

Financial Inclusion Implementation: A Study of Adaptation of Digital Payments Among Youth

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Abstract - The economic and social development in any country is quite related with Financial Inclusion in today's world. Financial inclusion has been explained as the availability of reliable medium for financial products and services like banking, insurance, financial advisory services etc., to various deprived sections of society and low-income group. The offline and online payment system plays a very important role in bridging the gap between the haves and have nots. In past two decades India has been working on developing such a system of financial service providing which is easily accessible, cost effective and risk free for its citizens. Moving forward in this way various online digital payment services have been initiated and people are now using latest technologies regarding their financial work leading to financial inclusion. This research paper focuses on the finding out various factors affecting the adoption of online banking services and other modes of digital payments specially among youth. The primary data has been collected from the students of colleges and universities situated Sehore. The collected data has been analysed, and interpretation is based on the output-derived. The data collection from the youngsters was not too easy as many of the students who come to sehore are from nearby villages and thus they hesitate to share their financial information. In this research article, an attempt has been made to study significantly on the factors affecting the utilization of online financial services. This work would contribution to the literature regarding analysis of financial inclusion.

Keywords: Financial Inclusion, Digital Payments, Online Financial Services, Financial Literacy.

Introduction - The traditional banking system has indeed been characterized by a preference for cash transactions, but technological advancements have introduced significant changes. The shift towards online modes of payment and digital finance has been a transformative trend in recent years, bringing about various opportunities and innovative solutions to the traditional finance sector. Technology has played a crucial role in promoting financial inclusion by providing banking services to individuals who were previously excluded from the traditional banking system. Mobile banking and digital wallets have made it easier for people in remote or underserved areas. Some key points highlighting the impact of technology on the financial service sector are :

Convenience and accessibility: Online banking and digital payment methods offer convenience and accessibility to users. Customers can conduct transactions, check balances, and manage their finances from the comfort of their homes or on the go through mobile devices.

Cost Efficiency: Digital transactions are often more cost-effective for both banks and customers compared to traditional methods involving physical infrastructure, paperwork, and manual processes

Innovative products and services: Fintech companies

and digital platforms have introduced a wide range of innovative financial products and services.

The Demonetization move announced by Prime Minister Shri Narendra Modi on November 8, 2016, indeed had a significant impact on the financial landscape in India. The decision involved the invalidation of high-denomination currency notes, leading to a temporary disruption in traditional currency transactions. This event prompted a shift towards digital modes of payment and significantly contributed to the growth of Digital Finance in our country leading to a major shift regarding use of financial services. The intention was to eliminate black money transactions and bring out a new and improved currency system for the wellbeing of all sectors of the society.

Financial Inclusion refers to providing affordable and accessible financial products and services to all sections of society, especially those in vulnerable or low-income groups. The shift towards digital modes of payment facilitates easier access to financial services, overcoming geographical barriers and reducing transaction costs. Financial Inclusion aims to reach the 'unbanked' sections of society, referring to individuals who do not have access to traditional banking services. Digital Finance, through initiatives like the Pradhan Mantri Jan Dhan Yojana

(PMJDY), has played a crucial role in bringing banking services to remote and underserved areas, helping to bridge the gap between the banked and unbanked citizens.

Review of literature

Information related to the conceptual framework and theories explaining the factors influencing the adoption of online banking products and services many studies have been conducted. The following studies have been considered for our interpretations.

According to Singh Gagandeep (2014) "the age group from 21-35 years are mostly using the e-wallets for the purpose of mobile and DTH recharges, booking of movie tickets, bill payments, money transfers. The reason behind such adoption is availability of security, easy procedure, convenience of use and the most important is about not being sure of not losing any personal information because of scan and pay method. It is also found that many studies say that there is no significant relation between gender and the use of digital wallets. The study also stated that e-wallets are the new face of the plastic money which indicate that the deployment of technology for digital payments have improved the performance of banking sector and able to achieve the motive cashless country". A study by Levy and Hino (2016) found that respondents use the Internet because it is informative, believable helpful as a buying guide. Respondents avoid the internet because it may be cause of wrong decision. Besides all these things, respondents spent most of their time on Internet by both types of consumers i.e. rural and urban consumers. Raja M Senthil Velmurugan & Seetharaman A (2015) concluded in their study that the cause of intention to transact as because of the easiness and cheaper use of electronic cash when compared to the physical cash and not only that it cannot be counterfeited and it can also be used in telecommunications and data networks for e-commerce. Vinitha and Vasantha (2017) reviled in their study that however, Digital payment system is getting more advanced and is being used extensively there is still very much to be done as there are Still many people who are reluctant to get accustomed such payment methods as a result most of the transactions are cash based. Hence the need to enlighten online and cashless payments is a necessity for us.

