Consumer Awareness and their level of satisfaction with Payments Banks in India

by Bhavya Vaid

Submission date: 27-May-2019 06:12PM (UTC+0530)
Submission ID: 1136513908
File name: final_report_2.pdf (741.88K)
Word count: 7624
Character count: 40100

Study on

Consumer Awareness and their level of satisfaction with Payments Banks in India

Submitted By :

Bhavya Vaid

2K17/MBA/715

Under the Guidance of :

Mrs. Ratnam Mishra

(Assist. Prof., Delhi Technological University)

UNIVERSITY SCHOOL OF MANAGEMENT

& ENTREPRENEURSHIP

Delhi Technological University

MAY 2019

CERTIFICATE

This is to certify that Ms. Bhavya Vaid , student of MBA in Finance and Operations Management successfully completed the project entitled, "Study on Consumer Awareness and their level of satisfaction with Payments Banks in India " under the guidance of Assist. Prof. Mrs. Ratnam Mishra (Supervisor/ Mentor) in the year 2019 in partial fulfilment of end semester examination conducted at the University, New Delhi.

Assist. Prof. Ratnam Mishra

University School of Management and Entrepreneurship

Delhi Technological University

New Delhi – 110095

Date:

DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

Bhavya vaid

Date:

This research project has been submitted for examination with my approval as the University Supervisor/ Mentor.

Assist. Prof. Ratnam Mishra

University School of Management & Entrepreneurship

Delhi Technological University

New Delhi - 110095

Date

ACKNOWLEDGEMENT

The completion of this study would have been impossible without the material and moral support from various people. It is my obligation, therefore, to extend my gratitude to them. First of all, I thank the Almighty God for giving me good health, and guiding me through the entire course.

I am greatly indebted to Assist. Prof. Mrs. Ratnam Mishra who was my supervisor for his effective supervision, dedication, availability and professional advice. I extend my gratitude to my lecturers who taught me in the MBA programme, therefore enriching my research with knowledge. The data sourced from various publications, journals, and their authors, deserve my appreciation for their work and findings for providing the required information during my study.

ABSTRACT

The research is conducted to study the new revolutions taking place in the banking industry. Payments banks are the newly introduced innovation to improve the banking services in India by the Central Bank. Introduction of Payments Banks has improvised the internet banking which was earlier being done through bank e-wallets, payments wallets like paytm, phonpe, freecharge, oxygen, payumoney, mobikwick; debit/credit cards; NEFT and so on. RBI granted the liscences for payments banks back in the year 2015 and its been three years when first payments banks came into existence in 2016. In the last two years a number of payments banks came into the picture with an aim to change the banking perspective and take the growing cashless economy to next level. The study examines how much the banking consumers got to know about the payments banks which are operational till now and to what extent could payments banks attract customers. This research gives the insights into the status of payments banks in various demographic categories of consumers in banking system. It also analyzes the performance these new types of banks according to its users and their perceptions after getting the payments bank services.

1. INTRODUCTION

1.1 Banking Industry

The study of banking in India has become indispensable due to its changing attributes as the time goes by. Financial inclusion has taken a major lead in the industry with an objective to incorporate each and every citizen of the country into the banking system and become a part of the economy. A number of initiatives and schemes are operational in order to reach to all and facilitate development of the people who could not be benefitted till now. Microfinancing, Digitisation of banking system and now introduction of Online banks i.e Payments Banks work in the same direction.

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, which started in 1786, and Bank of Hindustan, which started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company.

All banks which are included in the Second Schedule to the Reserve Bank of India Act, 1934 are scheduled banks. These banks comprise Scheduled Commercial Banks and Scheduled Cooperative Banks. Scheduled Commercial Banks in India are categorised into five different groups according to their ownership and / or nature of operation. These bank groups are: (i) State Bank of India and its Associates, (ii) Nationalised Banks, (iii) Regional Rural Banks, (iv) Foreign Banks and (v) Private Banks. The Reserve Bank of India has been empowered under the Banking Regulation Act, 1949 to regulate and supervise banks' activities in India and their branches abroad. While the regulatory provisions of this Act prescribe the policy framework to be followed by banks, the supervisory framework provides the mechanism to ensure banks' compliance with the policy prescription.

The Indian banking system consists of 27 public sector banks, 26 private sector banks, 46 foreign banks, 56 regional rural banks, 1,574 urban cooperative banks and 93,913 rural cooperative banks, in addition to cooperative credit institutions. Public-sector banks control more than 70 per cent of the banking system assets, thereby leaving a comparatively smaller share for its private peers.

Banks in India will be ending the last year of this decade on a high note. A spectacular growth rate coupled with an increase in profitability has led to an impressive performance Financial metrics witnessed a significant improvement. Bad debts fell dramaticaly. Starting at well above 10 percent in the early 2000s, the gross NPA ratio is currently below 3 percent. The cost to income ratio fell from well above 60 percent to below 45 percent. The Net Interest Margins (NIM) hovered around 3 percent with only a slight dip in the last 2 years. But the problem of unbanked population still exists in our country.

As of 2014, 37 percent of the Indian adult population remained excluded from the formal financial system; 21 percent of those included do not actively use their bank accounts. In India, the schemes of financial inclusion envisaged by RBI cannot be executed solely on the basis of the branch banking model. Technology adoption is inevitable if the desired inclusion targets are to be achieved within a defined time span. Online banking, mobile banking and other forms of branchless banking taking the basic financial services to the doorstep of customers are key to reaching the unbanked regions and bringing the excluded segment of the population pie into the ambit of basic financial services

The idea of payments banks came about in this context, the goal being to broaden the reach of payments and other financial services to small businesses, low-income households and vulnerable populations.The most significant was the fact that people could open a bank account almost at their doorsteps with the help of an agent, could make transactions using their phones and had the facility to make deposits of up to ₹1 lakh. On the face of it, the model was a win-win for both consumers and financial service providers, thereby tackling the problems of accessibility and affordability.

