



A STUDY ON IMPACT OF DIGITAL PAYMENTS ON SMALL TRADERS IN TIRUPUR CITY

Dr. T. VASANTHI¹

J.ANITHA ELIZABETH²

¹Principal, Tiruppur Kumaran College for Women, Tirupur.

²Ph.D.Scholar, PG & Research Department of Commerce, Tiruppur Kumaran College for Women, Tirupur.

ABSTRACT:

This study examines the influence of digital payment adoption on small traders in Tirupur, a key hub for the textile industry in India. A survey of 150 small traders was conducted to gather data. By analyzing both qualitative and quantitative data, this research aims to uncover the effects on sales, customer satisfaction, operational efficiency, and financial inclusion among these traders. The research focuses on understanding how digital payments influence business operations, customer satisfaction, and overall sales. The analysis includes percentage analysis, rank analysis, and chi-square tests to evaluate the relationships between variables.

Keywords: Trading, Knitwear, UPI, Digital Payments

INTRODUCTION:

One of the most significant shifts has been in the domain of financial transactions, where digital payments have experienced an unprecedented surge in adoption and usage. Before the pandemic, digital payments were already on a growth trajectory, driven by advancement in technology and changing consumer preferences.

The adoption of digital payment systems has revolutionized the way transactions are conducted globally, and India is no exception. With the advent of technology and increased internet penetration, digital payment methods such as net banking and Unified Payments Interface (UPI) have become prevalent. This shift towards digital payments has had a profound impact on various sectors, particularly small traders.

Tirupur, known as the "Knitwear Capital of India," is a bustling city in the state of Tamil Nadu, renowned for its vibrant textile and garment industry. The city is home to numerous small traders who play a crucial role in the local economy. These traders operate in diverse niches, ranging from retail shops to wholesale markets, contributing significantly to the region's commercial landscape.

BENEFITS OF DIGITAL PAYMENT SYSTEM

Small traders can gain several benefits from utilizing digital payment systems to accept payments from customers:

1. **Increased Sales:** Accepting digital payments enables small traders to cater to a wider customer base, including those who prefer cashless transactions. This can result in increased sales and revenue for the business.
2. **Convenience for Customers:** Digital payment systems offer convenience to customers, as they can pay using various methods such as credit/debit cards, mobile wallets, or online banking. This convenience can lead to higher customer satisfaction and loyalty.
3. **Reduced Risk of Theft:** Handling cash comes with risks such as theft and counterfeit bills. By accepting digital payments, small traders can minimize the risk of theft and ensure the security of their earnings.
4. **Improved Record-Keeping:** Digital payment systems automatically generate transaction records, which can streamline accounting processes for small traders. This helps in maintaining accurate financial records and facilitates easier tax compliance.
5. **Faster Access to Funds:** With digital payments, funds are typically transferred directly into the trader's bank account, providing faster access to cash flow compared to traditional cash transactions.
6. **Competitive Edge:** Offering digital payment options can give small traders a competitive edge over competitors who only accept cash. It positions them as modern and customer-friendly businesses, which can attract more customers.
7. **Opportunity for Growth:** Accepting digital payments opens up opportunities for small traders to expand their business beyond physical locations. They can venture into e-commerce or participate in online marketplaces, tapping into a larger market.

NEGATIVE IMPACTS

1. Increased Vulnerability to Cyber Threats

Cyber security Risks: Digital payment systems are vulnerable to hacking, phishing, and other cyber threats.

Data Privacy: Concerns about the security of personal and financial data.

2. Technical Challenges

System Downtime: Technical issues such as server downtime can disrupt transactions and business operations.

Integration Issues: Difficulty in integrating digital payment systems with existing business processes.

3. **Financial Burden**

Transaction Fees: While some platforms are cost-effective, others may have high transaction fees that burden small traders.

Maintenance Costs: Ongoing costs for system maintenance and upgrades.

4. **Customer Exclusion**

Digital Divide: Customers without access to digital payment methods or internet connectivity may be excluded.

Resistance to Change: Some customers may prefer cash and resist the transition to digital payments.

