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A STUDY OF KEY-DRIVERS AFFECTING USAGE OF ELECTRONIC PAYMENT FOR ONLINE PURCHASEAMONG YOUTH IN PUNJAB

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Introduction to electronic payment

Digital or electronic payments are non-physical ways of exchange of currencies and utilities among buyers and sellers, which exhibits the same properties as those of physical one without having a tangible presence. This method can be utilised for buying physical goods and services. With the advent of internet and smartphones in India, electronic payment is vastly substituting the physical payment. Digital payments can be done in following ways :

- ATM/debit card/ credit card transaction
- Internet banking
- Payment through digital wallets (like Paytm, Airtel Money etc)

Ecommerce and electronic payment: India has seen the spurt in online buying. With the penetration of internet infrastructure, buying over internet is becoming a common phenomenon. Also, factors like saving of time, availability of huge assortments, home delivery etc., has made ecommerce a perfect alternative to the regular shopping. Majority of digital payment is done on ecommerce websites by the customers

One of the key aspects for ecommerce while winning customer's trust is having a secure payment gateway. Consumers can be reluctant to pay online if they are not convinced by the payment mechanism. Earlier, all websites were having only credit card payment option.

Later, they added payment through debit card, then cash-on-delivery and the latest one is payment through digital wallets.

Review of literature

Electronic payment in India is considered as a new phenomenon but the study conducted by **Humphrey, D. B., Pulley, L. B., & Vesala, J. M. in 1996** revealed that 35% of US citizen found electronic payment convenient to use and already adapted this method of payment. In the same year, **1996, Kane, E. J**. forecasted in his study that It is practical to envision the advancement of the state of the art to a point that will permit and perhaps almost force radical change in banking structure and functions. This state will be reached within the near future, probably much sooner than most of us expect. In **2001, Humphrey, D. B., Kim, M., & Vale, B.** studied that the growth of electronic payments can substantially reduce the social cost of a country's payment system. They provide an estimate of the potential savings in social cost and determine the responsiveness of payment users when relative prices are used to speed up the substitution of electronic for paper-based payments. Further in **2002, van der Heijden, H**. in his research paper found the factors which affects the consumer acceptance. These are their cost, their ease of use relative to other payment methods, and the perceived risk. In **2003, Mester, L. J.,** hailed electronic payment as a non-paper-based methods of conducting this business transactions using automated methods. In **2003, Park, C. H., & Kim, Y. G,** found in their study that information quality, user interface quality, and security perceptions affect information satisfaction and relational benefit, which, in turn, are significantly related to each consumer's site commitment and actual purchase behavior. **Mukherjee, A., & Nath P., in 2003**, in their study, observed that shared value is most critical to developing trust as well as relationship commitment. Communication has a moderate influence on trust, while opportunistic behaviour has significant negative effect in electronic payment. In **2005, Valcourt, E., Robert, J. M., & Beaulieu, F.** broadly defined electronic payment into Internet payment method, point of sale mobile payment method, payments for mobile commerce applications, and person-to-person mobile payment. They concluded that 76% of the respondents would be interested in buying movie tickets with a mobile phone, and 78% would use a service whereby their buying transactions would be charged on their mobile carrier bill. In **2006, Hung, S. Y., Chang, C. M., & Yu, T. J.** in their study found the important factors as perceived usefulness, ease of use, perceived risk, trust, compatibility, external influences, interpersonal influence, self-efficacy, and facilitating condition. **Mallat, N.,2007**, suggested

that the barriers to adoption fo electronic payment are premium pricing, complexity, a lack of critical mass, and perceived risks. In **2010, Kim, C., Mirusmonov, M., & Lee, I.** narrowed their study of electronic payment only on one branch i.e., mobile payments and suggested that the intention to use m-payment are perceived ease of use and perceived usefulness. They found that the compatibility of m-payment was not the primary reason in consumer's decision to adopt it. Their study indicate that early adopters value ease of use, confidently relying on their own m-payment knowledge, whereas late adopters respond very positively to the usefulness of m-payment, most notably reachability and convenience of usage. In**, 2014, Martins, C., Oliveira, T., & Popovič, A,**defined factors such as performance expectancy, effort expectancy, social influence, and also the role of risk as a stronger predictor of intention.