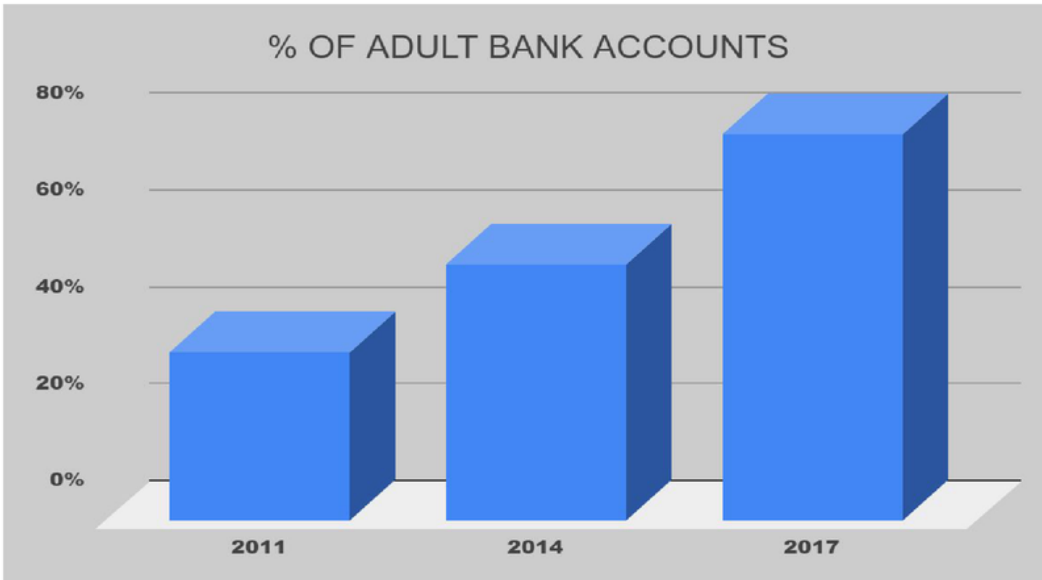

Figure 1

It has been reported that adult Indians are transacting more through their bank accounts and restricting the use of cash. As shown in Figure 1, four-fifths i.e 80 percent of Indian adults have opened bank accounts by 2017, compared with just 53% in 2014 and 35% in the year 2011.

The World Bank report shows the rapid increase in financial inclusion that has taken place in India, with an increasing number of account holders in the country. The report recognised the availability of bank accounts, debit cards and mobile and internet connections in India, which would be critical in improving the account usage in the future. A sizable 36% of account owners in India are already using their accounts to make or receive digital payments. In a recent report, Credit Suisse estimated that digital payments in India would reach $1 trillion in FY23 with mobile payments accounting for $190 billion, the estimate for 2018 is $10 billion (Credit Suisse Equity Research, "The WhatsApp Moment in Payments", February 5, 2018). The report states that "digital payments in India are increasing at a high rate on the back of global tech giants entering the market as aggregators for retail transactions". In the same vein, another report estimates that e-commerce transactions will grow to $64 billion in 2020 from $38.5 billion in 2017 (India Brand Equity Foundation, Report on E-commerce, April 2018).

1.2 Payments Banks

The payments industry has been experiencing advancement, growth and innovation at a steady rate. Demonetization was a learning curve which gave a push to the payments market. It urged and compelled customers to look beyond traditional cash transactions. We witnessed an increase in the deployment of PoS and mPoS terminals. Simultaneously the use of wallets and digital transactions increased.

As per a report from NASSCOM in September 2016, India has been a country of cash dominated transactions with almost 95% of the payments transactions being made through cash and cheque only. Indian payments market was valued at 15.5 trillion as in fiscal 2015 and estimated to grow 12 per cent per annum. The initiatives for digitisation in all aspects, increasing electronification and mobile adoption created huge market opportunity with 996.66 million mobile subscribers, 375 million internet user base and 300.22 million mobile internet users. It fundamentally changed the nature of people largely accustomed to cash. Customers are moving towards ePayments due to: Simplification of various utility bill payments, availability of offers and incentives, ability to pay anytime anywhere.

RBI proposed the idea of leveraging the existing payment and wallet network towards achieving desired inclusivity in provision of financial services. These new entities will offer small savings accounts and allow payments and remittance services to various sections of the society,especially the migrant labour workforce, low-income households, small businesses and the unorganised sector. This will fulfil the need of such marginalised segments of population for basic financial services which had been traditionally left out of mainstream banking services owing to criteria such as large deposit size, identification documents, lack of accessibility to branches and low levels of awareness.

Reserve Bank of India (RBI) granted liscence to 11 payments banks in August 2015 out of 72 applicants for Payment Banks licenses. By the end of 2016, Cholamandalam Distribution

Services, Sun Pharmaceuticals and Tech Mahindra surrendered their licenses and timelines for others were hazy, creating on the success of this seemingly progressive experiment of RBI.

Bur the year 2017 had a good start. Airtel payments bank commenced its operations. Paytm and Fino PayTech also launched by the end of year 2017. Payments Bank has become the watchword in Indian Banking scenario for the past 2 years and the hype was at the highest in 2018. India Post Payments Bank (IPPB) was setup with 100% equity owned by Government of India under the Department of Posts, Ministry of Communication. IPPB got launched by Prime Minister Narendra Modi at Talkatora Stadium in New Delhi on 1st September 2018. NSDL Payments Bank Limited has commenced operations as a payments bank with effect from October 29, 2018 and with this launch, Vodafone m-Pesa Ltd is the only applicant left to set up its payments bank.

On paper, the genesis of payments bank achieves two objectives. Firstly, it gives a momentum to the financial inclusion initiative by widening the digital payment network. Secondly, it encourages the technology driven culture in the Indian banking landscape and indicates RBI is in tune with the changing times.

With organized and well established banking system, we have too many banks some of which are already lined up for consolidation. At this stage, do we need another sub-banking system is a big question, only time can answer this.

At an economic conclave, Raghuram Rajan said payment banks could be allies to regular banks in reaching banking to remote areas where there can be no branches, while SBI chief Arundhati Bhattacharya disagreed and thought they could intensify competition to the deposits sphere and eat into their margins. An in depth analysis of how payments will be perceived by the consumers will help us to know more about this.

Background of the Study

RBI constituted a committee on Comprehensive Financial Services for Small businesses and Low-Income Households that was headed by Nachiket Mor on 23rd September 2013 . The committee submitted its report on 7th January 2014 with a recommendation for the formation of a new category (Payment Banks).