5. **Reduced Personal Interaction:**

Impersonal Transactions: The shift to digital payments can reduce face-to-face interactions, potentially weakening customer relationships.

Customer Experience: Lack of personal touch in digital transactions.

6. **Dependency on Technology**

Reliability Issues: Over-reliance on technology can be problematic if there are technical failures.

Learning Curve: Traders and customers may face a learning curve in adopting and effectively using digital payment systems.

LITERATURE REVIEW:

- **CGAP(2015)** Digital financial inclusion will boost the well-being of individuals and companies with a responsible digital platform for accessing funds in their bank accounts for financial transactions
- **Dr.G. Vincent (2016)**, defined the performance of E-Wallet. The use of traditional payments using either debit cards or credit card is replaced by E-Wallet. This paper analyses the e-price system and throws mild on E-wallet device of digital payment
- **Lee (2019)** in their recent study found out the reciprocal relationship between user perception and retailer perception on platform-based mobile payment service. This study argue that the mass adoption of mobile payments will only be triggered when the benefits - both perceived and real become clear to consumers and merchants.

OBJECTIVES OF THE STUDY:

- To study the various types of digital payment system
- To know the benefits to small traders while using digital payment system by customers.

STATEMENT OF THE PROBLEM

Small traders in Tirupur city have traditionally relied on cash transactions. However, the increasing acceptance and use of digital payment systems by customers present both opportunities and challenges for these traders. This study aims to investigate the impact of digital payment adoption on small traders in Tirupur city, focusing on business operations, customer relations, and financial outcomes.

SCOPE OF THE STUDY:

This study focuses on small traders in Tirupur city, including those in the retail, wholesale, and service sectors. It examines the use of net banking and UPI transactions, exploring both the positive and negative impacts on business operations, customer satisfaction, and financial performance. The study is limited to the geographic boundaries of Tirupur city and considers data from the past two years to ensure relevance and accuracy.

LIMITATIONS OF THE STUDY:

- The research and the results are only applicable to the respondents of Tirupur city and are not applicable to any other places.
- The study is limited to the sample of 150 respondents only. So this can't be a full proof.
- The researcher collected data by convenient sampling method using schedule and there is a possibility of certain deviations.

RESEARCH METHODOLOGY:

This chapter outlines the research methodology employed to study the impact of digital payment systems on small traders' businesses in Tirupur city. It includes the research design, sample selection, data collection methods, and data analysis techniques.

SAMPLING DESIGN:

The schedule collected for the purpose of the study has been collected using convenient sampling method

TOOLS USED FOR ANALYSIS:

- Percentage analysis
- Chi-Square test
- Rank analysis

ANALYSIS OF DATA:**Table 1****Demographic Factors**

S.No	Factors	Category	No of Respondents	Percentage (%)
1	Age	Below 30	22	14.7
		31-40	68	45.3
		41-50	46	30.7
		Above 50	14	9.3
2	Types of respondent	Grocery Shops	30	20
		Vegetable shops	45	30
		Stationery shops	25	16.67
		Tailoring shops	24	16
		Bakery	26	17.33
3	Educational Qualification	Illiterate	30	20
		School Level	36	24
		Diploma	40	26.67
		Graduate	44	29.33
4	Years of experience	Less than 1 year	24	16
		1-5 years	41	27.33
		. 6-10 years	60	40
		More than 10	25	16.67
5	Monthly Income	5000-15000	36	24
		15001-25000	54	36
		25001-35000	35	23.33
		Above 35000	25	16.67
		TOTAL	150	100

Sources : Primary data

The above table depicts that 45.3% of them are between age group 31-40 years.30% of the respondents are belong to vegetable shops, 29.33% of them having their educational qualification in Graduate 40% of the respondents are having an experience of 6-10 years of experience and 36% of them have their monthly income between 15001-25000

Table 2**Frequency of using digital payments**

Factors	Category	No of respondents	Percentage
Frequency of using digital payments	Rarely	12	8
	Frequently	81	54
	Occasionally	22	14.67
	Always	35	23.33

The above table describes that 54% of the customers use the digital payments frequently.

