

USERS' PERSPECTIVES ON DIGITAL PAYMENTS

Presentation for
High-Level Committee on Deepening of
Digital Payments

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Summary of findings and recommendations



About our interventions



Part I: Consumers' perspective on digital payments



Part II: Merchants' perspective on digital payments



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Part IV: Users' perspective on OTT applications

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Consumers perspective

- Positive correlation between education, awareness and infrastructure availability. Awareness and infrastructure availability not sufficient for sustained usage.
- Less educated, females, older, rural, low income consumers face greater and different challenges in usage. Challenges also differ with modes. User and mode wise strategies needed. Professionalization and leveraging the role of intermediaries in assisted digital payments may be explored.
- Effective competition and innovation to democratise access, increase awareness, ensure availability of acceptance infrastructure, reduce costs, improve convenience, enhance quality, facilitate seamless use, and minimise failure rates is required.
- Enabling regulatory framework to operationalise interoperability, ensure effective recourse mechanism, and improve security needed.

Merchants perspective

- Positive correlation between education and income, awareness and infrastructure availability. Awareness and infrastructure availability not sufficient for sustained usage. Less educated, older, rural, low income merchants face greater and different challenges in usage. Customised merchant wise strategies are required.
- Effective competition and innovation to democratise availability of acceptance infrastructure, increase awareness, ensure adequate incentives for uptake across merchant chain, enhance security and minimise failure rates is required.
- Enabling regulatory framework to ensure availability of standardised interoperable low cost acceptance infrastructure, and effective recourse mechanism needed.

Data sharing, privacy and data protection

• Enhancement of trust in service providers by reducing fraud, improving convenience, fixing accountability, compensating users is required. Empowerment of users through easy to read privacy policies, reducing information asymmetry by informing purpose of data collection, ensuring active and informed consent essential.

Use of OTT applications

• Digital payments apps need to be more user friendly, consume less data and battery, available in local language and use innovative tools to enhance usability.

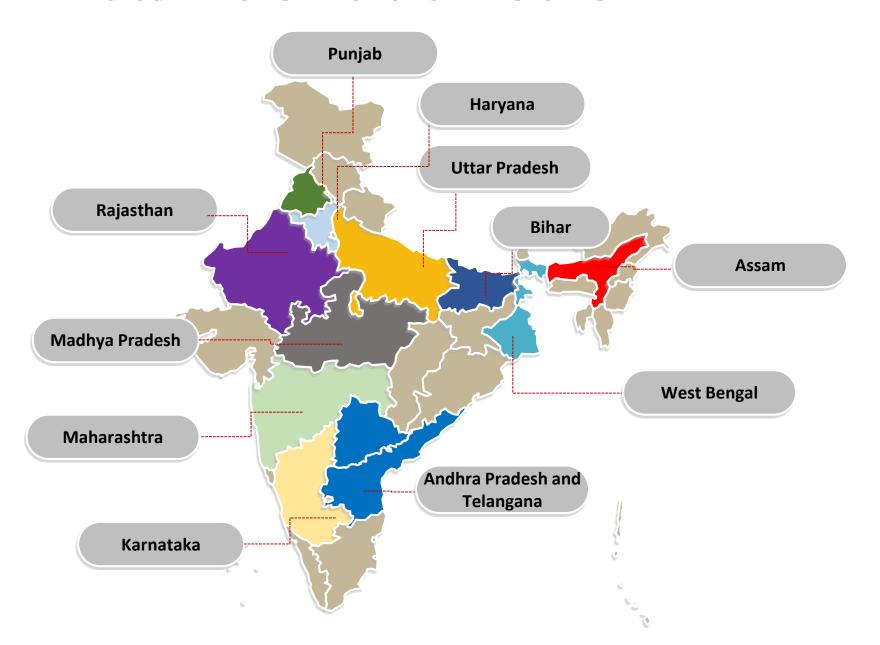
Summary of Our Findings and Recommendations



Part I: Consumers' Perspective on digital payments	·		Part IV: Use of Over the Top (OTT) applications	
Total sample size: 1200 consumers covering divergent demographics	Total sample size: 800 merchants covering divergent demographics	Total sample size: 2400 respondents covering divergent demographics, of which 705 respondents were users of digital financial services	Total sample size: 496 consumers covering divergent demographics, of which 70 respondents used OTT applications for financial services	
Geography: Karnataka, Haryana, M and Assam	ladhya Pradesh, Bihar	Geography: Uttar Pradesh, West Bengal, Punjab, Andhra Pradesh, and Maharashtra	Geography: Rajasthan	
Objective: Understanding awarene challenges and reforms required in payments from consumers' and me	deepening digital	Objective: Understanding users' perspectives on privacy, data sharing and comfort, trust, confidence and data protection.	Objective: Understanding users' perspectives on benefits and challenges of OTT services.	

