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The Impact of Digital Payment Systems on Financial Transactions with special reference to the Retail sectors of Chhattisgarh State

ORIGINAL ARTICLE



Author

Dr. Sarika Kumari Dewangan
Guest Lecturer, Department Commerce
Govt. J. Yoganandam Chhattisgarh College
Raipur, Chhattisgarh, INDIA

Abstract

This study explores the impact of digital payment systems on financial transactions, focusing on the retail sector in Chhattisgarh. The rapid adoption of digital payment methods such as UPI, mobile wallets, and contactless cards has revolutionized financial transactions, improving efficiency, security, and accessibility. This research examines consumer preferences, merchant adoption, challenges, and benefits of digital transactions. A survey was conducted among retailers and consumers to assess digital payment trends and their impact on transaction speed, cost, and financial inclusion. Findings suggest that digital payment systems significantly enhance financial efficiency, though challenges like cyber fraud and technological barriers persist.

Key Words

Digital Payment, Financial Transaction, Retail, Consumer.

Introduction

Digital payment systems have become a crucial component of modern commerce, transforming how transactions occur. In India, the Government's push towards a cashless economy, combined with technological advancements, has accelerated the adoption of digital payments. The retail sector in Chhattisgarh, like many other regions, has witnessed significant changes due to digital transactions. This paper investigates the impact of these systems on the retail sector by analyzing consumer behavior, merchant adoption, transaction security, and efficiency. The research aims to understand the advantages and challenges associated with digital payments and their influence on financial transactions.

Significance of the Study

This research is significant as it provides insights into:

- The adoption rate and consumer preference for digital payments in Chhattisgarh's retail sector.
- The benefits of digital payments in terms of transaction speed, convenience, and financial inclusion.
- The challenges retailers and consumers face, such as transaction failures, security concerns, and digital literacy gaps.
- The policy implications for enhancing digital payment infrastructure and adoption.

Research Methodology

A mixed-method research approach was used, involving both qualitative and quantitative data collection. The study utilized:

- **Survey Method:** Structured questionnaires were distributed to 200 consumers and 100 retailers across various retail stores in Chhattisgarh.
- **Interviews:** Retailers and digital payment service providers were interviewed to gain in-depth insights.
- **Secondary Data Analysis:** Reports from RBI, NPCI, and industry studies were reviewed to understand broader digital payment trends.
- **Data Analysis:** The collected data were analyzed using statistical tools, and the results were presented in tabular form.

Data Analysis

Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Digital payments improve transaction speed	50%	30%	10%	5%	5%
Digital payments enhance security	45%	35%	10%	5%	5%
Preference for digital over cash transactions	55%	25%	10%	5%	5%
Encountered transaction failures	20%	30%	20%	15%	15%
Digital payments help in financial inclusion	50%	30%	10%	5%	5%
Retailers have seen increased sales with digital payments	40%	35%	15%	5%	5%

Conclusion

The research findings indicate that digital payment systems have significantly influenced the retail sector in Chhattisgarh, improving transaction efficiency, security, and financial inclusion. Consumers and retailers increasingly prefer digital transactions due to their convenience and ease of use. However, challenges such as cybersecurity threats, transaction failures, and digital literacy remain critical concerns. Addressing these challenges through improved infrastructure, awareness campaigns, and robust security measures can enhance digital payment adoption and further drive financial innovation in the retail sector.

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