23.33% of the customer use the digital payments always 14.67% of them use the digital payments occasionally and 8% of them use the digital payments very rarely.

Table 3**Preferred digital payment modes**

Factors	Category	No of respondents	Percentage
Digital payment modes	Net Banking	39	26
	UPI	45	30
	Mobile Wallet	27	18
	Debit/Credit Cards	9	6
	QR Code Payments	30	20
	Total	150	100

Then the table shows that 30% of the respondents use UPI, 26% of them use Net banking, 20% of them use QR Code Payments, 18% of them use Mobile Wallet, and 6% of them use Debit/Credit Cards.

RANK ANALYSIS

Table 4
Benefits for using digital payments

Benefits	1	2	3	4	5	Total	Rank
Fast Payment	26	38	34	18	34	658	1
convenient	62	14	38	30	16	556	2
Increased customer	14	26	38	30	42	390	4
Reduced Credit burden	26	50	26	22	26	478	3
Free from handling coins	22	22	14	50	42	382	5

The above table shows the ranking of various benefits by using digital payments. Among the Benefits, Fast Payment is ranked 1st rank and followed by convenient is placed 2nd rank, Reduced Credit burden in 3rd rank, Increased customer in 4th rank and Free from handling coins in 5th rank.

CHI-SQUARE TEST

Relationship between Age and modes of digital payment

AGE:

Ho: There is no significant relationship between age and modes of digital payment system.

H1: There is a significant relationship between age and modes of digital payment system.

Table 5

Age	Different modes of digital payment					TOTAL
	Net Banking	UPI	Mobile Wallet	Debit/credit card	QR code	
Below 30	5	3	3	4	7	22
31-40	7	27	14	-	10	68
41-50	9	14	8	2	13	46
Above 50	8	1	2	3	-	14
TOTAL	39	45	27	9	30	150

Age and modes of digital payment system

Term	DF	P-Value	S/NS	Remarks	
Pearsons square	chi	12	26.05	Not Significant	Rejected

The chi square tests reveals that the calculated value of 26.05 is more than the table value 21 @ 5% level of significance and hence the null hypothesis is rejected. Therefore it is concluded that there is significant relationship between age and modes of digital payment.

FINDINGS OF THE STUDY:

- Most (45.3%) of them are between age group 31-40 years.
- Majority (29.33%) of them having their educational qualification in Graduate.
- 30% of the respondents run vegetable shops.
- Majority 40% of the respondents are having an experience of 6-10 years.
- Majority 36% of them have their monthly income between 15001-25000.
- 54% of the customer use the digital payments frequently
- Among the respondents 30% of the respondents use UPI.

SUGGESTIONS:

- Targeted training programs and educational initiatives can help traders to overcome technical challenges and build confidence in using digital payment system.
- Negotiating lower transaction fees with payment service providers or introducing government subsidies can alleviate the financial burden on small traders.

CONCLUSION:

Small traders are the backbone of Tirupur economy, contributing significantly to employment generation and economic activity. They serve as a critical link in the supply chain facilitating the distribution of goods and services. Small trades offer a platform for social mobility, enabling individuals from various socio-economic backgrounds to engage in entrepreneurial activities and improve their living standards.

Digital payments have a profound impact on small traders in Tirupur City, offering numerous benefits and also presenting challenges. Addressing these challenges through targeted inventions can further enhance the adoption and effectiveness of digital payment systems, contributing to the economic growth and modernization of the trading sector in Tirupur city. Future research should focus on long-term impacts and the development of comprehensive strategies to support traders in the digital payment landscape.

REFERENCES:

- ❖ **Kaur.G.(2015)** Financial Inclusion and Digital India,International Journal of Business Management,ISSN 2349-3402,Vol.2(2)
- ❖ **Sivakumar.S.Vincent.G. (2016)** “Recent trends in cashless economy in India Think India Journal ISSN 0971-1260”. Vol. 22 Issue 10 November 2019 Page8021 .
- ❖ **Lee (2019)** A study on reciprocal relationship between user perception and retailer perception on mobile payment services. journal of retailing and consumer services,48.7-15