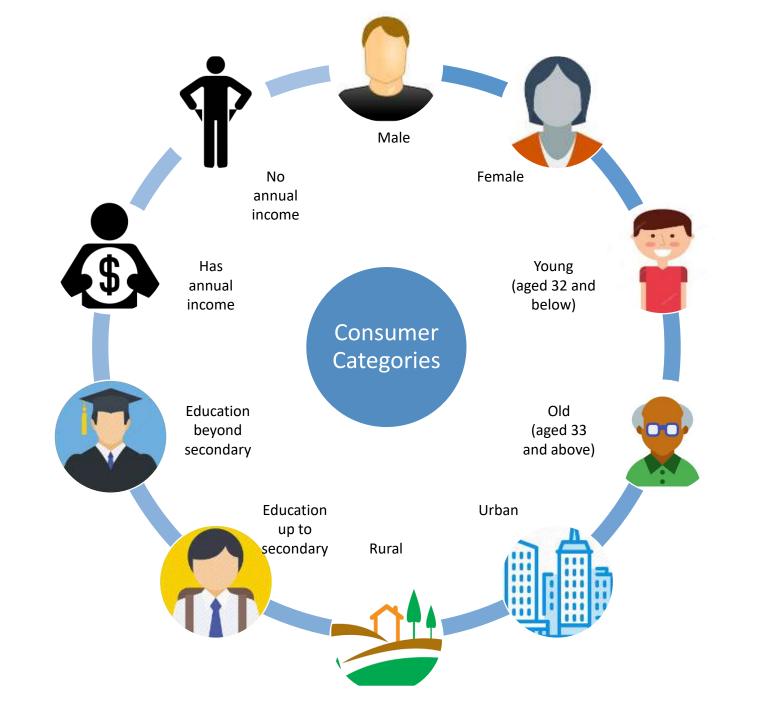
About Our Interventions

GEOGRAPHIC DISTRIBUTION OF THE STUDIES





Part I: Consumers' Perspective on Digital Payments

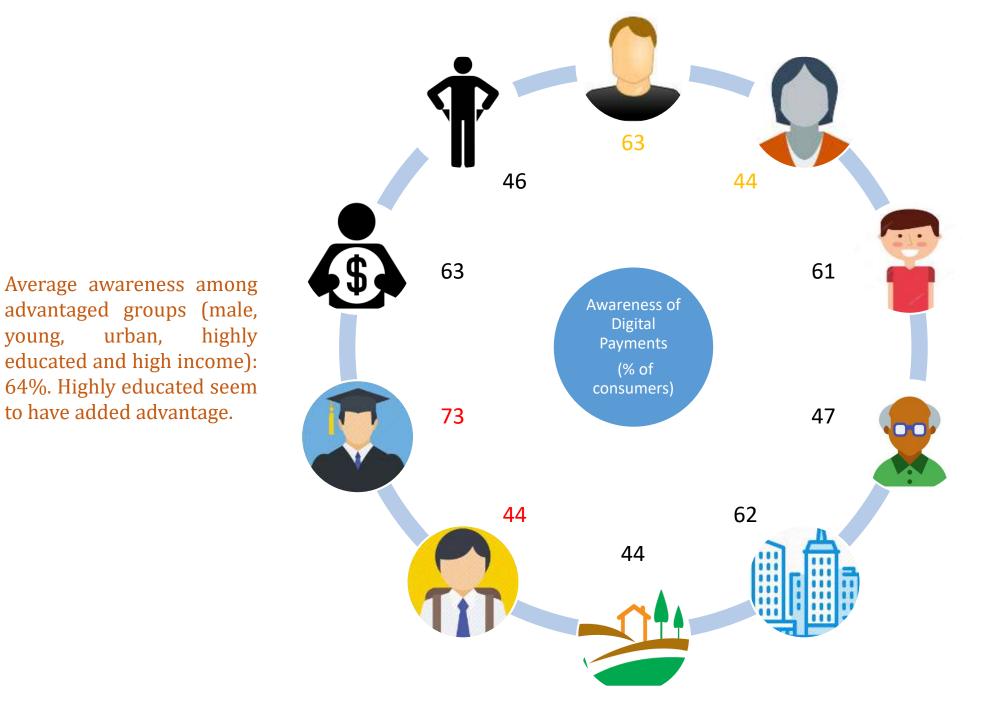




INFRASTRUCTURE AVAILABILITY (% OF RESPONDENTS)

	1	0	7						\$	1
0.0	60	65	56	68	63	62	68	51	61	64
	48	23	48	25	37	35	23	61	43	30
debit	49	29	43	37	43	36	31	57	52	30
CHECHT CARD	3	2	3	3	3	2	2	5	4	2
É	13	2	11	4	7	8	3	16	10	6
	19	5	15	10	12	13	5	28	18	8

Only 1 of 4 consumers have access to adequate infrastructure. Highly educated, males and high income groups are significantly more likely to have access as against their low/uneducated, females and low income counterparts.



urban,

to have added advantage.

young,

Average awareness among disadvantaged groups (females, not young, rural, low and uneducated and low/ no income): 45%



Average usage among aware advantaged groups (male, young, urban, highly educated and high income): 50%.

51 42 52 51 Users of Digital Payments (% of aware consumers) 49 43 47 49 46

Average usage among aware disadvantaged groups (females, not young, rural, low and uneducated and low/ no income): 44%.

Low conversion rate among highly aware groups like highly educated indicate that mere awareness is not sufficient for use.

Extremely low conversion rate among aware females and low income groups indicate additional challenges which hinder use, despite awareness.

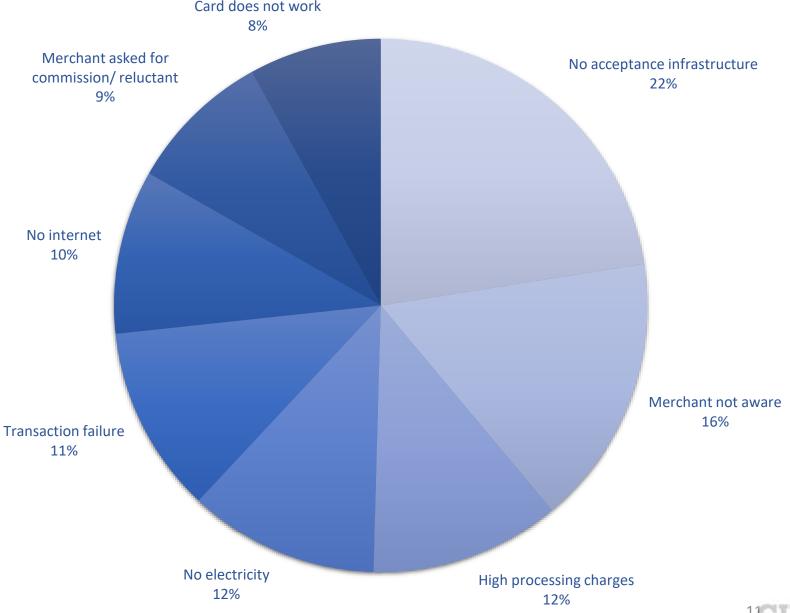


KEY CHALLENGES IN CARD PAYMENTS

(% OF RESPONSES)

Card does not work

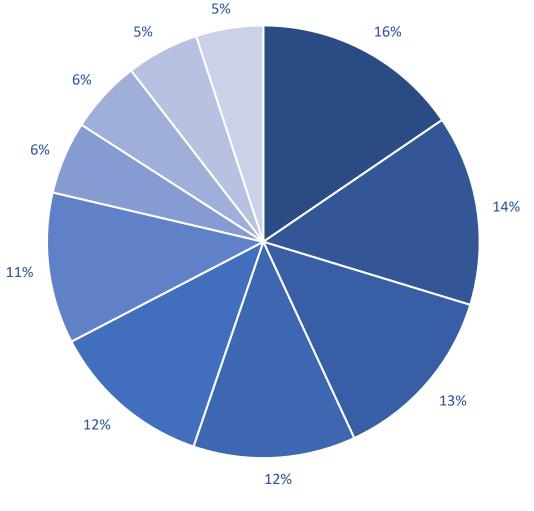
- Lack of infrastructure, awareness, formal and informal charges hinder card use most.
- Different users may prioritise different challenges.
- Disadvantaged (old, groups low/uneducated, low income) prioritise electricity connectivity over processing charges (latter being prioritised over former by young, educated, high income earning counterparts).



