

## Analysis Of Customer Contentment on Digital Payment Platforms, Particularly Focusing on Phonepe

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### Abstract

**Purpose:** The research aims to evaluate customer satisfaction on digital payment platforms, focusing on PhonePe, and identify factors favoring digital transactions.

**Theoretical framework:** The study likely employed a theoretical framework related to customer satisfaction, encompassing quality, value, and expectations, to analyze digital payment platforms.

**Design/methodology/approach:** The study likely utilized a mixed-methods approach, combining questionnaire distribution and analysis with secondary data collection from various sources.

**Findings:** The study likely identified key factors driving customer preference for digital payment platforms, aiming to gauge and understand customer satisfaction levels.

**Research, Practical & Social implications:** The research contributes insights into customer satisfaction on digital payment platforms, offering practical guidance for service providers and benefiting society.

**Originality/value:** The research brings original insights into customer satisfaction on digital payment platforms, specifically focusing on PhonePe, contributing novel perspectives to existing knowledge.

### Keywords:

Customer satisfaction, Digital payment platforms, PhonePe, Transaction methods, Perceived quality Business Management , Industry , Innovation and Infrastructure

### INTRODUCTION

The introduction delves into the realm of digital payments, emphasizing transactions conducted over the internet and mobile channels. Digital payments necessitate the sender to possess a bank account, an online banking method, a device for transaction, and association with a provider or intermediary. The endorsement of cashless transactions gained momentum following Prime Minister Narendra Modi's push for it, particularly after the demonetization of high-value currency. This led to remarkable growth in digital payments, with digital wallet companies exhibiting a 271 percent growth by February 2018.

The government and private sector entities actively promoted various digital payment applications, such as the Aadhaar Payment app, UPI app, and BHIM app developed

by the National Payments Corporation of India (NPCI). The introduction of digital transfers through apps brought about behavioral changes, facilitating digital payment adoption even in rural areas previously untouched by this method. This shift attracted foreign investors eyeing India as an attractive destination for substantial expansion in the digital payment industry Dixit et al. (2022).

Philip Kotler's definition of customer satisfaction is introduced, highlighting it as an individual's emotional response resulting from comparing a product's perceived performance against expectations. The customer's expectations are shaped by various factors, including recent product performance, word of mouth, reviews, and marketing promises. Satisfaction goals are established by customers before making a purchase, and their evaluation

occurs during the actual product or service experience.

The study focuses on customer perception and satisfaction with the services offered by PhonePe, a private sector organization acquired by Flipkart, engaged in digital payments across India. The narrative explores the evolution of countries in the context of currency, leading to the current digital trend and the rise of digital currency or a cashless economy. The growth of digital payment industry gave rise to significant players competing for market shares.

The objectives of the study, include.

- Exploring major players in the digital payment industry.
- Assessing customer satisfaction after using PhonePe services.
- Analyzing awareness and customer perceptions of PhonePe services.

The scope of the study encompasses customer satisfaction with PhonePe services in the context of the global shift towards a cashless economy, allowing for an analysis of major industry players and an evaluation of PhonePe's services from a customer-centric perspective.

## LITERATURE REVIEW

R. Kavitha et al. underscore the pivotal role of trust in e-commerce, emphasizing its dependence on online payment systems Kavitha et al. (2015). Consumers are increasingly comfortable with online transactions but express concerns about the associated risks, impacting the transition to electronic business. The authors note a growing migration to e-commerce for various transactions, including bill payments, information purchases, and product acquisitions. E-payments, as per the authors, refer to technological breakthroughs facilitating online financial transactions, offering individuals greater freedom in paying taxes, fees, fines, and making purchases at unconventional locations. The paper suggests that credit and debit cards may become obsolete due to the advancing development of mobile technology and the internet industry.

Khan et. al explores digital wallets as a mainstream mode of online payment Khan (2021). The authors highlight the need for PayTM to improve its payment gateway for enhanced transaction efficiency, addressing issues faced by

users. They propose improvements in discounts/offers, transaction times, and innovations to boost customer satisfaction, applicable to other payment platforms as well.

