

EXPLORING THE SUSTAINABLE GROWTH OF ONLINE BUSINESS THROUGH DIGITAL PAYMENTS

K. Mary MacleenSheema* Dr. M. Subala**

* Research Scholar, Reg. No. 19213201012003, PG and Research Department of Commerce, St. Alphonsa College of Arts & Science, Karinkal, Kanyakumari District. Affiliated to ManonmaniamSundaranar University, Abishekapatti, Tirunelveli-627012, Tamil Nadu, India.

**Assistant Professor, PG and Research Department of Commerce, St. Alphonsa College of Arts & Science, Karinkal, Kanyakumari District. Affiliated to ManonmaniamSundaranar University, Abishekapatti, Tirunelveli - 627012, Tamil Nadu, India.

ABSTRACT

In recent, we have all become aware that more and more consumers are moving towards online shopping due to various reasons like convenience, digital payments, smart devices, etc. With the convenience of purchasing and selling goods and services, as well as the availability and accessibility of cutting-edge technologies over the Internet, the e-commerce sector has exploded. Consumers are growing increasingly comfortable utilizing different applications like carts, catalogs, comparisons, and making online transactions as their trust in e-commerce platforms grows. Despite the fact that many customers are becoming more accustomed to using various electronic devices and digital payment platforms by installing and using a variety of programs on their smart devices, many customers still prefer Cash on Delivery. For greater long-term growth, it is critical for online firms to understand the payment preferences of ever-changing customers. The study is based on the favorite product, frequency of use, preferred online shopping websites while using it, and the sustainable growth of 260 sample respondents who use digital payments for purchasing things online. The research paper is to identify the sustainable growth of online businesses through digital payments.

Keywords: Digital payments, Growth, E-commerce, Online business

INTRODUCTION

In today's digital age, the popularity of the internet has grown. All age counts require and output vast quantities of data every second. Many businesses are assessing and making changes based on the information gleaned through customer research. The convenience of smartphones, as well as the virtual accessibility of items, services, and payments online, has changed the way consumers purchase and pay online. Sustainable development is the central idea that revolves around integrating short-run and long-run problems concerning society, the

economy, and the environment. In recent years has witnessed exponential growth he digital payment transactions due to a massive drive by the Government of India’s “Digital India” program. With an objective to push Digital Payments and transform India into a cashless economy, a great number of policy and actionable measures are undertaken by the Government for its procurement, service offering, and disbursements.

Traditional payment methods have been supplanted by various forms of rapid and effective e-payments. Both the buyer and the seller utilise digital channels to transmit or receive money in the e-payment process; it is an automated process that allows the vendor and the buyer to avoid going to their bank. It eliminates tangible cash, which might be dangerous to handle at times. Consumers can now make payments utilising electronic methods such as cards and other platforms that are accessible through a variety of smart devices. The adoption of specific payment methods by sellers and enterprises has a significant impact on the purchases made by their customers, as the availability of multiple modes allows the consumer to select the one that is most appropriate or available to them.

Smartphones have grown dramatically in popularity in recent years as a result of internet accessibility and availability. Mobile wallet providers like Paytm, Gpay, PayPal, Mobikwik, and others, as well as payback schemes, are enticing more consumers to embrace digital payment channels, assisting businesses with significant growth. Digital wallets are assisting economies in their transition to a cashless world. Digital payments and mobile wallets are also digital versions of traditional wallets with enhanced features and functions. E-payment wallets save retailers money on cash storage and handling. (Sana Khan, Shreya Jain 2018) Retailers on online platform have introduced lucrative discounts and cashback offers to get payment orders for all cashless payments. The online platform retailers have encouraged more customers to choose a payment mode other than Cash on Delivery; it also helps a business to retain their customers.

OBJECTIVE OF THE STUDY

- To identify the growth of the online business.
- To examine the effect of digital payments contribution towards the sustainability of business growth.
- To analyse the indicator of the sustainability the digital payments.