KEY CHALLENGES IN WALLET PAYMENTS

(% OF RESPONSES)





Lack of interoperability, awareness, formal and informal charges, unavailability, and network issues hinder wallet use most.

- Lack of interoperability
- Internet connection not available
- Lack of grievance redress options
- Recipient not aware
- Transaction failure
- QR code does not work

- High processing charges
- Sub optimal user interface

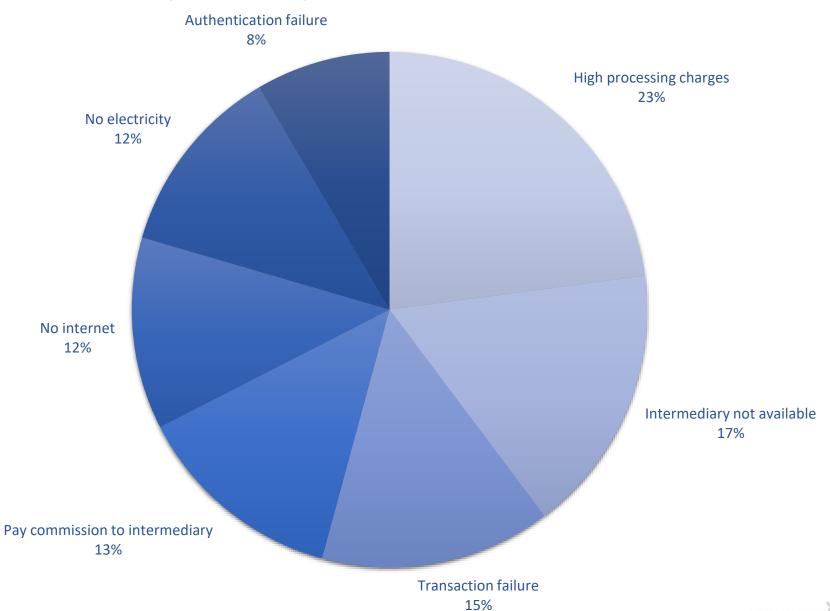
- Not available with intended recepient
- Absence of local language interface



KEY CHALLENGES IN AADHAAR PAYMENTS

(% OF RESPONSES)

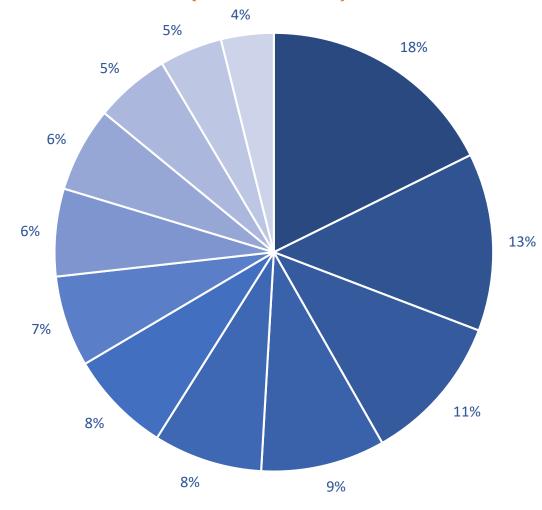
- Different users may prioritise different challenges.
- Rural users prioritise commission to intermediary over transaction failure (latter being prioritised over former by urban counterparts).
- High formal and informal charges, unavailability of intermediary, transaction failure and infrastructure availability hinder Aadhaar payments most.



KEY CONSTRAINTS TO ADDRESS FOR DEEPENING DIGITAL PAYMENTS

(% OF RESPONSES)

Different users may prioritise different reforms. For instance, low/uneducated prioritise local language over security (latter being prioritised over former by educated counterparts).



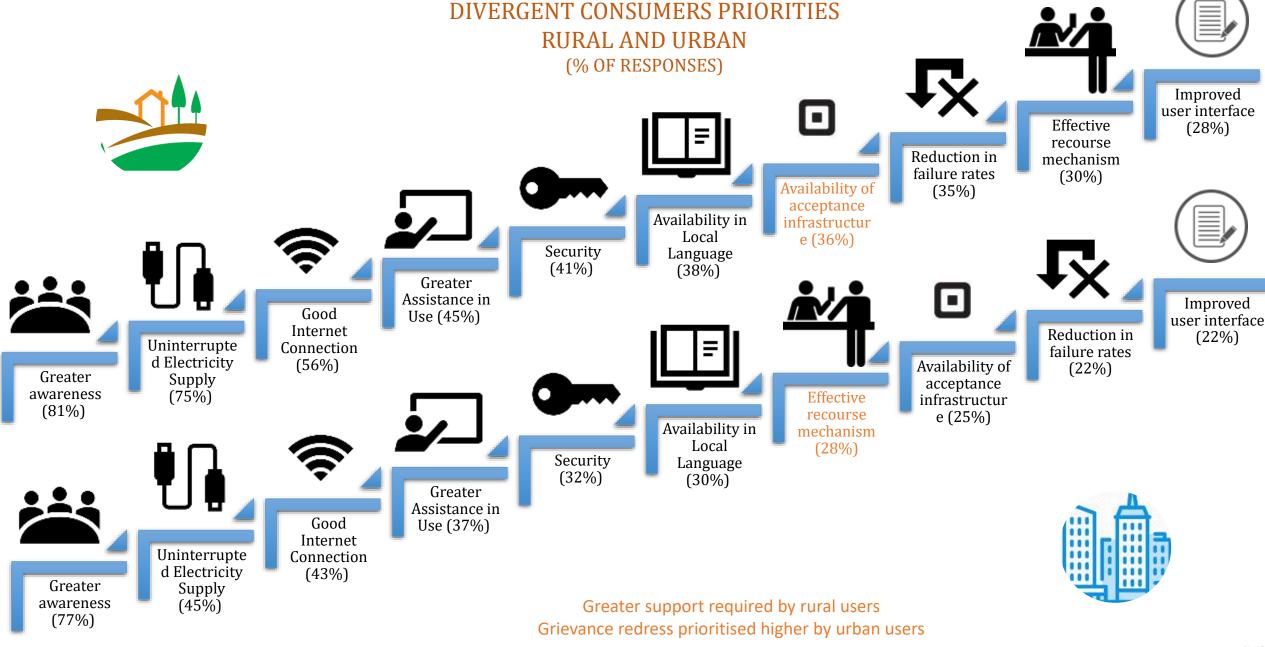
Awareness, infrastructure, assistance, security and local language availability are key to deepen digital payments.