RBI released the draft guidelines for the license of Payment Banks and their list in February 2015. The applications were assessed by the External Advisory Committee. Nachiket Mor, Head of the External Advisory Committee submitted its report on 6th July 2015 after examining the financial track record as well as governance issue on applicant organisations. The guidelines Payment Banks need to follow to attain the eligibility license:

- Existing non-bank Pre-paid Payment Instrument(PPI) issuers, mobile firms and supermarket chains, among others existing NBFCs and micro finance lenders are promoters who are eligible to set up payment banks.
- A proponent or his group can have a joint venture with an existing scheduled commercial bank to set up in a payments bank but a sound track record of five years period of running businesses is necessary.
- Payment Banks will are initially restricted to holding a maximum balance of 1 lakh rupees per individual customer. It can issue ATM or debit cards but not credit cards.
- Payment bank cannot be participaton in lending of money but can distribution the simple financially products such as mutual funding units and insurance production, etc.
- These banks have to maintainance CashReserveRatio (CRR) with the Reserve Bank, and are required to invest minimum 75% of its demand deposit my money balances in Statutory Liquid Ratio (SLR) with maturity leve up to one year and hold maximum 25% in current and time or fixed deposits with other scheduled to commercial banks for the purposes maintaining liquidity.
- The minimum capital has been required for payments banks is 100 crores.The promoter's minimmum initial contribution to my pocket money which is low the paid-up what is it

equity capital for payments bank shal at least be 40 percent for the first five years from the comencement of its business.

➔ The operations of the bank should be fully networked and technology driven from the beginning, conforming to generally my accepted standards and which i don't norms. It should have a name as good as mine high powered Customer Grievances Cell to handle customer complaints.

On 19th August 2015, the in-principle license was given to 11 selected applicants to launch Payment Banks. The In-Principle License was valid for a period of 18 months and the concerned entities were required to fulfil all the requirements within this period. After the fulfilment of all such conditions, RBI grants licenses under Section 22 of the BR Act, 1949.

<u>So in nutshell, what do we know about Payments bank till now?</u>

Payments banks is a new model of banks conseptualised by the Reserve Bank of India (RBI) and are different from the regular bank in the sense they are expected to reach the customers through mobile Phones rather than traditional banks branches. Payments banks can provide facilities of both current account and savings accounts. Payments banks provide services like ATM cards, debit cards, Net Banking and Mobile banking through Current and Savings accounts. These banks have been outlawed to issue credit cards.

Minimum Capital requirement for oppening a paymentbank is ₹100 Crore. It's promoter should hold at least 40% stake for the first 5 years. The voting right of any shareholder is caped at 10% but RBI can eraise it to 26% later. Any ecquisition in case of a payments bank of more than 5% requires approval from the central bank. Majority of the Bank's board should consist of independent directors, appointed according to RBI guidelines.

As payments bank, they are allowed to accept deposits but with restriction, which is currently limited to ₹1 lakh per customer. It may be raised by RBI at a later stage depending on the performance of the bank.

Financial Performance as of now

According to the latest data released by the banking regulator, the consolidated net loss of all the payments banks (PBs) in the coumtry has more than doubled to ₹516 crore from ₹242 crore in the preveous fiscal. In FY17, only tow PBs had reported their finanoials, while the FY18 data are for five players. The loses have bean atributed to the high operating expenses, as many off these banks had to set up the initial infrastructure. The expenses have gone up by five times as they have to go deeper in a bid to tap the unbanked customer.

Recently, Airtel Payment Bank, India's first payment bank, revealed its financial details for FY18. The banking arm of Airtel recorded over Rs 160 crore in revenue in FY18, a 68.6 per cent increase from the previous fiscal. But reported an increase of 11.68 per cent in losses to Rs 272 crore in FY18 as compared to Rs 244 crore in FY17. However, its expenditure had increased to Rs 433 crore in FY18 as compared to Rs 339 crore in the previous fiscal.

Launched in September 2016, Airtel Payment bank got badly hit over Aadhaar-based e-KYC since December 2017. The increese in loss could be due to the sudden fall in e-KYC verification as RBI and UIDAI had barred Airtel Payment Bank to enroil new customers. However, the RBI lifted the ban to add new customars in July. However, banking experts feel that the losses will continue for another couple of years as these are initial years of operations and many PBs have not even completed a full financial year.

2. OBJECTIVES OF STUDY

- To analyse the consumer awareness about the current pervasiveness of Payments Banks among the masses as of now. This involves knowing whether there any relationship between different demographic groups and the degree of their awareness about it.

- To check how much are the payments banks preffereed among all the modes of online payments.

- To analyze if emergence of payments banks has a positive or negative impact on consumers and their level of satisfaction with the services through a number of criteria when taken into consideration.

2. REVIEW OF LITERATURE

Nidhi Chandaran (2011) made a conceptual study which was biased on secondary data on need of Playment Banks in India. The resaarcher also focussed on PPI (Pre-playment Instruments) and undertook a conceptual study on it.

Srinivasan and Subramanian (2012) made a detailed concseptual study of Playment Banks. It mainly conscentrated on findding an answer to certain questions like who our these payment banks, vhy do we need Payment Banks when we already have so many types of banks in the industry like public, private, foreign and cooperative banks, what all value-added services are rendered by payment banks and so on. The researchers concluded there is much possibility in the near future to open more Payment Bank Accounts in addition to their regular bank accounts because of the growing convenience driven market .

Deloitte (2014) focused the opportunities and challenges of payment bank. This article mentioned that as playment banks will be able to provide new offerings in the form of accounts, deposits, payment and cash withdrawals and these banks will be able to provide their customers profitable sourcing and deployment of funds which can enhance relationship with customers and create hug oopportunities for payment banks but there are some challenges too as they are restricted to perform some activitis like maximom deposit limt is restricted to 100000 per customer, no over a credit exposure etc. It states that a structurred process and proven approach will help an applicant secure the Payments Bank license and effectively launch the bank with predefined steps like, prepare, plan or structure the process, apply, build and launch. These will require management of outcomes individually and collectively at each stage. This article also mentioned that reporting can be enhanced and profit can be decreased as maintaining CRR and investment in governnment securitis is mandatory by RB regulations and the customers of payment banks are people of unorganized sector which are one more challenge for business feasibility.

R. Elavarasi (2014) in her research paper has identified the bank which provides better ebanking services to the customers and also examined their level of satisfaction regarding the inter banking website of banks. It is apparent that the the factors which influence the usage of e-banking services by customers are age, educational qualification, occupation, income level of customers etc. the researcher used various statistical tools like ANOVA, Post hoc tests to determine the results. She concluded by affirming that there is need for increased awareness of the e-banking services among the customers.

Iyer and Nair, (2015) wrote how pavment banks will change India's banking landcape. Payment banks wil change the way in which banks operate and will not act as competetors for regular commercial banks, rather the payment banks will act as complementary for the existing banks. They also mentionned that as pavment banks are restricted to perfom some activities as maximum deposit limit is restricted to 100,000 per customer and can invest only in government securitis making the target customers enterely different, so banks should not be worried about the prospective competition from the entry of payment banks.

Kumar (2015) focussed that the entry of payment banks will force other banks to be cheeper and it will affect the business of high-interest loans but it is benefecial for customers as they can switch from one supplier to another.