Need of the study

As most of the electronic payment is governed on the ecommerce websites, it will be helpful for this industry in addressing the Gen Y needs. Knowledge of key factors affecting the electronic payment choice can help in enhancing the payment option for different segments of customers. It will lead to adding new customers, retaining the customer, building the trust, more frequent selling through websites and eventually high profit to the organisation.

Scope of the study

We have studied the perception of Gen Y (15-35) years of age. The study can be further conducted for different age groups. We have focussed on the payment preference on those ecommerce which are having multi product lines. This study can be further extended to specialise ecommerce (like IRCTC, Lenskart, travel portals etc). This study is conducted on Indian millennials, the study can be further extended to different geographical regions.

Objective of the study

- To study about the key drivers affecting the usage of electronic payment in online shopping among Youth (Gen Y)
- To study about the effect of different factors obtained on overall electronic payment usage

Research methodology

We have collected primary data based on structured questionnaire consisting of Likert scale. Respondent sample is taken as convenient random sampling. Collected response is tested

through Factor analysis in SPSS. The reduced variables, extracted factors and their loading effects are analysed for studying key drivers of digital payment option.

Analysis

We have taken response from 100 respondents in which 9 response were not filled properly or were totally biased towards one ranking. So we proceeded with 91 questionnaires. We applied Factor Analysis using SPSS.

As per rotated component matrix, variables were reduced in three factors. The cumulative loading of three factors is 61.054%. It means total variance explained by three factors combined is 61.054%

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.888
Bartlett's Test of Sphericity	Approx. Chi-Square	6230.901
	df	91
	Sig.	.000

Total Variance Explained

	Initial Eigenvalues			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.608	28.798	28.798	4.264	26.652	26.652
2	3.053	19.083	47.881	3.341	20.879	47.531
3	2.108	13.173	61.054	2.164	13.523	61.054
4	1.746	10.911	71.966			
5	1.240	7.752	79.717			
6	.990	6.190	85.907			
7	.837	5.232	91.139			
8	.550	3.435	94.574			
9	.334	2.089	96.662			
10	.276	1.723	98.385			
11	.162	1.015	99.400			
12	.054	.340	99.740			
13	.031	.191	99.932			
14	.011	.068	100.000			
15	-4.273E-16	-2.671E-15	100.000			
16	-2.133E-15	-1.333E-14	100.000			

Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

	Component		
	1	2	3
Electronic payments sometimes have website trust issue	-.907	.004	.025
Electronic payment is easy to use	-.874	.199	-.126
Charges for electronic payment is affordable	.755	-.412	-.078
Electronic payment enable easy refunds in case of cancellation of order	.738	-.008	-.192
Electronic payment enables avoiding cash handling	.621	.064	-.169
Electronic payment is processed quickly	.179	-.845	.064
Electronic payment has the risk of password getting hacked	.195	.755	-.062
This payment method may lead to some false transaction without the information of user	-.342	.749	-.027
A user generally have bad experience in paying through electronic payment	-.585	.648	.006
It has the option of converting the payments into EMIs.	-.196	-.555	-.336
The user has the fear of being placed in mass mailing list and spams	-.124	.447	-.202
Loyalty points earned on shopping encourages for the usage of electronic payment	.109	.105	.823
It helps in tracking the expenses through account/card statements	.605	.210	.634
In electronic payment method, the bank has enough security checks to ensure security	-.214	-.209	.554
Attractive online promotional offers like discounts and freebies encourages for the usage of electronic payment	-.198	-.089	.516
Internet payments leads to more expenses in case of cancellation of order due to cancellation charges	.364	.498	-.512

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

Based on above matrix, variables are reduced in factors based on their explained loadings as follows:

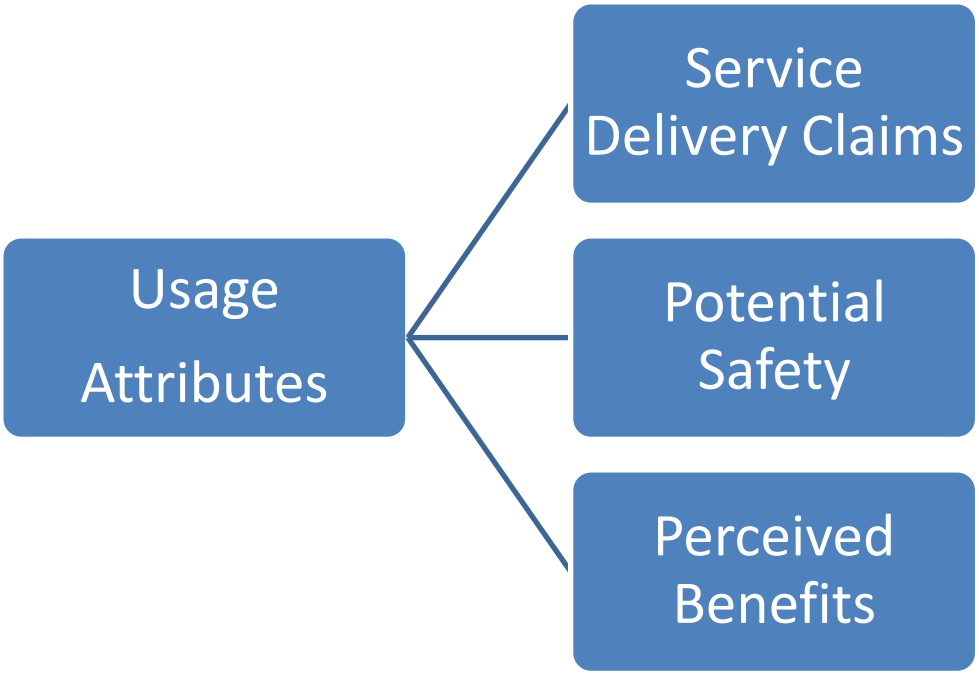
	Variables		Loading
	Electronic payments sometimes have website trust issue		-.907
Factor 1	Electronic payment is easy to use		-.874
	Charges for electronic payment is affordable		.755
"Service delivery claims"	Electronic payment enable easy refunds in case of cancellation of order		.738
	Electronic payment enables avoiding cash handling		.621
	Electronic payment is processed quickly		-.845
	This payment method may lead to some false transaction without the information of user		.749
Factor 2	Electronic payment has the risk of password getting hacked		.755
	A user generally have bad experience in paying through electronic payment		.648
"Potential safety"	It has the option of converting the payments into EMIs.		-.555
	The user has the fear of being placed in mass mailing list and spams		.447
	Loyalty points earned on shopping encourages for the usage of electronic payment		.823
Factor 3	It helps in tracking the expenses through account/card statements		.634
	In electronic payment method, the bank has enough security checks to ensure securit		.554
"Perceived Benefits"	Internet payments leads to more expenses in case of cancellation of order due to cancellation charges		-.512
	Attractive online promotional offers like discounts and freebies encourages for the usage of electronic payment		.516

Among these three factors, Factor 1 ("Service delivery claims") explains 26.65% of the overall variance. In this Factor most important variable is “trust issues” as claimed by the

service providers. It has negative value, it means consumers still have less trust on all the websites while using electronic payment as opposed to what service providers claim.

Factor 2 (“Potential Safety”) explains 20.87% of the variance. In this factor highest loading variable is “Quick process”. It has negative value and the highest value, it means the “process is not the quickest and it is a major concern for security while using an electronic payment.”

Factor 3 (“Perceived Benefits”) explains 13.52% of variance. In this factor “Loyalty point earned” has the highest loading.



Conclusion

As per our study, we found three key-drivers affecting usage of electronic payment as a buying option for online shopping among Generation Y. They are "Service delivery claims", “Potential Safety” and “Perceived Benefits”. Consumers are having less trust on service delivery claims and they are wary about safety concerns over electronic payment for buying online. The benefit they see in electronic payment is as a benefit for earning loyalty and cash-back points.

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