REVIEW OF LITERATURE

Vandana Bhavsar and Pradeepta Kumar Samanta, (2021) in their article entitled “Investigating the Sustainability of Digital Payments in India” globally it has been asserted that digital payments and newer financial technologies if provided profitably and responsibly in a structured environment will enable growth and faster achievement of Sustainable Development Goals for a country. In India, although, digital payment transactions have exponentially increased, the demand for cash also has been on a rising trend in recent years.

Rajat Deb (2020) in his article entitled “Influence of Mobile Apps on Household Saving-Spending Behaviour” studied the impact of using pre and post-mobile apps on household saving-spending behavior. This study reported a nearly 50 percent increase in saving and spending decisions in post-mobile-app use than pre-mobile-app use.

Ravikumar et al. (2019) in their article entitled “Impact of Digital Payments on Economic Growth: Evidence from India” study analyzed the impact of digital payments on economic growth in terms of real Gross Domestic Product (GDP). The authors reported that among the various digital payment modes, only retail electronic payment positively impacts the real GDP significantly in the short-run, but in the long run, retail electronic payments don't impact the real GDP. Further, digital payments at large and retail electronic payments don't contribute to economic growth in India directly in the long run.

Sana Khan, Shreya Jain (2018) in their article entitled “A Study on Usage of ePayments for Sustainable Growth of Online Business” discuss that as the trust level towards eCommerce gateway is increasing; consumers are becoming progressively comfortable with using different applications like carts, catalogs, comparison of other product, making online transactions. Digital payment modes by installing and using numerous applications on their smart devices but there are still many consumers who prefer Cash on Delivery. So, it is important for online businesses specifically to understand the payment usage of ever-changing consumers for better sustainable growth.

Payment System Indicators

The Reserve Bank increased its focus on payment system safety and security as technology advanced and new breakthroughs and innovations entered the payments ecosystem. The Reserve Bank also continued to promote efficiency, innovation, competition, client protection, and financial inclusion. The achievement of round-the-clock RTGS in such

a short time frame was a watershed moment in this trip. Going forward, the Reserve Bank's goal will be to support financial sector innovation by utilising technology to build a long-term Information and Communication Technology (ICT) infrastructure that focuses on resilience, reliability, security, integrity, and cost-effectiveness (RBI, Annual Report 2021).

Efforts were also directed towards ensuring the smooth functioning of all the payment systems notwithstanding disruptions in the movement of resources and access to infrastructure caused by the COVID-19 lockdown with varying intensity and duration across various locations in the country. A few initiatives were customized keeping in view social distancing and minimal-contact requirements of the pandemic while making digital payments. The Reserve Bank undertook focused campaigns to improve consumer awareness on digital payments and put in place measures to ensure the consumer grievances are addressed seamlessly in a time-bound manner. The journey towards “less-cash” continued during the year with rapid growth in digital payments observed with the gradual relaxation in lockdown imposed due to COVID-19.

The payment systems recorded a robust growth of 26.2 percent in terms of volume during 2020-21 on top of the expansion of 44.2 percent in the previous year. In terms of value, the contractionary trend which started in the previous year (-1.2 percent) got further amplified and witnessed a drop of 13.4 percent, mainly due to lower growth observed in the large-value payment system, viz., Real Time Gross Settlement (RTGS) system and decrease in transactions of paper-based instruments. The decline in the value of transactions in RTGS is largely attributable to the subdued economic activity. The share of digital transactions in the total volume of non-cash retail payments increased to 98.5 percent during 2020- 21, up from 97.0 percent in the previous year (RBI 2021).