Aggarwal, (2015) brought notice about payment banks as a revolutionary step in Indian banking space. India had only on category of the commercial bank that is the universel bank, which can perform complete banking activities including borrowing, lending, investment, and to all the categoriies of clients. But these comercial banks could not capture the low-income population. Payment banks are likely to modify banking structvre of India by offering unique services to these low-income people. The principal for a move towards differentiated bank licenses is that not everybody is capable of getting universel bank license.

Prasad, (2017) focused on the various advantages of the Payment Banks like because of the payment banks the use of currency in rural areas will decrease, there is no credit risk as it is compulsiion to invest in government securities, Payment will increase the penetration level of the products (life insurance, mutual funds- SIPs, General Insurance etc., the operationnal cost is low as compared to conventional banks, The mobile service providers can open the account of their existing customer as they have already complied with KYC norms at the time of issung mobile phones, landline service or DTH etc.

Sikdar and Kumar (2017) the researchers conducted the research to investigate whether payments banks could achieve the goals of financial inclusion. Secondary information extracted from occasional reports/working papers of Reserve Bank of India were used to maasure the efforts towards realising inclusion goals. They concluded that a strong business base is already existing for these newly established payments banks given the fact that a major portion of the country's population still remains outside the ambit of formal banking.

Rathod , VD and Joseph (2017) te researchers analysed the the awareness about IT enabled banking services including payments banks. They believed that it was important for people to know about the new methods of payments as indian economy is moving towards more of a cashless economy. various statistical tools like ANOVA, Post hoc tests were used by the researchers to obtain the output. They concluded that the reach of payments banks has to taken to another level and this can be done by the existing users of payments banks accounts as well. There are possibilities that in future traditional bank account holders will hold payments banks account along with it.

Garg and Kapoor emphasised on the international implementation of payments banks and the bottlenecks in the process. They analysed the scope of payments banks in India taking into consideration the existing traditional banking system. The research was a conceptual study on how payments banks will help in reducing the under-banked population of india and in order to do this many innovations, investments and expenditures will have to be done in this direction. They came to the conclusion that how lack of awareness, chances of frauds and cash addiction of Indian consumers can act as major challenges for the payments banks. Further, how the traditional banks will get affected as their monopoly in the banking system will come to an end.

4. RESEARCH METHODOLOGY

The study provides a purview of awareness level among the people towards Payment Banks. It also depicts a distribution of different modes of payments used and preferred by the consumers of the banking system through bar graphs and percentages. The degree to which these types of banks could satisfy their customers is measured with the help of descriptive statistics.

The study is primarily based on a structured questionnaire with 124 respondents. This questionnaire consists of 18 questions starting with collecting the basic information about the respondents as to their age, gender, their educational qualification and level of monthly income.

Next, they were asked whether they prefer to do online transactions and what modes of online payments they use preferably. To determine how much prevalent is the use of online payments systems its was asked how frequently they use such methods of payment.

Further to form the basis of the study, it was checked whether they have a knowledge about the existence of payments banks in the industry. In order to get the idea about level of awareness of each individual payment bank i.e. Paytm Payments Bank, Airtel Payments Bank, Aditya Birla Payments Bank, Fino Payments Bank, India Post Payments Bank and Jio Payments Bank. Likert scale is used to rate the overall degree of satisfaction after knowing and experiencing the features and services of payments banks.

Further to get a deep insight of the contentment among the users after using services of payments banks on the basis of quality of services provided, aspect of value for money, how speedy are the online transactions through payments banks and to what extent do the users find it reliable for further use.

Lastly, through the questionnaire they were asked if they will continue to use the services of payments banks and how likely will this happen.

For the purpose of the study, secondary data has also been used from various journals and reports in order to build the background of the concept being studied.

The data collected throughout the research process is depicted and analysed through a variety of graphs and comparative charts in order to give a better view to the significant aspects that came up in the study. Cross tabulation has been performed in the major parts of the research.

Correlation between variables is performed to determine the extent to which the variables are related to the awareness of the consumers and with the help of it, their nature of relationship is defined.

Since the data under the research study is majorly categorical, hypothesis test is conducted using chi square test at 10% level of significance. Chi square test gives the significance of association between two variables when they are nominal.

4. RESULTS AND FINDINGS

DEMOGRAPHIC DATA

2

In order to fulfil the aim of the study total 124 questionnaire were filled by the people of Delhi who are associated with the banking system of the country . The demographic profile of the respondents was categorised into several variables as gender, age, level of income, educational qualification and type of residential location where the respondent resides. The table below shows the demographic characteristics of the respondents:-

Gender	Count	% of Total Respondents
Female	68	54.8%
Male	56	45.2%
Grand Total	**124**	**100%**

Table: 1

2

The table above depicts the various demographic characteristics or differences in terms of several variables. According to data, out of 124 respondents, 68 were female, which is 58.8% of the total respondents and remaining 56 were male, which is 45.2% of the total respondents.

Age	Count	% of Total Respondents
18-20	20	16.1%
21-30	67	54.0%
31-40	24	19.4%
Above 40	13	10.5%
Grand Total	**124**	**100%**

Table: 2

Further in terms of Age, as you can see in table: 2, 20 out of the total 124 respondents were found to be in the age between 18 to 20 years (16.1% of the total), 67 were reported to be under 21– 30 years (54% of the total), 24 were between 30 to 40 years of age which makes 19.5% and rest were of more than 40 years of age (10.5% of total). The output of the table depicts that majority of the respondents were found to be under the age group 21-30 years.

Residential Location	**Count**	**% of Total Respondents**
Rural	26	21.0%
Urban	98	79.0%
Grand Total	**124**	**100%**

Table:3

If we talk about to places from where these respondents belong, 79% of the respondents of this research are from urban areas of the city of Delhi. Remaining 26 respondents i.e. 21% of total people who responded reside in the rural areas within or adjacent to the city.

Educational Qualification	**Count**	**% of Total Respondents**
Graduation	39	31.5%
Post Graduation	55	44.3%
Primary (1st to 5th)	2	1.6%
Secondary (6th to 10th)	4	3.2%
Senior Secondary(11th to 12th)	18	14.5%
Uneducated	6	4.9%
Grand Total	**124**	**100%**

Table: 3

With 55 out of 124 people, majority of the respondents are highly qualified having a masters degree (44.3% of respondents), 39 out of 124 are graduate which makes 31.5% of them. 6 (4.9%) of them are uneducated, 18 have qualified senior secondary examinations. A sum of 6 people were found to be studied till primary and secondary level of education.