Objectives Of The Study: This study is focused on the given objectives:

1. To understand the current status of Financial Inclusion in Sehore.
2. To study the major factors influencing the adoption of Digital payments among the youth.
3. To understand the impact of Digital Finance on Financial Inclusion.

Research Methodology: The study is descriptive in nature, where current and old students were selected as respondents from various institutes in Sehore. Primary data

were collected primarily through google form as a questionnaire. The questionnaire was sent in the form of link of the concerning google form to various students and alumni of different Institutes, and data was collected from them.

Sample Size: 105 respondents from different Institutes.

Sampling Technique: Probability method of sampling (the Random sampling technique)

Table 1 (see in last page)

The data collected through survey has been analysed and the details shows that 105 respondents filled the questionnaire. We find the demographic character of respondents. It was found that out of 105 respondents around 49% of respondents are between the age group 18-20 years, about 34% are between the age group 21-22 years, about 13.5% are between the age group 23-25, and the rest 3.5% belongs to the age group of 26-28 years which reflects high students' involvement in the survey.

Occupation wise the major contributors are students with 86.5% share. As major contribution from students with age group of 18-22 years, its impact on the income of the respondents is seen as it lies a range of 0-3 lakhs. The major finding regarding financial inclusion is that 100% respondents have a bank account thus they are capable of availing financial services. As far as it is about awareness about online services being offered by their bank 77.5% respondents knew it whereas 22.5 were not aware about it which indicates that still there is still lack of proper approach regarding online financial services. As most of the respondents are students who are well educated only 50.6% are availing of those services among 77.5% who are aware of such services.

People who are aware of the banking services are primarily using UPI 42.4%, followed by mobile banking 40.4% and internet banking (12%) for various payments. Most of the respondents have not used these services for last few months that shows that it is not so popular among students and also one reason of not posing an income too seems a reason for this. On a regular basis, UPI is used by the respondents for various purposes like Payment for online shopping, payment to a third party, and for many other payments.

Payment through digital mode has been adopted by students as it has many benefits like easy to use, secure, fast, provide online cash back and discounts and lesser risk of losing money as in case of physical cash.

In contrast, fear of losing money and low internet speed are some major barriers to using online financial services. They mostly prefer Phonepay for payment over other UPI Apps like Paytm, Google Pay, BHIM, and many others. Finally, it can be concluded that online banking services are more convenient rather than offline banking per according to the view obtained in the research.

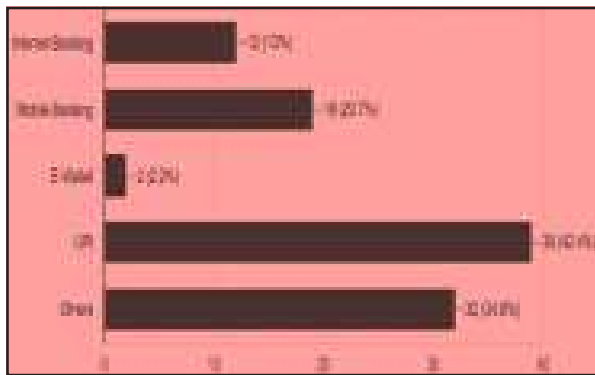


Figure 1: Use of various digital services



Figure 2: kind of payments for digital payments system

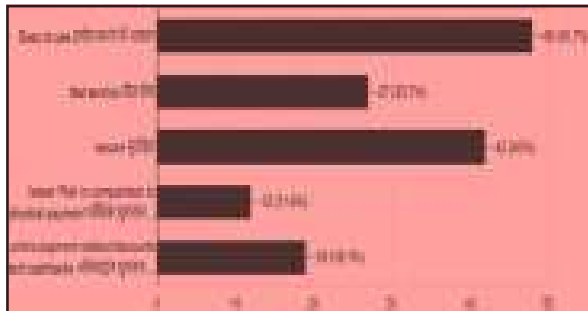


Figure 3: benefits of online payment services

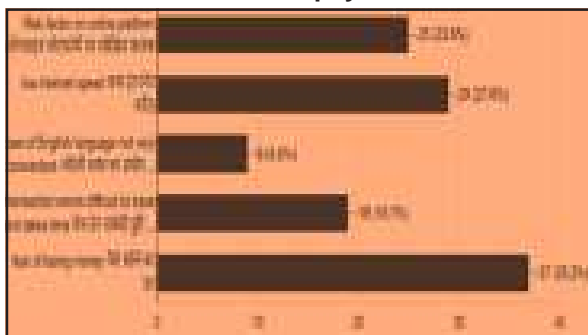


Figure 4: problems with online payment services

Analysis And Interpretation: As per the first research objectives, it was found that to understand the current status of Financial Inclusion in Sehore, the analysis indicates that 100% of respondents are having bank accounts and 96.6% of them are using smartphones, out of which 78%

respondents are aware of the online banking services and among them only 50.6% are using online banking services.