Table 1: Payment System Indicators – Annual Turnover (2018-2021)

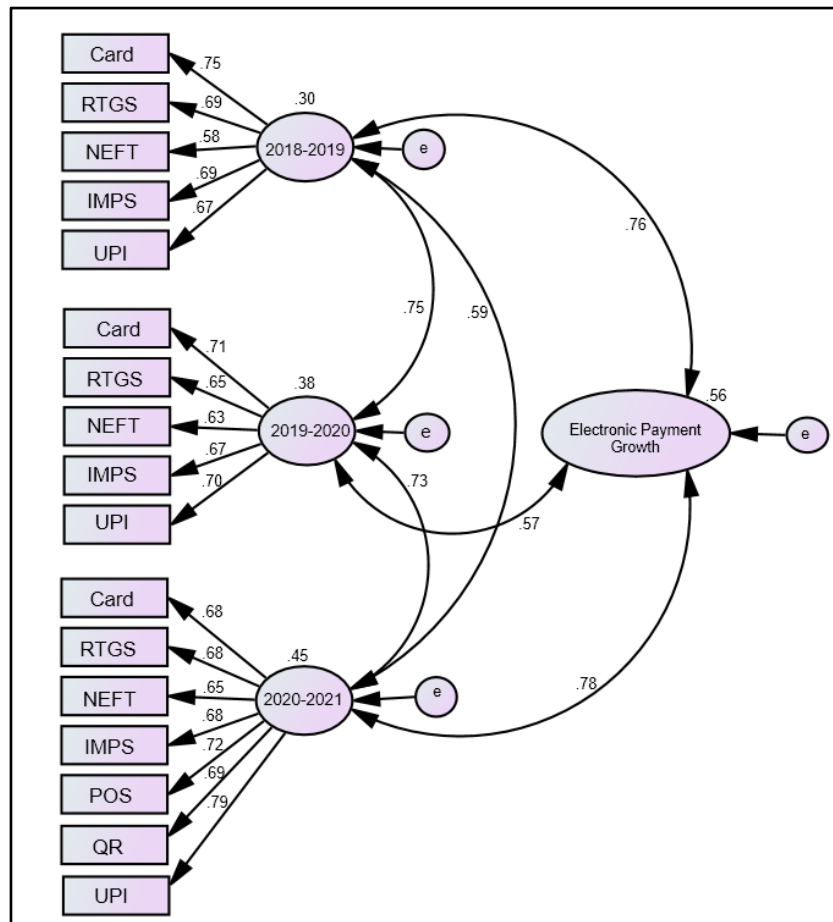
Item	Volume (Lakh)		
	2018-19	2019-20	2020-21
Large Value Credit Transfers – RTGS	1,366	1,507	1,592
Credit Transfers	1,18,481	2,06,506	3,17,852
AePS (Fund Transfers)	11	10	11
APBS	14,949	16,766	14,373
ECS Cr	54	18	0

IMPS	17,529	25,792	32,783
NEFT	23,189	27,445	30,928
UPI	53,915	1,25,186	2,23,307
Debit Transfers	4,914	7,525	10,456
BHIM Aadhaar Pay	68	91	161
ECS Dr	9	1	0
NACH Dr	4,830	7,340	9,630
NETC (Linked to Bank Account)	6	93	650
Card Payments	61,769	72,384	57,841
Credit Cards	17,626	21,773	17,641
Debit Cards	44,143	50,611	40,200
Prepaid Payment Instruments	46,072	53,318	49,392
Paper-based Instruments	11,238	10,414	6,704
Total – Retail Payments	2,42,473	3,50,147	4,42,229
Total Digital Payments	2,32,602	3,41,240	4,37,118

Source: Reserve Bank of India

The rise in e-commerce has also boosted electronic payments in India. To support non-cash payments, Flipkart introduced quick response (QR) code-based payments for pay-on-delivery shipments in June 2021, helping consumers switch from cash to digital payments through the Unified Payments Interface (UPI).

Online business is popular among all age groups. There is exponential growth in this kind of market. More online stores are opening, and competition is also becoming higher to sell products. But online marketplaces are building trust and giving convenient opportunities to their buyers. Shopaholics are smarter; they search and compare products before making the final payment. Some people still have fear and don't like to buy products online, but others are frequent buyers. Despite many disadvantages, people are becoming aware of the importance of online shopping, primarily due to the Covid-19 emergency we are facing. Here we are discussing the reasons why online shopping is better.