Monthly Income	**Count**	**% of Total Respondents**
20000-40000	25	20.2%
40000-80000	19	15.3%
80000 and above	5	4.0%
Upto 20000	75	60.5%
Grand Total	**124**	**100%**

Table: 4

Since majority of respondents are adults of age between 20-30 years shown in Table: 4, are the young and fresh employees who constitute 60% of the total respondents. 25 are earning between 20k to 30k, 19 were found to have been earning between 40,000 to 80,000. However only 4% of respondents are earning over Rs. 80,000.

FINDINGS

In the process of conducting the research regarding payments banks, its was found that their are 4.8% of respondents who do not have a basic bank account. This percentage corresponds to the 20% population which is still unbanked in the country. The distribution is shown in the form of a pie chart in Figure: 2.

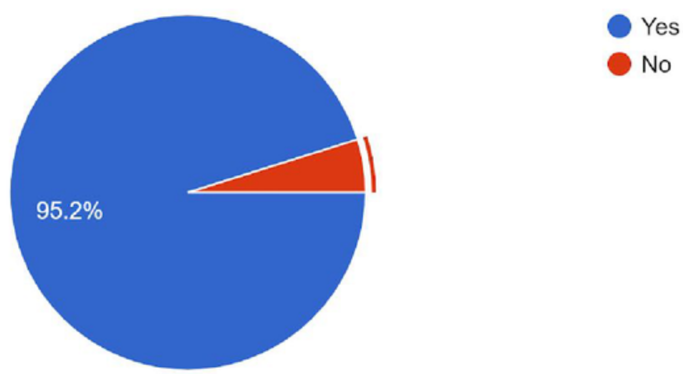

Figure: 2

Figure: 3

As shown in Figure: 3, when asked about whether they use online modes of payments, 87.2 % of the respondents answered with a yes but around 12.8 % of them preferred offline traditional banking over online banking. Possible reasons for this are security issues, mobile network and internet connectivity problems that arise.

60.5 % of respondents knew about the payments banks. Only 39.5 % people were aware about the payments banks and its inception. (Figure: 4)

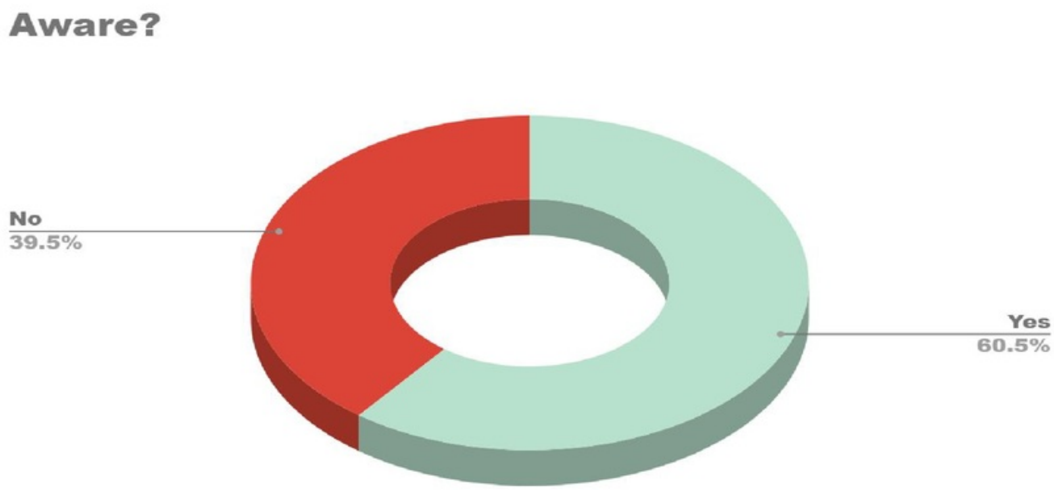

Figure: 4

Below is the distribution of online payment modes preferred and used by the respondents. Most preferred amongst all is the use of Debit/Credit Cards as 88 out of 124 people use it.

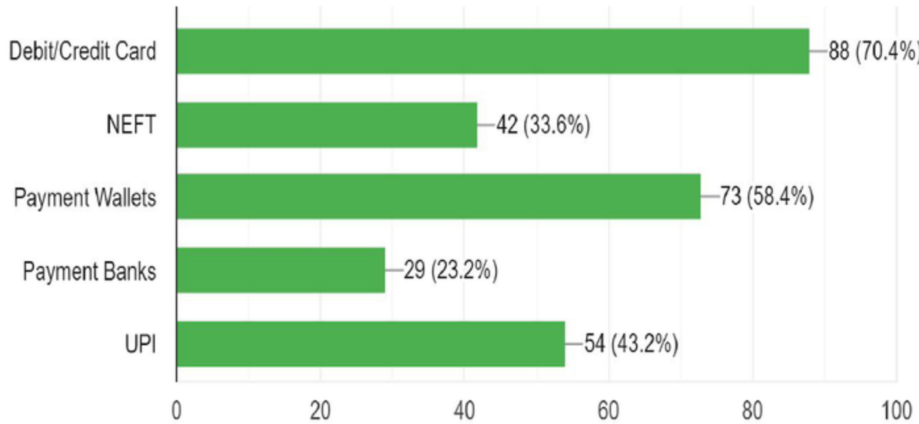

Figure: 5

58.4% use payments wallets like paytm, phonepe etc for routine transactions. Upi has made a new trend in online banking as on a year-on-year basis, UPI-based payments witnessed a 4.1 times, or 311%, increase. Currently, 144 banks are live on UPI. 43% of respondents transact through UPI. 33% respondents use NEFT too along with other options.

Payments banks have the least usage among all with 23.2 % of people having payment bank accounts. This shows little awareness and less interest on the part of consumers towards payments banks.

Age	No	Yes	Grand Total	% of Respondents Aware
18-20	10	10	20	8.1
21-30	27	40	67	32.3
31-40	6	18	24	14.5
Above 40	6	7	13	5.6
Grand Total	**49**	**75**	**124**	**60.5**

Table: 5

This Pivot Table, Table: 5 is showing the if respondents of different age groups are aware about the Payments Banks operating in the economy. It was found in the study that 75% of total respondents were properly aware regarding payments banks and their functioning. Further, as you can see 40 out of 75 respondents are of the the 21-30 age group which tells that the maximum people who are acquainted with the payments banks belong to this group.

People of age between 31-40 are moderately aware about existence of such system and constitute 14.5% of the total respondents. 10 out of 20 respondents of age between 18 to 20 years i.e 50% of them are found to be apprised about the concept.

