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A STUDY ON ADOPTION AND USAGE PATTERNS OF PAYTM AMONG SMALL SCALE TRADERS IN COIMBATORE DISTRICT.

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Abstract

Small-scale traders form an essential part of the economy in many developing countries, including India. These traders, who operate businesses such as small shops, street vending, and local markets, often face challenges in handling cash transactions, maintaining records, and managing payments efficiently. With the increasing digital transformation in India, digital payment platforms have emerged as a crucial tool for small businesses. Among them, Paytm has gained widespread acceptance due to its user-friendly interface, accessibility, and integration with various financial services. This study explores the adoption and usage of Paytm among small-scale traders in Coimbatore, a rapidly growing city in Tamil Nadu. The objective of this research is to understand how small-scale traders in Coimbatore utilize Paytm for their daily business transactions. It examines the reasons behind their preference for digital payments, the benefits they experience, and the challenges they encounter. Many traders in urban and semi-urban areas have shifted from traditional cash transactions to digital wallets due to the government's push for digitalization and the increased convenience of mobile payments. This study also considers the role of digital payments in enhancing business efficiency, record-keeping, and customer convenience. With features like QR code payments, instant money transfers, and integration with banking services, Paytm offers traders an alternative to conventional cash handling. The research also explores the impact of government policies and initiatives, such as the Digital India campaign, in promoting digital payment solutions among small businesses. Many traders have embraced digital wallets due to increased smartphone penetration, affordable internet access, and awareness campaigns highlighting the advantages of cashless transactions. However, some businesses, particularly those with lower technological exposure, still hesitate to adopt digital payment platforms fully.

Introduction

The use of digital payment platforms like Paytm has grown rapidly among small-scale traders in Coimbatore. Many traders have started using Paytm to accept payments from customers because it is fast, convenient, and reduces the need for handling cash. This study looks at how traders in Coimbatore use Paytm, the benefits they get from it, and the challenges they face. One of the main benefits of Paytm is that it helps traders complete transactions quickly and efficiently. Customers also find it easier to pay using Paytm, which improves their shopping experience and encourages them to return. Additionally, traders can keep track of their sales more easily, making it simpler to manage their finances. However, despite these benefits, some traders still struggle with certain issues. One common problem is technical difficulties, such as poor internet connection, which can delay transactions. Some traders also feel that transaction charges on Paytm reduce their overall earnings. Security concerns, such as fraud and data theft, also make some traders hesitant to fully rely on digital payments. Even with these challenges, many traders believe that using Paytm has helped them grow their businesses. The ability to accept digital payments attracts more customers, especially younger ones who prefer cashless transactions. To improve the experience for traders, digital literacy programs can help them understand how to use Paytm effectively and securely.

Need for Study

Small-scale traders in Coimbatore, such as street vendors and small shop owners, are increasingly using Paytm for digital payments. This study is important to understand how Paytm helps them manage transactions, improve sales, and attract more customers. Digital payments reduce cash-handling risks, provide easy record-keeping, and make transactions faster. However, some traders may face challenges like technical issues, lack of awareness, or customer trust issues. If traders struggle with digital payments, solutions can be developed to help them adapt better. This research will also provide insights for policymakers and financial institutions to improve digital payment systems. As digital payments grow, small traders need support to compete in a changing market.

Objectives of the Study

To analyze how small-scale traders in Coimbatore use Paytm for business transactions and its impact on their sales, customer service, and financial management.

To identify the benefits and challenges faced by small traders while using Paytm.

To explore ways to improve digital payment adoption among small traders.

Limitations of the study

This study has some limitations that may affect the results. The study is limited to small-scale traders in Coimbatore, so the findings may not apply to traders in other cities. Some traders may not be willing to share complete information about their sales and payment issues, which can affect accuracy. The study focuses only on Paytm, while traders may use other digital payment apps as well. Also, technical issues or network problems affecting transactions may vary over time. Customer preferences for digital payments may change, making the findings relevant only for a certain period.

Review of Literature

Exploring the Role of Social Networks in Shaping Small Retailers' Perceptions of E- Banking Platforms: **A Qualitative Study" by Das, S., & Roy, S. (2021)** This qualitative study investigates how social networks and peer interactions influence small retailers' perceptions of e-banking platforms, including Paytm. It explores the role of social influence, recommendations from peers, and social norms in shaping attitudes towards e- banking adoption.

A Comparative Study of Small Retailers' Perception towards Different E- Banking Platforms" by Sharma, R., & Singh, S. (2020)

This research compares small retailers' perceptions of various e-banking platforms, including Paytm, Google Pay, and others. It examines factors such as perceived benefits, barriers, ease of use, and trust across different platforms.

Factors Affecting Small Retailers' Acceptance of E-Banking: by Jain, R., & Sharma, M. (2019)

This literature review synthesizes existing research on factors influencing small retailers' acceptance of e-banking, including platforms like Paytm. It discusses key determinants such as perceived usefulness, ease of use, trust, security, and social influence.

Factors Influencing the Adoption of Mobile Payment Services: A Study of Small Retailers in India" by Gupta, P., & Khatri, P. (2019)

This study explores the factors influencing small retailers' adoption of mobile payment services, including platforms like Paytm. It investigates perceptions of usefulness, ease of use, trust, and security, among other factors.

Research Design

This study follows a descriptive research design to understand how small-scale traders in Coimbatore use Paytm for business transactions. Data will be collected through surveys and interviews with traders to analyze their experiences, benefits, and challenges with digital payments. A sample of small traders from different business sectors, such as street vendors, shop owners, and market sellers, will be selected. The study will focus on factors like ease of use, customer preferences, and transaction security to provide insights into improving digital payment adoption.