- Greater awareness
- Greater assistance in use
- Increased availability of acceptance infrastructure
- Improved user interface/ ease of making payments

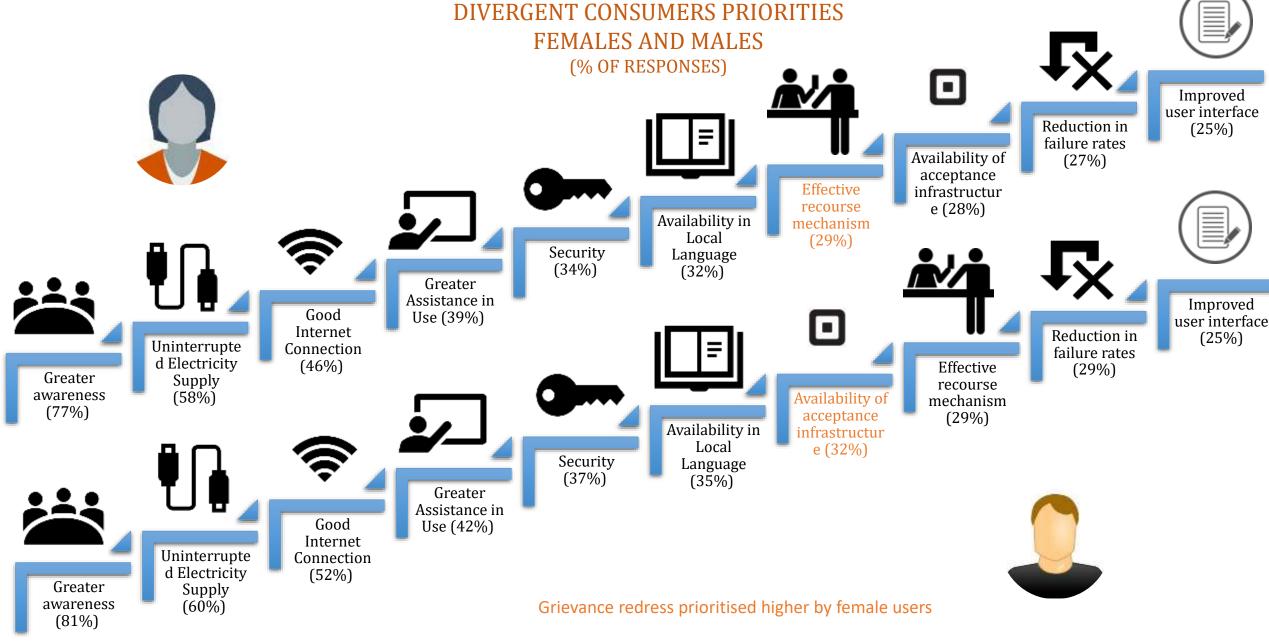
- Uninterrupted electricity supply
- Greater security
- Effective recourse mechanisms
- Additional incentives to use

- Good internet connection
- Availability in local language
- Reduction in failure rates
- Reduction in processing charges





International





Part I: Key Findings and Recommendations

There is positive correlation between education of consumers and awareness and infrastructure availability of digital payments.

Awareness and infrastructure availability are necessary but not sufficient conditions for deepening of digital payments.

Disadvantaged groups like less educated, females, older, rural, low income groups face greater challenges in awareness and use of digital payments, and thus deserve higher attention, protection and handholding.

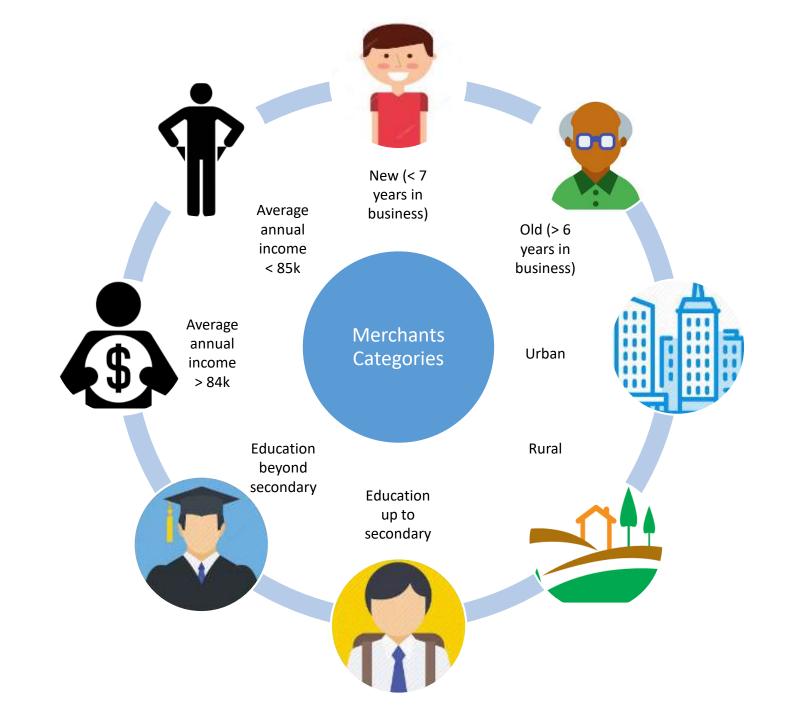
Different users may face divergent challenges while using various modes of digital payments. Customised user and mode wise strategies may be formulated for deepening digital payments.

Professionalization and leveraging the role of intermediaries in assisted digital payments may be explored.

Increase in competition and innovation to democratise access of digital payment modes in different languages, ensure availability of acceptance infrastructure, reduce costs, improve convenience, enhance quality and security, facilitate seamless use and interoperability, and minimisation of failure rates is required.