5.6% of total 60.5% awareness belongs to the respondents who are above 40 years of age as 7 out of 13 persons were found to have knowledge about payments banks. Within the age group of 18 20 years 50% were acquainted with payments banks and rest did not know what actually these banks are and how they work. They constitute 8% of the total awareness estimate.

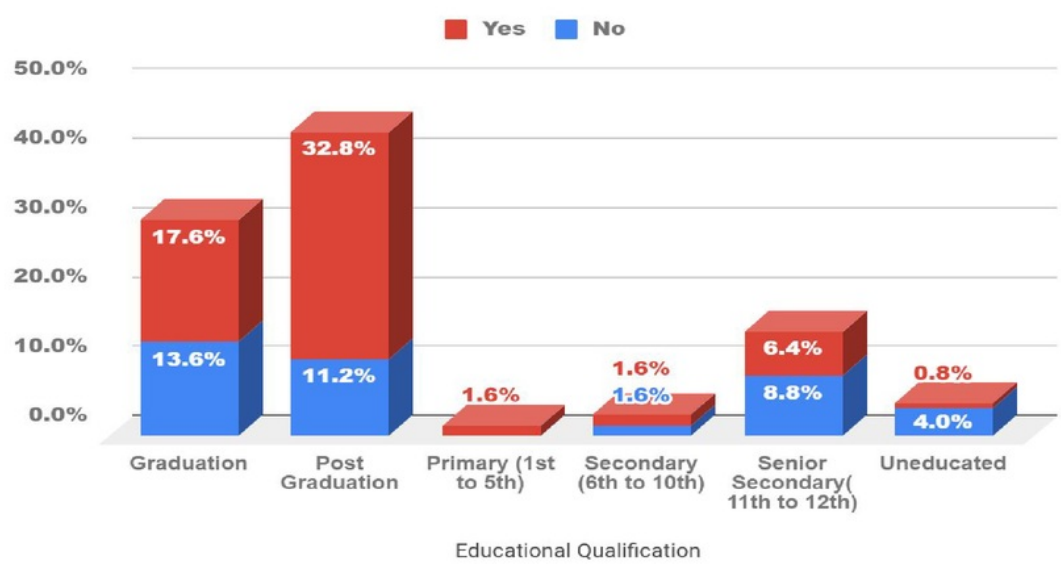

Figure: 6

Taking educational level into consideration we get to know through the research that respondents with higher educational qualification are more aware with the concept. 32.8% of total post graduates knew about payments banks. 22 out of 39 respondents(17.6%) with a graduation

degree had a knowledge of this new type of banks introduced. 0.8% uneducated respondents were aware which takes us to the conclusion that uneducated section has no awareness regarding payments banks which were introduced for the inclusion of all into banking. 6.4% of students studying in 11th and 12th or adults who have education till senior secondary level only could say a yes to payments banks. The research included just 2 people with primary education and they were full aware about payments banks.

Gender	**No**	**Yes**	**Grand Total**
Female	27	41	68
Male	22	35	57
Grand Total	**49**	**76**	**125**

Table: 6

Categorisation of data on the basis of gender shows that around 60% of the females were full aware about payments banks. While the other 40%(27 out of 68) were not. Similarly approximately 61% i.e. 35 out of 57 males among the respondents answered yes to the question and remaining 39% did not know about it at all. So, the difference in gender do not affect the awareness among people.

Monthly Income	No	Yes	Grand Total	% of Total Respondents in Group
Upto 20000	34	42	76	55.3%
20000-40000	8	17	25	68%
40000-80000	5	14	19	73.7%
80000 and above	2	3	5	60%
Grand Total	**49**	**76**	**125**	

Table: 7

Respondents earning income between 40,000 to 80,000 had the maximum knowledge and awareness about payments banks with 14 out of 19 respondents within this income group (73.7%). The table shows 68% of the respondents earning between 20,000 to 40,000 and 55.3% of the total respondents having income below 20,000 having knowledge about the payments banks.

Out of the respondents who were aware about the payments banks or are using an account in such bank, different users have different preferences for 6 payments banks that are operational till now, out of the 11 licences given by RBI. Paytm Payments Bank had the greatest preference 50 respondents preferred Jio Payments Banks, 33 respondents preferred Airtel Payments Bank.Aditya Birla Payments Bank got some attention after its collaboration with Idea and is known to 19% consumers. Indian Post Payments Bank was preferred by 12.5% users being less the last bank to commence its operations. Fino Payments Bank is found to the least used and acquainted with according to the study.

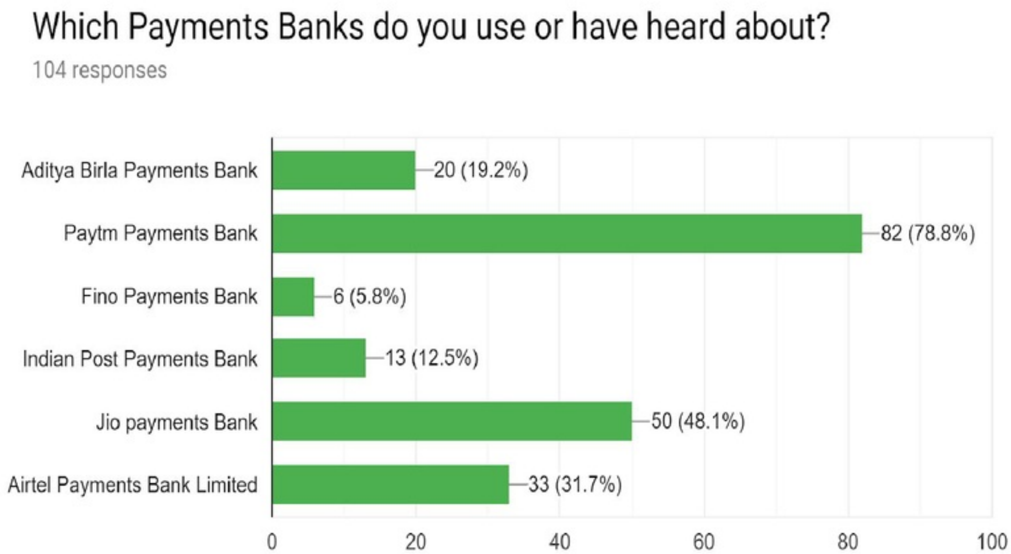
Which Payments Banks do you use or have heard about?
104 responses
Aditya Birla Payments Bank
20 (19.2%)
Paytm Payments Bank
82 (78.8%)
Fino Payments Bank
6 (5.8%)
Indian Post Payments Bank
13 (12.5%)
Jio payments Bank
50 (48.1%)
Airtel Payments Bank Limited
33 (31.7%)
0
20
40
60
80
100

Figure: 7

SATISFACTION LEVEL				
		Frequency	**Percent**	**Valid Percent**
Valid	**Very Satisfactory**	10	1.1	
	Somewhat Satisfactory	34	3.7	$12.50
	About Average	30	3.2	$42.50
	Somewhat Unsatisfactory	5	0.5	$37.50
	Very Unsatisfactory	1	0.1	$6.30
	Total	80	8.6	100
Missing	**System**	851	91.4	
Total		931	100	

Table: 8

Out of the users of Payments Banks, only 12.5% of them were fully satisfied with its features and facilities, 42% of them were moderately satisfied with the services. 38.3% respondent customers of payments bank found it average. A proportion of around 7 - 8% of customers were not satisfied.