Figure 1: Payment System Indicators – Annual Turnover (2018-2021)

During 2020-21, the number of card payment transactions carried out through credit cards and debit cards decreased by .68 percent respectively. Amongst the electronic modes of payments, the number of transactions undertaken using RTGS increased by .68 percent during the year. Transactions through the National Electronic Funds Transfer (NEFT) system increased by .65 percent during the year. IMPS recorded a contraction in volume by .68 percent during the year. The number of Points of Sale (PoS) terminals increased by .72 percent and the number of Bharat Quick Response (BQR) codes deployed increased by .69 percent by end-March 2021. Further, the number of UPI significantly increased by .79 percent from the end of March 2020 to 2021.

During the initial stages of the nationwide lockdown due to the COVID-19 epidemic, payments decreased. During the covid-19 lockdown, most of customers started using digital payment. However, as the lockdown was gradually relaxed, the value and volume of payments increased.

RESEARCH METHODOLOGY

This study used both primary and secondary data. Primary data were collected by using a well-structured questionnaire. Secondary data has been collected from books, journals, articles & websites. The researcher randomly selected 260 respondents was taken through a random sampling technique and tools used. In order to do analysis and interpretation of the data, simple statistical tools like Percentage analysis, Garrett ranking techniques, and Likert Scale methods were used.

DATA AND ANALYSIS

Table 1 Favorite Product/Services Category for Online Shopping

Product category	Frequency	%
Apparels& fashion accessories	33	13
Mobile Phones & accessories	22	8
Books and Stationery	14	5
Consumer Electronics	29	11
Baby Products& toys	23	9
Furniture/Decorate	19	7
Household Appliances	24	9
Office Supplies	12	5
Jewellery	17	7
Computer/laptop and Accessories	13	5
Food and Grocery	11	4
Handmade items	10	4
Other services	7	3
Total	260	100

Source: Primary Data

From the table, it can be concluded that 13% of the respondents used online shopping platforms for buying approach and fashion accessories. The next most preferable shopping

item is customer electronics and the least goes for buying Handmade items and other services.

MOST PREFERRED ONLINE SHOPPING WEBSITES

Online business is simple to use. Each customer has a most preferred online shopping website based on their comfort and happiness. The table below describes consumer preferences; Garret's Ranking Technique is used to analyze it.

Table 2 Most Preferred Online Shopping Websites

Websites	Garrett Mean Score	Rank
Amazon.in	62.89	I
Flipkart.com	59.63	II
Snapdeal.com	57.82	III
Meesho.com	52.92	IV
Others	38.12	IX
Myntra.com	48.32	V
Shopclues.com	47.29	VI
Paytm Mall	46.53	VII
Firstcry.com	44.14	VIII

Source: Primary data

The above table shows online buyers' preferences for various online shopping websites. Amazon.in is the most preferred online shopping website in the study with a mean score of 62.89. Flipkart.com got second ranking in consumer preference, Snapdeal.com occupy the third rank with a mean score of 57.82 followed by Meesho.com, Myntra.com, Shopclues.com, Paytm Mall, Firstcry.com, and Others.

PAYMENT GATEWAY USED WHILE MAKING ONLINE PAYMENTS

The following table shows the payment gateway used while making online payments.

Table 3 Payment gateway used while making online payments

Variables	Mean	Std. dev
Cash on delivery (C.O.D.)	4.01	0.73
Credit/Debit card payment	3.79	0.90

Mobile payment	3.69	0.76
Electronic bank transfer	3.12	0.93
Mobile wallet	3.78	0.94
QR (Quick Response) Code	3.78	0.83
Prepaid card payments	3.31	0.72
Others	2.68	0.91

Source:
Primary data
above table

The reveals the various payment method used by customers. COD is the most preferred method because it has the advantage of majority payment of the delivery of the product.

REASONS FOR CONSUMERS PREFER TO SHOP ONLINE

The researcher identified 16 variables that help the following table show the reasons for consumers prefer to shop online analyse used to Likert scale methods.