The result indicates that they are aware of the banking services provided by their bank, but only half of them are using it. With regards to the frequency of use it is found that most of them have not been using it regularly.

As per the second research objective, it was found that various factors influence the adoption of digital payment among students. Payment through digital mode has many benefits like easy to use, secure, fast, provide online cash back and discounts and lesser risk of losing money. Figure 1 shows the use of online payment services for payments .

There are various reasons why they don't refer to digital payment adoption to others, like internet connection, security, trust, low-cost involvement, and delay in transaction processing. They mostly prefer UPI over various other modes of payment like mobile banking, net banking, e-wallets, etc. According to figure 2, almost 48% of the respondents prefer Phone pe over G-pay, BHIM, Paytm, and many other apps due to convenience, time-saving, and low cost. Internet connection, security, trust, delay in processing a transaction, and High charges are certain barriers to students' adoption of digital payment methods. After analysing all the merits and demerits of digital payment modes, almost 72.4% of the students prefer online banking over traditional banking as per figure 5. Lastly, as per the third objective, it was found that most of the respondents belong to the age group of 18-20 years, which indicates a young generation; they are aware of the banking services provided by their bank, and even though 77.5% of them are also using it for various purposes. The concern is about its lower use among them as Sehore is a semi urban area and most of the people here are from nearby villages the tendency of physical cash still exists. Still it is a good sign that they are of a view to find online financial services better than traditional ones.

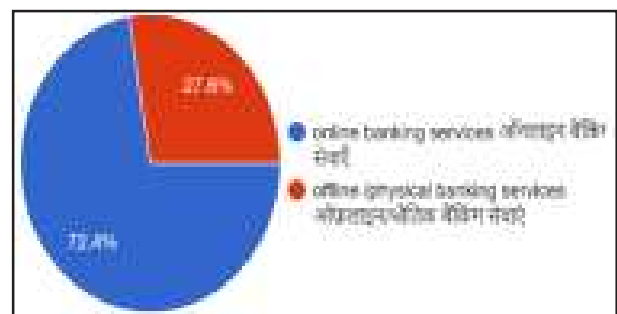


Figure 5: offline vs online banking services

Conclusion: From last few decades special measures are taken by the Indian government to spread financial inclusion and thus the emergence of online banking services have changed traditional models. The Unified Payments Interface (UPI), Aadhaar-based services, and the Direct Benefit Transfer (DBT) scheme are some of the measures that have helped government achieve its goal. With quick, reliable and cost-effective services access has increased

and thus savings and investment opportunities seems to speed up. These steps may help achieve economic growth and alleviate the problem of poverty and unemployment in our country.

The research results prove that digital finance positively impacts financial inclusion through digital financial services, facilitating access to financial services.

As per our survey, we found that the young generation who are well educated are more inclined towards the use of technology and they are also referring it to others as well. But there is a need of awareness among the senior citizens about the usage of technology in different fields. Though technology has many benefits but it has certain limitation as well which we need to identify and then use it. Fishing is a major concern nowadays during Digital payment. So, we need to be well aware about it, and then we should adopt it. Access to financial services enables individuals and businesses to participate more actively in economic activities, potentially improving living standards.

References:-

Table 1

| Particulars | Frequency in percentage | Particulars | Frequency in percentage |
|---|-------------------------|--|-------------------------|
| Age | | Do you have a smart phone with internet connectivity? | |
| 18 years -20 years | 49.4 | Yes | 96.6 |
| 21 years -22 years | 33.7 | NO | 3.4 |
| 23 years -25 years | 13.5 | Are you aware of the online financial services provided by your bank ? | |
| 26 years -28 years | 3.4 | Yes | 77.5 |
| occupation | | NO | 22.5 |
| student | 86.5 | Are you availing any of the online banking services/ channel ? | |
| Govt. Employee | 3.4 | Yes | 50.6 |
| Private Employee | 2.2 | NO | 49.4 |
| Business/profession | 1.1 | If yes, which online banking services are you using? | |
| others | 6.7 | Internet Banking | 12 |
| Income | | Mobile Banking | 40.4 |
| 0- 3 lakh | 93.3 | E-Wallet | 2.1 |
| 3- 5 lakh | 3.4 | UPI | 42.4 |
| 5- 7 lakh | 3.4 | Others | 3.1 |
| more than 7 lakh | | How often do you use online banking services? | |
| Do you have a Bank Account | | Daily | 11.4 |
| Yes | 100 | Weekly | 19 |
| No | 0 | Monthly | 22.9 |
| which mode of banking & financial services would you suggest better ? | | Not used in the last few months | 46.7 |
| online banking services | 72.4 | which UPI app do you use often? | |
| offline /physical banking service | 27.6 | Paytm | 23 |
| | | Phonepay | 52 |
| | | Google pay | 22 |
| | | BHIM | 3 |
| | | Other | |

Source: Primary data collected and analysed from Questionnaire

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