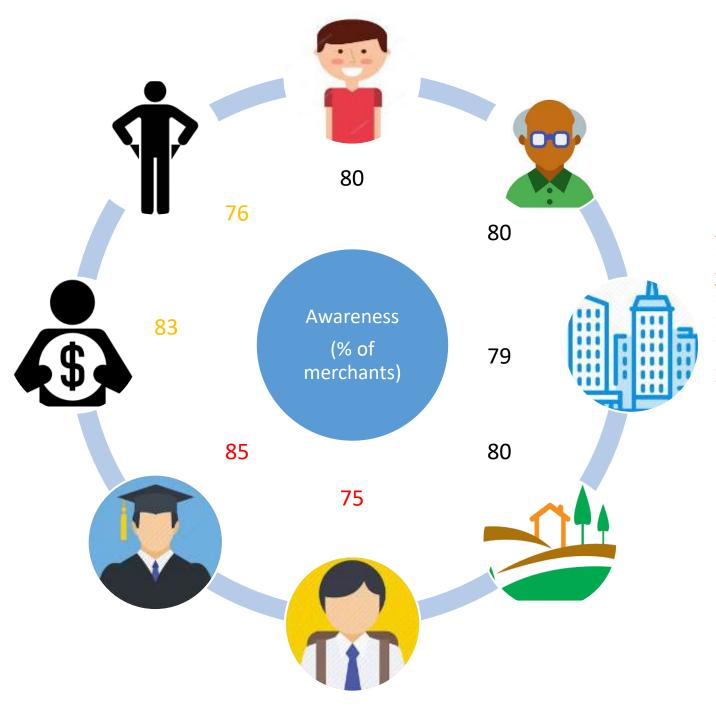
Part II: Merchants' Perspective on Digital Payments



INFRASTRUCTURE AVAILABILITY (% OF RESPONDENTS)

		*		-			\$	†
0 D	59	58	61	56	67	49	58	59
	58	57	53	63	23	61	65	51
	2	1	2	1	o	3	2	1
器	2	o	1	1	1	1	1	o
ê	21	17	15	23	11	27	26	11
	29	27	27	29	13	44	42	14
<u> </u>	41	37	39	39	32	47	55	23

Only 30% merchants have access to adequate infrastructure. Highly educated and high income groups are significantly more likely to have access to as against their low/uneducated, and low income counterparts.



Average awareness among

advantaged groups (young,

urban, highly educated and

high income): 82%. Highly

educated seem to have added

advantage.

Average awareness among disadvantaged groups (not young, rural, low and uneducated and low/ no income): 78%. Low/ uneducated seem to face additional challenges to become aware.

Average usage among aware advantaged groups (young, urban, highly educated and high income): 51%.

49 44 48 Users 53 (% of aware 48 merchants) 53 49 44

Average usage among aware disadvantaged groups (not young, rural, low and uneducated and low/ no income): 46%

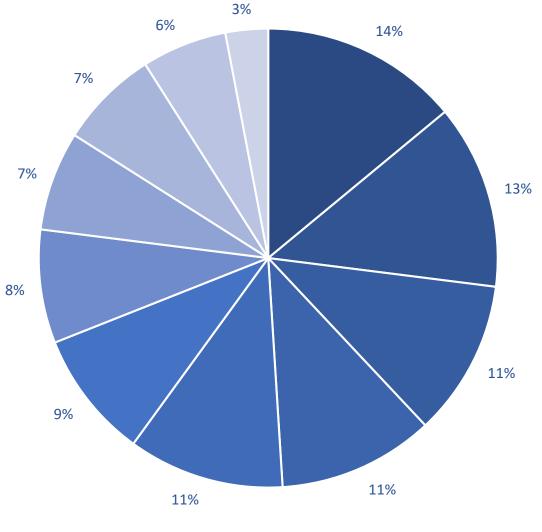
Extremely low conversion rate among aware low/ uneducated, low income groups indicate additional challenges which hinder use, despite awareness.

Low conversion rate among highly aware groups like highly educated indicate that mere awareness is not sufficient for use.



KEY CHALLENGES IN ACCEPTING DIGITAL PAYMENTS FROM CONSUMERS (% OF RESPONSES)

Different merchants may prioritise different challenges. For instance, rich merchants may prioritise customer awareness affordable over acceptance infrastructure (latter being prioritised over former by poor counterparts).



Expensive and unreliable infrastructure, unaware lack customers, of interoperability, transaction failures and charges are hinder merchants from accepting digital payments from consumers.

- Expensive acceptance infrastructure Customer not aware
- Transaction failure
- Low quality QR code

- High processing charges
- No electricity

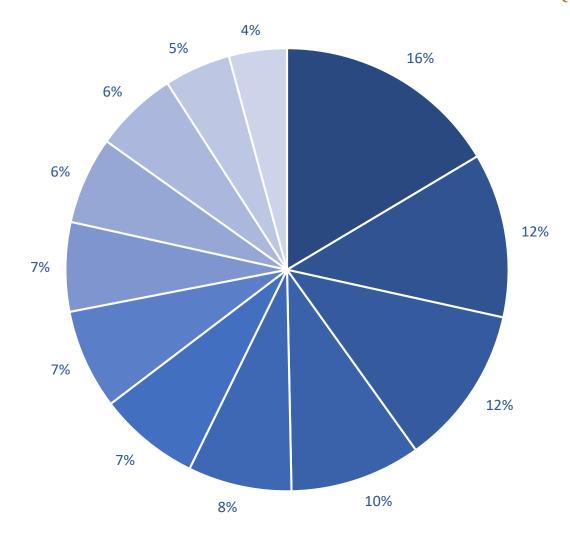
- No internet
- Card does not work
- No additional benefit

- Lack of interoperability
- Authentication failure



KEY CONSTRAINTS TO ADDRESS FOR DEEPENING DIGITAL PAYMENTS (% OF RESPONSES)

Different merchants may prioritise different reforms. For instance, urban merchants may effective prioritise recourse mechanism affordable over acceptance infrastructure (latter being prioritised over former by rural counterparts)



infrastructure, Awareness, security and reduction in failure rate are key to deepen digital payments