Table 4 Reasons for consumers prefer to shop online

Services	N	Score	Rank
Free shipping	260	4.09	3
Better Prices	260	3.82	7
Convenient	260	4.36	1
Price comparison	260	4.07	4
Easy to track	260	3.22	13
More product options	260	3.63	9
Coupons/Discounts	260	3.15	14
Fast shipping	260	3.35	11
Time saving	260	4.11	2
See reviews from other customers	260	4.01	5
Available only online market	260	3.12	15
Cash back	260	3.30	12
Return and Refund	260	3.02	16
Attractive Advertisement	260	3.87	6
Find new arrivals	260	3.76	8
Payment sources	260	3.54	10

Source: Primary data

The above table shows that on the basis of mean value, ranks are assigned by the respondents. (4.36) the significance of online shopping was Convenient, Safety, Time-saving (4.11), Free shipping (4.09), Price comparison (4.07), See reviews from other customers (4.01), Attractive Advertisements (3.87), Better Prices(3.82), Find new arrivals (3.76), More product options (3.63), Payment sources (3.54), Fast shipping(3.35), Cashback(3.30), Easy to track (3.22), Available only online market (3.12) and Return and Refund (3.02.)

RECOMMENDATION

Many payment options are available to customers. COD is the most popular way since it allows the customer to pay for the merchandise in full before it is delivered. Each customer has the most preferred online shopping website based on their comfort and happiness. The majority of the customers preferred the online shopping website amazon.com. Websites offering online shopping must have good customer services and user-friendly applications or websites to be easily accessible to the public and therefore making them prefer online shopping over in-person shopping. By establishing a better brand quality reputation, as well as addressing consumer issues throughout product delivery, Customers can be happy and loyal to a business that provides online services.

CONCLUSION

The evolution of the payment ecosystem is bringing new ideas, systems, products, and use cases. Some of the conventional payment systems and their business models are being challenged as part of this evolution. The traditional boundaries between banks, FinTechs, and technology players are likely to diminish, and players can utilize suitable opportunities to move up the value chain and expand their revenue pools. As the economy continues to recover from the COVID-19 crisis and consumer behavior shifts towards using less cash, the adoption of digital payment modes will continue to grow. Mobile and wearable devices will emerge as preferred modes for making contactless payments and promoting card tokenization and QR-based solutions in the future. While we have witnessed the adoption of digital payments in metro and tier I cities, stakeholders should focus on developing products to attain similar success in semi-urban and rural areas of the country.

REFERENCES**Journals**

- Angamuthu, B., (2020) Growth of Digital Payments in India, *NMIMS Journal of Economics and Public Policy*, Volume V, Issue 4, pp. 31-41.
- Burhan U Islam Khan, Rashidah F. Olanrewaju, AsifaMehraj Baba, Adil Ahmad Langoo and Shahul Assad, A Compendious Study of Online Payment Systems: Past Developments, Present Impact, and Future Considerations, (*IJACSA*) *International Journal of Advanced Computer Science and Applications*, Vol. 8, No. 5, pp 256-271, www.ijacsa.thesai.org, (DOI) : [10.14569/IJACSA.2017.080532](https://doi.org/10.14569/IJACSA.2017.080532)
- Daniel Evans & Thierry Volery (2001) Online business development services for entrepreneurs: an exploratory study, *Entrepreneurship & Regional Development*, 13:4, 333-350, DOI: [10.1080/08985620110052274](https://doi.org/10.1080/08985620110052274)
- E-Commerce, Indian E-commerce Industry Analysis (2021), India Brand Equity Foundation.
- Ghouri, A. M. ,UlHaq, M. A. & Khan, N. R. (2017) Customer Perception on online Purchase Intention: The Impact of online Shopping orientations on online Buying Intention, *The Eurasia Proceedings of Science Technology Engineering and Mathematics*, (1), pp.76-82.
- Liu Yang and Youtang Zhang (2020) Digital Financial Inclusion and Sustainable Growth of Small and Micro Enterprises—Evidence Based on China’s New Third Board Market Listed Companies, *Sustainability*, 12(9), 3733.
- Madhava Priya, D., Prashanth, J., Indira, A., (2019) sustainability of small merchants through digital technologies, *Prabandhan: Indian Journal of Management (ISSN 0975-2854)* Volume 12, Issue 1, DOI: [10.17010/pijom/2019/v12i1/141424](https://doi.org/10.17010/pijom/2019/v12i1/141424)
- Meghana,K., Tripathi, S.K. (2018) Digital Payment System for Economic Sustainability. A Case Study of Gujarat Narmada Fertilizers and Chemicals Ltd in India, *Scientific Quarterly “Organization and Management”*, Vol. 4, No. 44, pp. 119-137, DOI: [10.29119/1899-6116.2018.44.8](https://doi.org/10.29119/1899-6116.2018.44.8), www.oamquarterly.polsl.pl.
- Melissa Boice(2021) The 13 Top Reasons Consumers Shop Online, <https://www.junglescout.com/blog/reasons-consumers-shop-online/>
- Milan Jucevskia, Antonio Ghezzib, NiklasArvidssona (2019) Exploring the growth challenge of mobile payment platforms: A business model perspective, *Electronic Commerce Research and Applications journal*, Volume 40, www.elsevier.com/locate/elerap, <https://doi.org/10.1016/j.elerap.2019.100908>.
- Nguyen, T. P. L., & Nguyen, V. H. (2020). Factors Affecting Online Payment Method Decision Behavior of Consumers in Vietnam. *The Journal of Asian Finance, Economics and Business*, 7(10), 231–240. <https://doi.org/10.13106/JAFEB.2020.VOL7.N10.231>
- Online Business Growth Strategies (2019), Most effective online business growth strategies that you should implement in 2019.