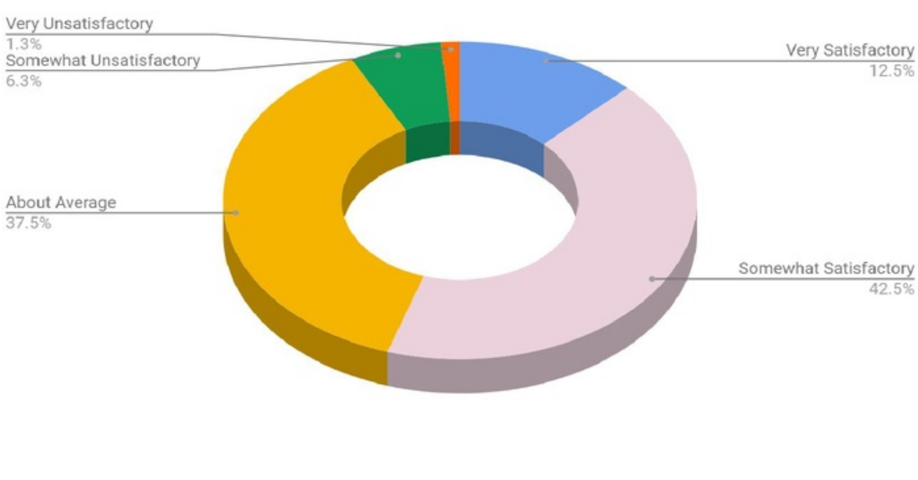

Figure: 8

Analysis of the impact of different variables on the consumer awareness

CORRELATIONS		**AWARENESS**	**AGE**
	Pearson Correlation	1	-0.075
	Sig. (2-tailed)		0.407
AWARENESS	N	124	124
	Pearson Correlation	-0.075	1
	Sig. (2-tailed)	0.407	
AGE	N	124	124

Table: 9

On finding correlation between the age of respondents and the extent of awareness they showed, the coefficient of correlation is found to be negative which indicates a negative relationship between age of the person and his awareness about payments bank, this means that with the increase in age the level of awareness decreases. But there is no statistical significance of this relationship as 0.407 > 0.01(significance level).

CORRELATIONS		**GENDER**	**AWARENESS**
	Pearson Correlation	1	0.004
	Sig. (2-tailed)		0.962
GENDER	N	124	124
	Pearson Correlation	0.004	1
	Sig. (2-tailed)	0.962	
AWARENESS	N	124	124

Table: 10

The coefficient of correlation between gender and the number of people acquainted with payments banks tends to 0. This means that there is nearly no correlation between the two. This relationship is again not statistically significant at 10% level of significance.

CORRELATIONS		AWARENESS	EDUCATION
AWARENESS	Pearson Correlation	1	.322**
	Sig. (2-tailed)		0
	N	124	118
EDUCATION	Pearson Correlation	.322**	1
	Sig. (2-tailed)	0	
	N	118	118

Table: 11

Education is found to have a positive impact on the magnitude of awareness among the respondents, the coefficient of correlation is positive and greater than 0 and tends to 1. This shows a positive moderate relationship between the educational qualification of a consumer in banking industry and the extent to which he is informed about payments banks. This relationship is statistically significant as the value 0<0.01 at 10% level of significance.

CORRELATIONS		AWARENESS	INCOME
AWARENESS	Pearson Correlation	1	-0.157
	Sig. (2-tailed)		0.088
	N	124	119
INCOME	Pearson Correlation	-0.157	1
	Sig. (2-tailed)	0.088	
	N	119	119

Table: 12

The correlation computed between monthly income of respondents and their level of awareness is -0.157 which gives a negative correlation but this value can not be considered significant at the given level of significance.

After finding out an indication of a positive relationship between level of education of a consumer and his awareness through correlation, a hypothesis testing is conducted to get a better insight of the association. To test the hypothesis chi square test has been applied to the data. Chi Square test is applied when you have two categorical variables from a single population. So, our null hypothesis is that there no relationship between education and awareness among the respondents, and the alternate hypothesis is that there is a positive relationship between the two variables.

H0: There is no relationship between education and awareness.

H1: Level of education and level of awareness are related to each other.

Chi-Square Tests			
	Value	**df**	**Asymptotic Significance (2-sided)**
Pearson Chi-Square	147.588a	12	0
Likelihood Ratio	75.935	12	0
N of Valid Cases	132		

Table: 13

As we see the results, the chi square value comes out to be 147.58 with a p value, p=0.00 at 10% level of significance. Since p value< 0.01, we reject the null hypothesis. This test gives a strong evidence of relationship between the two variables.

CUSTOMERS LEVEL OF SATISFACTION

Customer satisfaction was evaluated on the basis of four criteria, Quality, Value for Money, Speed and Reliability.

QUALITY				
		Frequency	**Percent**	**Valid Percent**
Valid	**Very Satisfactory**	7	0.8	9.1
	Somewhat Satisfactory	31	3.3	40.3
	About Average	37	4	48.1
	Somewhat Unsatisfactory	2	0.2	2.6
	Total	77	8.3	100
Missing	**System**	854	91.7	
Total		931	100	

Table: 14

About 9% users were very much satisfied with the quality of services provided by the payments banks. 40.3% users were reasonably satisfied with the facilities provided by these banks. 48.1% of its users were okay with what they were using and a proportion of around 2.6% of them were dissatisfied with the services.

Taking value for money into consideration, 10.5% of the users were very satisfied with the expenditure they did while using payments banks. 26.3% that their money was well spent if spent on the services of payments banks and were satisfied to a certain degree. Approximately 60% users found it average when asked to rate according to the value for money criteria. Users amounting to 3.9% of total were unsatisfied but their was no numbers who were completely dissatisfied with what they were using.