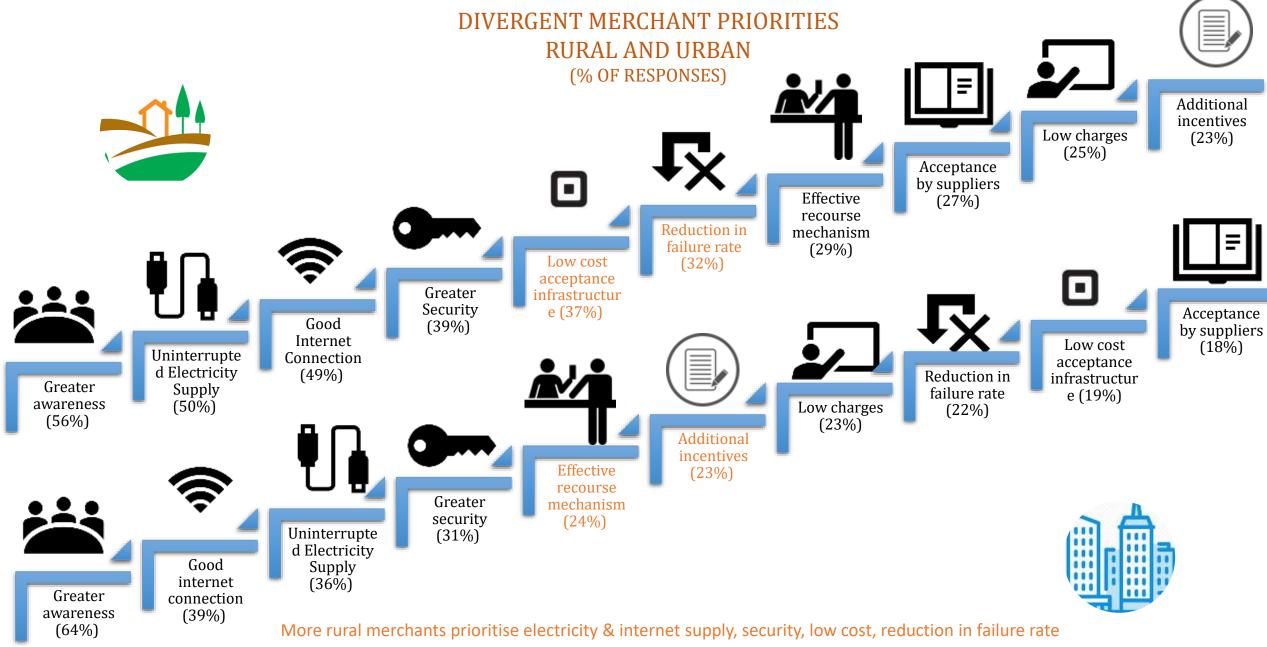
Greater awareness

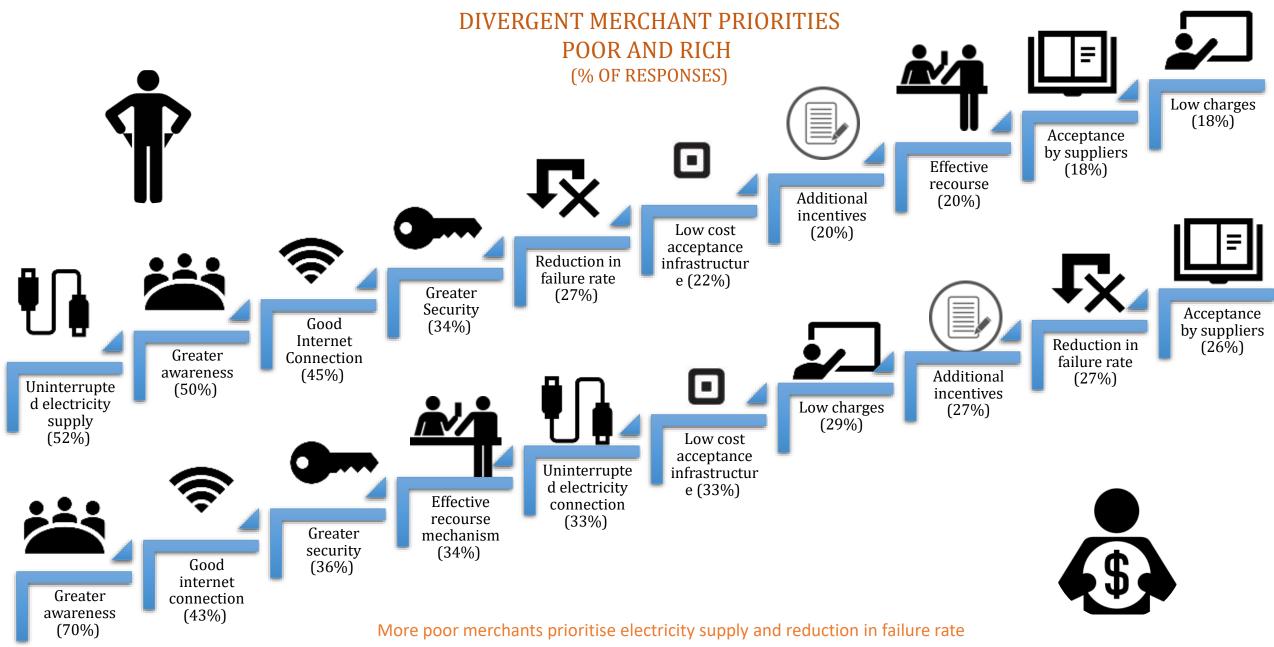
- Good internet connection
- Low cost acceptance infrastructure Reduction in failure rate
- Additional incentives required
- Acceptance by suppliers

- Uninterrupted electricity supply
- Effective recourse mechanisms
- Improved user interface

- Greater security
- Low processing charges
- Availability of digital credit









Part II: Key Findings and Recommendations



There is positive correlation between education and income of merchants, and awareness and infrastructure availability of digital payments.



Awareness and infrastructure availability are necessary but not sufficient conditions for deepening of digital payments.



Disadvantaged groups like less educated, older, rural low income merchants face greater challenges in awareness and use of digital payments, and thus deserve higher attention, protection and handholding.



Different merchants may face divergent challenges in accepting digital payments from consumers. Customised merchant wise strategies may be formulated for deepening digital payments.



Need to Increase competition and innovation to democratise availability of high quality low cost acceptance infrastructure, improving convenience and ease of use, enhancing security, minimising failure rates, and ensuring effective grievance redress.