Tomar et al. discusses the significant role rural areas play in India's economy, with expectations that 50% of India's internet users will be in rural areas by 2020 Tomar et al. (2020). The paper suggests promoting digital wallets in rural places to make people aware of their benefits. Government initiatives aim to familiarize rural populations with digitization, contributing to India's progress toward a cashless economy. Bezhovski et al. predicts further growth in mobile payments globally, surpassing credit and debit card payments. The study identifies barriers to adoption but emphasizes measures like enhancing compatibility, employing the latest technology, establishing common standards, and addressing security and privacy concerns to facilitate faster adoption Bezovski (2016).

Rathore et al. analyzes factors influencing consumers' adoption of digital wallets, emphasizing convenience and ease of use Rathore (2016). Manikandan et al. explores the application and usage of mobile wallets, examining factors influencing consumers' decisions Manikandan and Jayakodi (2017). Karamjeet Kaur et al. highlights the secure nature of e-payment systems, their role in reducing costs, and their indispensability in electronic commerce Kanagarajan (2020). Nitsure et al. identifies challenges faced by developing countries like India in adopting e-banking initiatives, emphasizing issues such as security, regulations, and information dissemination Nitsure (2003).

Poonam Painuly et al. discuss the benefits of wallet money and mobile payment instruments in various business sectors Vijai (2019). Ansari et al. perceived reliability, ease of use, and usefulness in influencing internet banking adoption Ansari and Srinivasan (2019). Kalra et al. investigated customer perceptions, usage patterns, and satisfaction levels regarding digital wallets in the era of digitalization Kalra and Batra (2016). Lastly, Singh et al. analyzes the application, usage, and challenges faced by customers of various mobile wallet companies Singh et al. (2017).

In summary, these studies collectively explore the dynamics of e-commerce, digital wallets, and mobile payments, shedding light on factors influencing consumer adoption, challenges faced, and the future outlook of these electronic payment systems.

### RESEARCH METHODOLOGY

The research methodology entails a comprehensive investigation involving data collection, analysis, and interpretation. To gauge customer satisfaction and perceptions, a mixed-methods approach will be employed. Surveys will be distributed to gather quantitative data, capturing numerical insights into customer experiences. Additionally, qualitative techniques, such as interviews or focus group discussions, will be conducted to delve deeper into customer perceptions. The research will consider factors like transaction duration, offers, and overall satisfaction. The findings will be rigorously analyzed to draw meaningful conclusions about PhonePe's effectiveness and its standing among other industry players.

#### Data Requirements

A questionnaire was designed and floated amongst the college students and working professionals. The questionnaire was designed to measure the level of customer satisfaction towards PhonePe and their services. Some other information was collected through secondary data also.

#### Sources of Data

The following data sources were considered:

- Primary Data: Data collection predominantly involved gathering responses through a

structured questionnaire. The survey instrument was distributed among college students and employed individuals residing in Kerala, specifically targeting those who actively utilize various digital payment platforms. The responses collected serve as the foundation for evaluating and analyzing the customers' satisfaction levels.

- Secondary Data: Data was acquired from Google and diverse scholarly articles are available on Google Scholar. Additionally, essential information was gathered from the websites of different providers in the digital payment industry.

#### Sources of Data

Quantitative data collection methods were employed to obtain primary data. Surveys in the form of questionnaires were distributed to college students and working professionals via WhatsApp and Email using Google Forms, requesting their participation in completing the survey.

### DATA ANALYSIS AND INTERPRETATION

In Figure 1(a), it is evident that most customers fall within the age range of 21-30 years, constituting approximately 40%, followed by around 26% in the 31-40 years bracket. Figure 1(b) indicates that all surveyed respondents utilize PhonePe for their digital transactions. Regarding satisfaction, Figure 1(c) illustrates that approximately 32% of respondents express being very satisfied with digital payment services, 62% indicate being somewhat satisfied, 6% report being neither satisfied nor dissatisfied, and none state being somewhat or very dissatisfied with these services.