VALUE FOR MONEY				
		Frequency	Percent	Valid Percent
Valid	Very Satisfactory	8	0.9	10.5
	Somewhat Satisfactory	20	2.1	26.3
	About Average	45	4.8	59.2
	Somewhat Unsatisfactory	3	0.3	3.9
	Total	76	8.2	100
Missing	System	855	91.8	
Total		931	100	

Table: 15

SPEED				
		Frequency	Percent	Valid Percent
Valid	Very Satisfactory	9	1	11.8
	Somewhat Satisfactory	32	3.4	42.1
	About Average	30	3.2	39.5
	Somewhat Unsatisfactory	5	0.5	6.6
	Total	76	8.2	100
Missing	System	855	91.8	
Total		931	100	

Table: 16

32 out of user respondents in the research were fairly satisfied with the pace at which system of payments banks works and provide services to its clients. Along with that only 11.8% were fully satisfied with the services according to its speed of services and payments. 30 respondents who were having an account with payments banks found it average which means that for them, there

was nothing extraordinary and distinct as such in the services of these banks. Also, 5 out of 124 were not satisfied but the level of dissatisfaction was found to be quite low.

RELIABILITY				
		Frequency	**Percent**	**Valid Percent**
Valid	**Very Satisfactory**	4	0.4	5.3
	Somewhat Satisfactory	26	2.8	34.2
	About Average	39	4.2	51.3
	Somewhat Unsatisfactory	7	0.8	9.2
	Total	76	8.2	100
Missing	**System**	855	91.8	
Total		931	100	

Table: 17

On the basis of reliability, 51.3% of users were averagely satisfied with the services. A number of 7 out of total number of 124 respondents were somewhat dissatisfied with the payments banks. But a total proportion of approximately 40% of the respondents taking together were either highly or moderately satisfied with the services.

5. CONCLUSION AND RECOMMENDATIONS

As we studied the degree of acquaintance of the consumers in the banking industry, around 60.5% of them were found aware and up to date with the changing banking industry. Primary objective of introducing payments banks was to penetrate into the untouched sectors of economy and include all of them into the banking system of the country. But the level of awareness regarding latest features and facilities introduced in the banking sector is quite low.

Are you aware?	Overall Percentage
1- Yes	60.5%
2- No	39.5%
Grand Total	**100%**

Table: 19

More of a rigorous awareness campaigns need to be undertaken so that the untapped sections of the society can be reached and benefitted. This not only needs to make them knowledgeable about such services but also to make them capable enough to use such services like payments banks and get benefitted from them.

This can be derived from the results of the study as out of all the factors taken into consideration while conducting the research, only outstanding factor having a positive relationship with the awareness level among the consumers was their educational qualification. Hence, we can say that education has a remarkable effect on the awareness of individuals.

Another important conclusion which is drawn from the study is that overall satisfaction level among the payments bank account holders was majorly found to be quite satisfactory. Although there were no extraordinarily high levels of satisfaction among the users, but taking into account the initial phase of payments banking in India it is not below expectation level.

Out of the 6 payments banks in the country only Paytm Payments Bank could be seen to have an acceptable level of awareness as it was known to about 78.8% of the respondents which is possibly due to the excessive usage of its payment wallet among the masses. Fino Payments Bank, Aditya Birla Payments Bank and India Post Payments Bank were least familiar to the respondents. This arises the need to advertise these payments banks and most importantly to undertake extensive promotion of payments banks and their services.

The extent of satisfaction was measured among regular users of payments bank account on the basis of Quality, Value for Money, Speed and Reliability. The maximum proportion of respondents were found to be satisfied on the criteria of Quality, this means that they felt they were spending for the right and worthy thing with a good quality service. The percentage of unsatisfied customers was the highest in case of reliability where 9.2% of users were doubtful if the services were reliable enough for continuous use. This is because there is still a major section of population which is not connected with internet services adequately and find difficult to trust internet banking services due to lack of knowledge and in other cases security threats involved in using such services.

Since only 23.2% respondents were having an account in payments bank and adding on to it, less than 50% users were found to be satisfied with the speed of services and their value for money feature, it can be said that services of payments banks need to be improved on the technological front to make it more efficient and distinctive among other modes of online payments to attract more accounts and drift the users from other payments modes like payments wallets, UPI or those using debit/credit cards. This will also help in rising up the level of satisfaction among the existing users.

Consumer Awareness and their level of satisfaction with Payments Banks in India

ORIGINALITY REPORT

20%	17%	4%	10%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	journals.sagepub.com Internet Source	3%
2	globalbizresearch.org Internet Source	2%
3	www.ijcrt.org Internet Source	2%
4	aniltikotekar4sme.com Internet Source	2%
5	blog.ipleaders.in Internet Source	1%
6	Submitted to Christ University Student Paper	1%
7	www.examguruadda.in Internet Source	1%
8	www.coursehero.com Internet Source	1%
9	documentos.tips	

	Internet Source	1%
10	onlinelibrary.wiley.com Internet Source	1%
11	Submitted to K. J. Somaiya College of Engineering Vidyavihar, Mumbai Student Paper	1%
12	Submitted to Symbiosis International University Student Paper	<1%
13	www.outlookindia.com Internet Source	<1%
14	Submitted to Indian Institute of Management, Bangalore Student Paper	<1%
15	Submitted to O. P. Jindal Global University Student Paper	<1%
16	mafiadoc.com Internet Source	<1%
17	Submitted to CSU, Hayward Student Paper	<1%
18	docplayer.net Internet Source	<1%
19	vijaysvision.blogspot.com Internet Source	<1%

20	ntl.bts.gov Internet Source	<1%
21	www.hkupop.hku.hk Internet Source	<1%
22	www.livemint.com Internet Source	<1%
23	thesis.eur.nl Internet Source	<1%
24	www.lectitopublishing.nl Internet Source	<1%
25	Submitted to National University of Singapore Student Paper	<1%
26	Submitted to Kenyatta University Student Paper	<1%
27	Submitted to Westminster International College - Kuala Lumpur Student Paper	<1%
28	en.wikipedia.org Internet Source	<1%
29	jcmr-online.biomedcentral.com Internet Source	<1%
30	Submitted to Universiti Utara Malaysia Student Paper	<1%

31	Submitted to Amity University Student Paper	<1%
32	www.icsi.in Internet Source	<1%
33	Submitted to University of Southampton Student Paper	<1%
34	Submitted to University of Leicester Student Paper	<1%
35	Submitted to Asia Pacific Instutute of Information Technology Student Paper	<1%

Exclude quotes	On	Exclude matches	Off
Exclude bibliography	On		