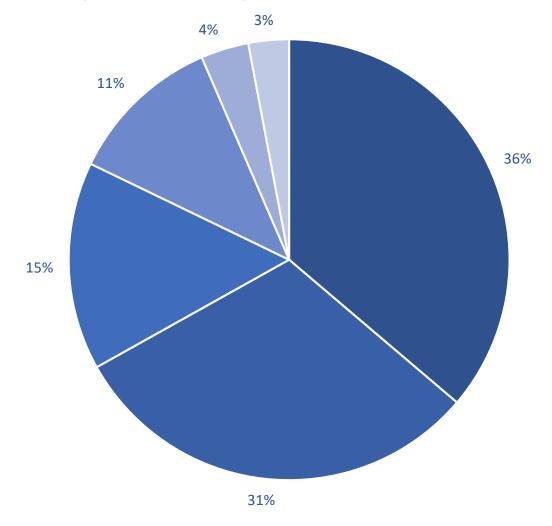


Part III:

Approach of Users of Digital Financial Services to Data Sharing, Privacy and Data Protection

WHY USERS OF DIGITAL FINANCIAL SERVICES USE FINANCIAL SERVICES OFFLINE (% OF RESPONDENTS)

Lack of trust/ possibility of fraud and inconvenience in online services are key reasons for use of offline services

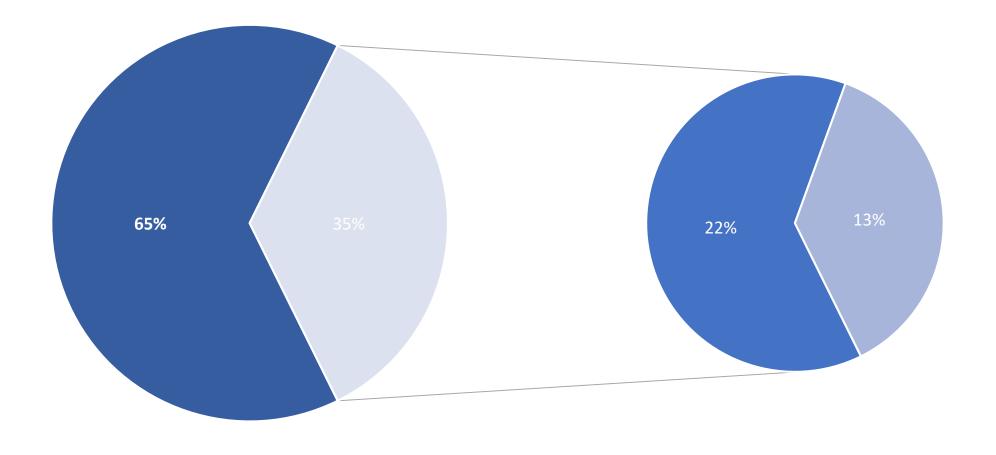


- Some specific services not available online
- Difficult / inconvenient to transact online
- Costly

- Lack of trust / possibility of fraud
- Service provider does not provide online service
- Other

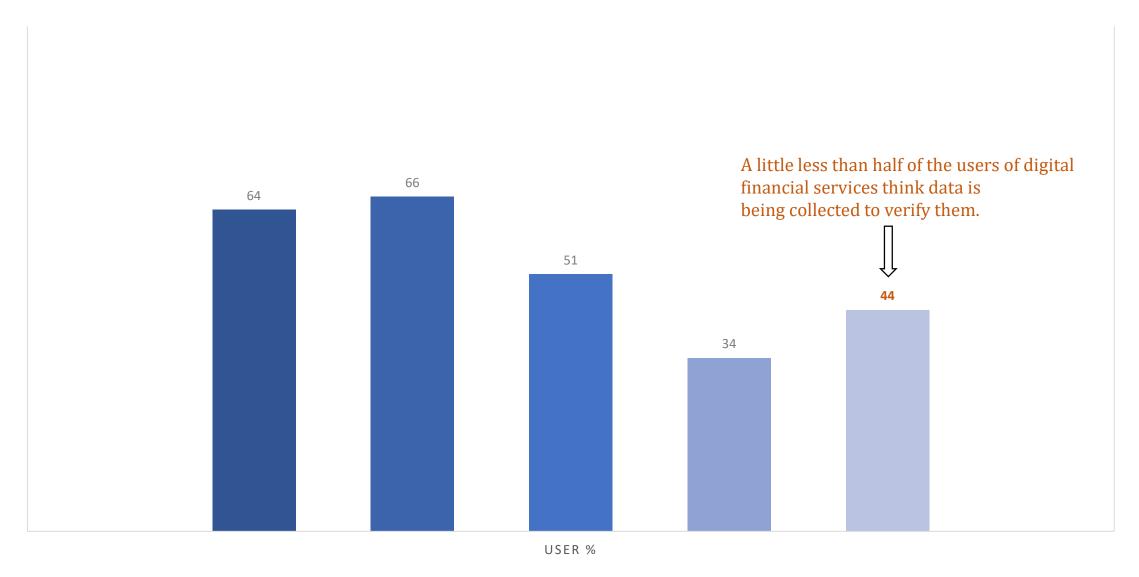
ARE USERS OF DIGITAL FINANCIAL SERVICES COMFORTABLE IN SHARING FINANCIAL DETAILS THEY THINK THEY ARE SHARING? (% OF RESPONDENTS)

Most users of digital financial services don't think they are sharing financial details. Many users who share financial details are not comfortable in doing so.