- Rajat Deb, (2020) Influence of Mobile Apps on Household Saving-Spending Behaviour, *NMIMS Management Review*, Vol. XXXVIII(2), pp. 68-81.
- Ravikumar, T., Suresha, B., Sriram, M., and Rajesh, R., (2019) Impact of Digital Payments on Economic Growth: Evidence from India, *International Journal of Innovative Technology and Exploring Engineering (IJITEE)*, Vol. 8(12), pp. 553-557.
- RBI vision 2019-2021: The way forward, <https://www.pwc.in/industries/financial-services/fintech/dp/rbi-vision-2019-2021.html>.
- Reserve Bank of India, (2021), Annual Report, Payment and Settlement Systems and Information Technology, Government of India, New Delhi.
- Sana Khan, Shreya Jain (2018) A Study on Usage of ePayments for Sustainable Growth of Online Business, *IOSR Journal of Business and Management (IOSR-JBM)*, e-ISSN: 2278-487X, p-ISSN: 2319-7668, pp. 74-81, www.iosrjournals.org
- Top Categories in Online Retail in India, (2017) [Online Retail In India](https://www.finplus.co.in/top-categories-online-retail-in-india/), <https://www.finplus.co.in/top-categories-online-retail-in-india/>
- Vandana Bhavsar and Pradeepta Kumar Samanta, (2021) Investigating the Sustainability of Digital Payments in India, *Orissa Journal of Commerce*, Vol. 42, Issue 2, ISSN: 0974-8482, www.ojco.org DOI: <https://doi.org/10.54063/ojc.2021.v42i02.08>
- Vinay Prajapati, (2021) Why Do People Shop Online? – Top 10 Reasons You Can't Ignore, <https://www.techprevue.com/reasons-prefer-online-shopping/>

Websites

<https://blog.hubspot.com/service/questionnaire>

<https://castusglobal.com/blog/the-top-10-most-influential-trends-of-the-last-decade>

<https://www.bigcommerce.com/articles/ecommerce/ecommerce-trends/>

<https://www.businesstoday.in/latest/economy/story/digital-transactions-grow-by-88-in-three-years-315406-2021-12-13>.

<https://www.npci.org.in/PDF/npci/knowledge-center/Digital-Payment-Adoption-in-India-2020.pdf>.

https://www.researchgate.net/publication/337917199_SUSTAINABLE_DEVELOPMENT_ON_DIGITAL_BANKING_IN_STATE_BANK_OF_INDIA_-AN_ANALYSIS.

<https://www.thebalancesmb.com/best-payment-gateways-5079334>