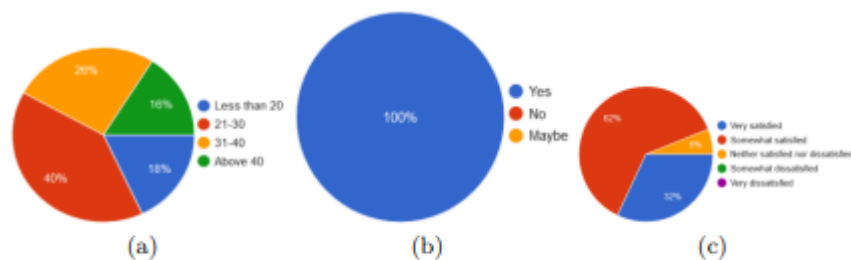


Fig. 1: Analysis on (a) Age (b) Phonepe users (c) Satisfaction level of customers.

In Figure 2(a), it is indicated that approximately 42% of users opt for digital payment platforms due to their reliability, while 30% use them for time-saving benefits. Additionally, 20% of respondents utilize these platforms for secure transactions, 4% are attracted by cashback offers, and another 4% have various other reasons for usage. Regarding services, as shown in Figure 2(b), about 42% of

respondents primarily use digital payment platforms for bill payments, 30% for various purposes, 16% for recharges, 4% for ticket bookings, and 8% for online shopping. Figure 2(c) illustrates that around 58% of respondents frequently use PhonePe for their digital transactions, with 30% using Google Pay, while a smaller percentage utilizes PayTM or other digital payment apps.

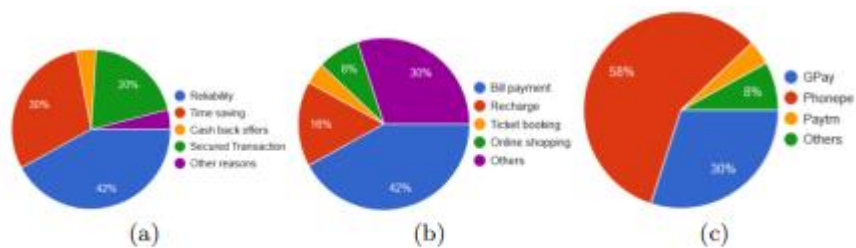


Fig. 2: Analysis on (a) Reason for using Digital payments (b) Most availed service (c) Frequently used payment app.

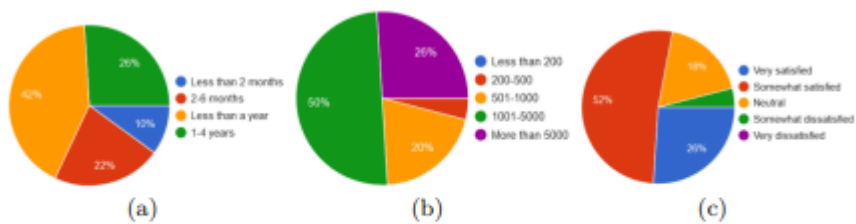


Fig. 3: Analysis on (a) Usage of Phonepe (b) Average monthly spending (c) Customer care satisfaction.

Figure 3(a) illustrates that approximately 42% of the participants have been using PhonePe for less than a year, 26% have been using it for more than a year, 22% started using it between 2-6 months ago, and around 10% began using PhonePe nearly two months ago. In Figure 3(b), it is depicted that roughly 50% of the respondents spend between 1001-5000, 26% spend more than 5000, 20% spend

between 501-1000, 4% spend between 200-500 on average monthly, and none of the respondents spend less than 200 monthly. Figure 3(c) demonstrates that about 52% of the respondents are somewhat satisfied with PhonePe's customer care team, 26% are very satisfied, 18% are neutral, only 4% are somewhat dissatisfied, and none are very dissatisfied with the customer care team of PhonePe.