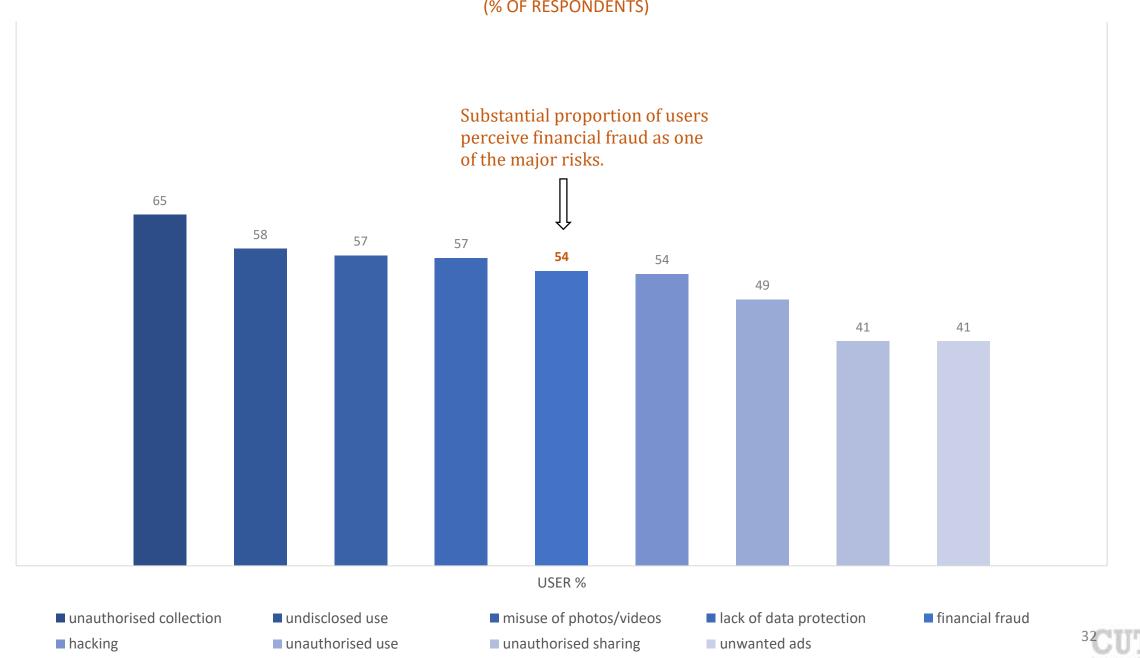


PERCEIVED PURPOSE OF DATA COLLECTION BY USERS OF DIGITAL FINANCIAL SERVICES (% OF RESPONDENTS)

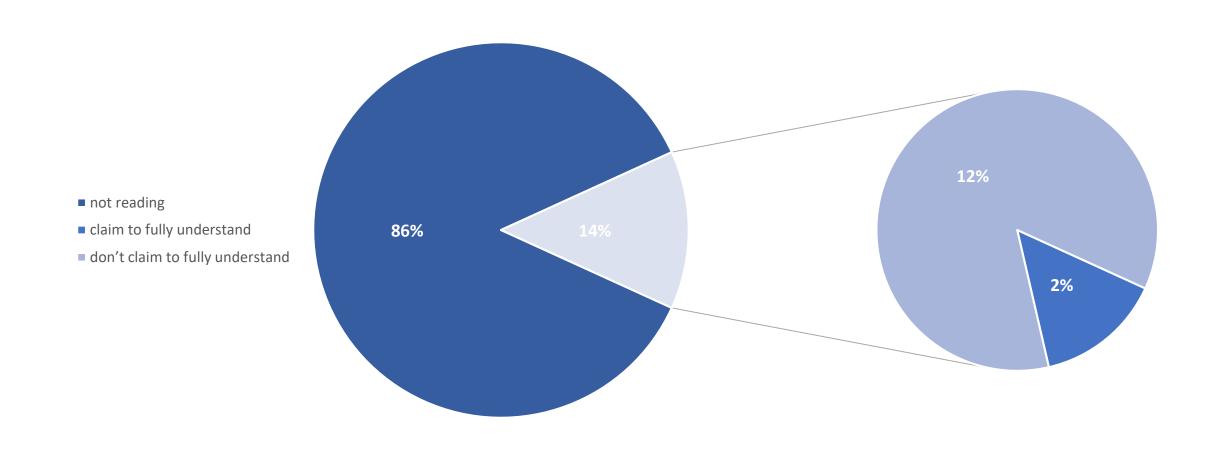




RISKS PERCEIVED IN DATA SHARING BY USERS OF DIGITAL FINANCIAL SERVICES (% OF RESPONDENTS)



DO USERS OF DIGITAL FINANCIAL SERVICES READ PRIVACY POLICIES (% OF RESPONDENTS)



Significantly high proportion of users of digital financial services don't read privacy policies. Among those who read, very few understand.

Part III: Key Findings and Recommendations



Enhancement of trust in digital payment service providers through reducing possibility of fraud, improving convenience, fixing accountability, compensating users, and improving grievance redress is needed.



Empowerment of users through easy to read and understand privacy policies, reducing information asymmetry and increasing transparency by informing users purpose of data collection, and ensuring active and informed consent is essential.

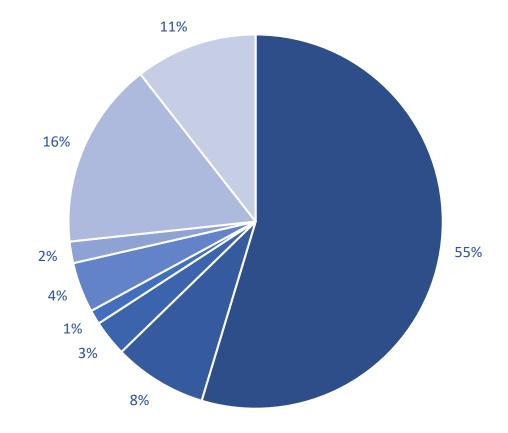
Part IV:

Perspective of Users of Digital Financial Services Applications on Over the Top Applications (OTT)

CHALLENGES FACED BY USERS OF DIGITAL FINANCIAL SERVICES APPS WHILE USING OTT APPS (% OF RESPONSES)

Key Concerns:

- Connectivity issues
- Data consumption
- Battery consumption



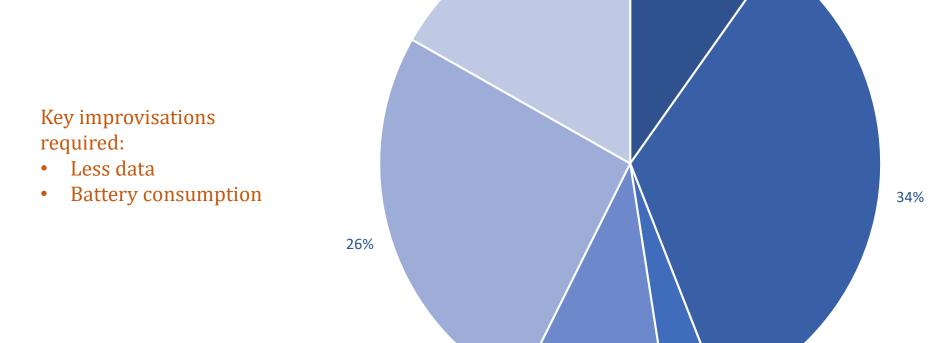
- Don't work or limited utility with weak internet connection Occupies a lot of storage space on the device
- Don't work on old smartphones
- App crashes frequently/ does not work properly
- Consumes more power/battery

- Not available in local language
 - Poor design/user interface
 - Consumes a lot of data/ internet



IMPROVISATIONS REQUIRED BY USERS OF DIGITAL FINANCIAL SERVICES APPS WHILE USING OTT APPS (% of Responses)

10%



17%

10%

3%

Part IV: Key Findings and Recommendations



Digital payments applications need to consume less data and battery, and be more user friendly.



They should be available in local language and use innovative tools to enhance usability.



THANK YOU

For queries, clarifications and suggestions, please contact:

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