mobile phones, personal computers without visiting bank branches and or without directly dealing with the e-service providers.

The 3 principal components of e-fiance services are (i) Digital platform (ii) retail agents (iii) the devices frequently used are mobile phones to carry out transactions digitally (CGAP, 2015)

To avail digital financial services (DFS) the customer should have a bank account of his own, availability of balance in the said account to make payments and a valid account to receive revenue with all KYC compliance for using digital platforms via mobile phones, computers and internet.

1. Digital finance helps in achieving financial inclusion targets, providing financial services to non financial sectors and providing basic financial services to people as around 50% population in developing economies have their own mobile phones. (World Bank, 2014)
2. E-Fiancé or digital finance can provide inexpensive, easy and secured banking facility to poor people in developing countries. (CGAP) Recently accessibility and affordability of e-fiancial services around the world helped millions of people to shift from cash transactions to digital transactions on secured digital platforms. (CGAP)
3. Digital finance helps to increase GDP of digitalized economies by making it more stable by providing numerous financial services to

individuals, MSME units, large scale businesses and boost their expenditure and inturnin creasing the GDP level.

4. It has positive impact on banking business . (Scott, Van Reenen and Zachariadis, 2017) studied how performance of banks are affected after adoption of SWIFT , a technology used worldwide for interbank telecommunication. In their study they examined 6848 banks across 29 countries in Europe and US and found adoption of SWIFT resulted in (i) affected longterm profitability of banks (ii) The profitability is greater in small banks than large banks (iii) Shows networks have significant impact on performance.
5. Digital finance helps government by providing platform to increase expenditure and further generate higher tax revenues as the volumes of financial transactions are increased.
6. It halps regulatory bodies as it reduces circulation of duplicate currency notes in the markets. Some other benefits are personal finance, quick financial decisions, ability to receive and make payments in seconds.

The factors that influence the customers to go for online purchase are like availability of variety of products , convenience to shop 24*7 without worrying about working hours, availability of coupons and discounts, easy replacement and refund, avoiding queue in Point of sale (POS), faster delivery option and maintenance of privacy.

Among many factors which influence the prospective customers to go for online purchase , digital financing is one among them .

VII. CONCLUSION

In this digital era many people prefer to purchase products and services online by using digital financing through personal mobile phones and computers. The preferred service providers are google pay, Phone pe, Amazon Pay, Mobikwik, Free charge etc. Now a day's most people have their own bank account as Government took initiatives like Jana Dhan Yojana, have mobile phones of their own, availability of cheaper data plans and many e-service providers compete with each other to satisfy their customer. Many e-tailers try to attract the attention of the customer by offering their products through their apps which are easily downloaded in mobile phones. It is preferred to shop products online due to choice of payment option, variety of products available, shop any time without worrying about working hours, online coupons and discounts available, easy replace and refund policy, secrecy of the order maintained through discreet packaging, free doorstep delivery, rare products

are available etc. The customers are satisfied as they are availing so many benefits while shopping online. But now also some people are reluctant to shop online due to their ignorance, slow internet facility in some areas, hesitate to share personal data in fear of some risk. So the government should take steps to make people digitally literate, facilitate faster internet facility in all the areas and stringent steps should be taken to provide digital services with high security.

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