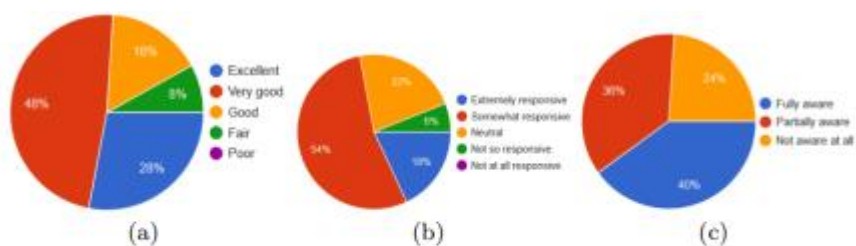


Fig. 4: Analysis on (a) Rate quality of App services (b) Phonepe Responsive to queries (c) Customer care satisfaction.

Figure 4(a) indicates that around 28% of the participants provided an excellent rating for the quality and services of the PhonePe app, 48% rated it a very good, 16% as good, 8% as fair, and none of the respondents rated the quality of the PhonePe app and services as poor. In Figure 4(b), it is shown that 18% of the respondents rated the PhonePe team as extremely responsive, 54% as

somewhat responsive, 22% as neutral, 6% as not so responsive, and none of the respondents rated the response team of PhonePe as not at all responsive. Figure 4(c) illustrates that about 40% of the respondents are fully aware of the additional services offered by PhonePe, 36% are partially aware, and only 24% are not aware at all.

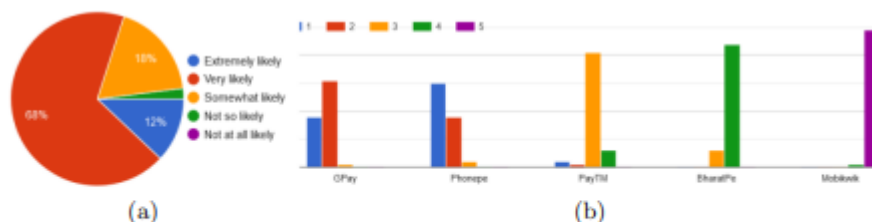


Fig. 5: Analysis on (a) Suggest Phonepe to others (b) Rank various payment Apps.

Figure 5(a) indicates that 12% of the respondents are extremely likely to recommend PhonePe to their friends and family, 68% are very likely to recommend it, 18% are somewhat likely to recommend it, 2% are not so likely to recommend, and none of the respondents are not at all likely to suggest PhonePe to their friends and relatives. In Figure 5(b), it is shown that the majority of the respondents ranked PhonePe as number 1, Google Pay as 2, PayTM as 3, BharatPe as 4, and Mobikwik as 5.

**Variance Analysis**

- In customer satisfaction w.r.t to the age groups
  - Null Hypothesis (H0): There is no significant difference in the satisfaction level of the customers with respect to their age groups.
  - Alternate Hypothesis (H1): There is a significant difference in the satisfaction level of the customers with respect to their age groups.

YEAR	GROSS PROFIT	SALES	RATIO (%)
2017-18	6,89,980.48	50,50,855.00	13.66
2018-19	6,85,417.70	49,36,634.00	13.88
2019-20	8,48,623.83	53,09,235.00	15.98
2020-21	8,27,799.20	45,78,750.00	18.07

Table 1: Age group distribution.

Source of Variation	Between Groups	Within Groups	Total
SS	15951.7	4016.1	19968
df	1	98	99
MS	15951.7	40.9806	
F	389.25		
P-value	6.65E-36		
F crit	3.93811		

Table 2 : ANOVA analysis

From Table 1 and Table 2, it is understood that the F value obtained is 389.24 and the F critical value is 3.938, here F value is greater than F critical value. Thus, the alternate hypothesis (H1) is accepted and can be concluded that there is a significant difference in the satisfaction level of the customers with respect to their age groups.

- In customer's average spending w.r.t to the age groups

- Null Hypothesis (H0): There is no significant difference in the average spending of the customers with respect to their age groups.
- Alternate Hypothesis (H1): There is a significant difference in the average spending of the customers with respect to their age groups.

Age Groups	Nnumber	Mean	Standard Deviation
Less than 20	9	17.88	1.26
21-30	20	25	2.07
31-40	13	35.38	1.85
More than 40	8	44.37	1.92
Total	50	122.64	7.11

Table 3: Age group distribution.

Source of Variation	Between Groups	Within Groups	Total
SS	277968922	327549200.5	605518122.2
df	1	98	99
MS	277968922	3342338.78	
F	83.165992		
P-value	9.85E-15		
F crit	3.9381111		

Table 4: ANOVA analysis spending

From Table 3 and Table 4, it is understood that the F value obtained is 83.165 and the F critical value is 3.938, here F value is greater than F critical value. Thus, the alternate hypothesis (H1) is accepted and can be concluded that there is a significant difference in the average spending of the customers with respect to their age groups.

3. In customer satisfaction towards the customer care team of PhonePe w.r.t age group

- Null Hypothesis (H0): There is no significant difference in customer satisfaction towards the customer care team of PhonePe with respect to their age groups.
- Alternate Hypothesis (H1): There is a significant difference in customer satisfaction towards the customer care team of PhonePe with respect to their age groups.

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	16281.76	1	16281.76	395.8865	3.42E-36	3.938111
Within Groups	4030.48	98	41.12734694			
Total	20312.24	99				

Table 5: ANOVA analysis on customer satisfaction towards customer care

From Table 5, it is understood that the F value obtained is 395.886 and the F critical value is 3.938, here F value is greater than F critical value. Thus, the alternate hypothesis (H1) is accepted and can be concluded that there is a significant difference in the satisfaction level of the customers towards the customer care team of PhonePe with respect to their age groups.

## DISCUSSION

The predominant age group among users of digital payment applications falls within the 21-30 years bracket, constituting approximately 40% of the surveyed respondents. PhonePe emerges as the most frequently utilized app for digital payments, closely followed by Google Pay. Overall, most of the respondents express satisfaction with various digital payment applications, with none indicating a very dissatisfied experience.

The pivotal factors driving the rise and expansion of digital payment platforms are identified as time-saving attributes and reliability. Customers favor these platforms over

manual payment methods due to these factors, coupled with considerations such as secure transactions and enticing cashback offers. Notably, bill payments and recharges are the most availed services on digital payment platforms, while some users employ them for ticket bookings and online shopping.

All respondents surveyed are users of PhonePe in conjunction with Google Pay. A significant portion of users adopted PhonePe within the past year, contributing to its increased market share, surpassing Google Pay as the market leader. Customer satisfaction is gauged on specific parameters, with primary emphasis on the ease of download and login, ease of use, transaction time, and QR code scan time. Monthly spending habits indicate that the majority of customers spend around Rs 5000 on average through PhonePe.

Customers express contentment with the customer care team of PhonePe, and the quality and services of the PhonePe app are predominantly rated as very good and excellent. Additionally, the response team of PhonePe is

perceived as extremely responsive or somewhat responsive by the majority of users regarding their queries and concerns. While a significant portion of users is aware or partially aware of the additional functionalities offered by PhonePe, a considerable number remains unaware of these features. Over 95% of respondents express a likelihood to recommend PhonePe to friends and relatives, with only a small percentage hesitant to make such suggestions. According to customer experiences, PhonePe secures the top rank, followed by Google Pay, PayTM, Bharatpe, and Mobikwik.

### CONCLUSION

Digital Payments encompass transactions conducted through the internet and mobile channels, eliminating the need for physical currency. The Indian government, under the 'Digital India' initiative, actively promotes a 'Faceless, Paperless, and Cashless' economy, emphasizing various payment methods. PhonePe, a prominent player in Indian digital payments and financial services, has shown significant growth since its inception in December 2015. Utilizing the Unified Payments Interface (UPI), PhonePe serves over 17.5 million merchants across 500 cities in India. With 300 million users and a dominant 43 percent share of total transactions in Q1 2021, PhonePe's success indicates high customer satisfaction. However, to sustain this, the company should focus on enhancing cashback offers and promoting additional functionalities. Achieving customer

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