Sources of Data

Primary data

Online surveys through structured questionnaires. Direct interviews with small-scale traders.

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Sample Design

Population

The population for this study includes small-scale traders in Coimbatore who use Paytm for transactions. These traders may include shop owners, street vendors, and small business operators.

Sample Size

A sample of 76 small-scale traders will be selected for this study. This number ensures a fair representation of different types of traders using Paytm.

Sampling Method

The study will use a random sampling method to select traders from different market areas in Coimbatore. This method helps in collecting unbiased and diverse opinions from various business sectors.

Tools for Analysis

Chi- square: The chi-square test compares observed data with expected data to determine if there is a relationship between variables. It's used when you have two categorical variables and want to see if they are independent or related.

Chi Square

Type of business respondent & frequently usage of Paytm of respondent

Hypothesis

Null Hypothesis (H_0): There is no significant association between the type of business and the frequency of Paytm usage.

Alternative Hypothesis (H_1): There is a significant association between the type of business and the frequency of Paytm usage.

Type of business respondent & frequently usage of Paytm of respondent

		frequently usage of Paytm of respondent					Total
		Very frequently	Frequently	Occasionally	Rarely	Never	
Type of	Grocery Store	0	5	1	1	0	7

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Business respondent	Street vendor	1	2	1	2	2	8
	Small Retail shop	1	3	11	5	2	22
	Food stall	2	10	7	4	0	23
	Other	5	6	2	2	1	16
Total		**9**	**26**	**22**	**14**	**5**	**76**

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	26.740[a]	16	.044
Likelihood Ratio	26.754	16	.044
Linear-by-Linear Association	2.838	1	.092
N of Valid Cases	**76**		

Interpretation

The Pearson Chi-Square test result ($\chi^2 = 26.740$, df = 16, p = 0.044) indicates a statistically significant relationship between the type of business and the frequency of Paytm usage at the 5% significance level. This suggests that the observed differences are unlikely due to random chance. The Likelihood Ratio test (p = 0.044) is also statistically significant, further supporting the presence of an association between the variables. The Linear-by-Linear Association (p = 0.092) is not statistically significant, indicating no clear linear trend between the variables. The test was conducted on 76 valid cases, providing a moderate sample size. However, 20 cells (80.0%) had expected counts less than 5, which may reduce the reliability of the test results.

Using period of Paytm of respondent & Paytm services of respondent
Hypothesis

- Null Hypothesis (H_0): There is no significant association between the period of Paytm usage and the level of satisfaction with Paytm services.
- Alternative Hypothesis (H_1): There is a significant association between the period of Paytm usage and the level of satisfaction with Paytm services

Using period of Paytm of respondent & Paytm services of respondent

Crosstabulation

		Paytm services of respondent				Total
		very satisfied	**satisfied**	**neutral**	**dissatisfied**	
using period of Paytm of respondent	Less than 6 months	2	4	1	0	7
	6 months-1 year	4	15	17	11	47
	3-5 years	0	4	7	5	16
	More than 5 years	0	2	3	1	6
Total		**6**	**25**	**28**	**17**	**76**

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.820[a]	9	.288
Likelihood Ratio	12.583	9	.182

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Linear-by-Linear Association	4.115	1	.043
N of Valid Cases	**76**		

Interpretation

The Pearson Chi-Square test result ($\chi^2 = 10.820$, df = 9, p = 0.288) indicates no statistically significant relationship between the period of Paytm usage and the level of satisfaction at the 5% significance level. This suggests that the observed differences are likely due to random chance. The Likelihood Ratio test (p = 0.182) is also not statistically significant, further supporting the absence of an association between the variables. The Linear-by-Linear Association (p = 0.043) is statistically significant, indicating a weak linear trend* between the variables. The test was conducted on 76 valid cases, providing a moderate sample size for the analysis. However, 11 cells (68.8%) had expected counts less than 5, which may reduce the reliability of the test results.

Findings

- Paytm was the most preferred digital payment platform, but many traders considered alternatives like BharatPe due to transaction charges.
- Convenience, cashback rewards, and customer preference were the main reasons for Paytm adoption among small-scale traders.
- Technical issues and fraud concerns were the biggest challenges, discouraging consistent usage.
- Most traders used Paytm for 31-50% of their daily transactions, showing moderate dependency.
- Chi-square analysis revealed a significant relationship between business type and frequency of Paytm usage, with food stalls and retail shops using it more frequently.

Suggestions

- Improve fraud prevention and security measures by introducing two- step verification and AI-driven fraud detection to boost trader confidence.

- Enhance customer support by offering faster issue resolution, a dedicated trader support line, and local Paytm agent assistance.

- Lower transaction fees or introduce tiered pricing to retain small-scale traders and encourage continued adoption.

- Promote digital literacy through workshops and training programs to help traders navigate Paytm features and troubleshoot common issues.

Conclusion

The study on small-scale traders using Paytm in Coimbatore highlights the growing adoption of digital payments in daily business operations. Paytm offers significant benefits such as faster transactions, reduced cash handling issues, and improved customer trust. Most traders find it convenient and value its cashback rewards. However, challenges like technical issues, fraud concerns, and increased transaction charges hinder full adoption. While food stalls and small retail shops lead in Paytm usage, many traders are considering switching to alternatives like BharatPe due to rising fees. The lack of technical support and slow refund processes further frustrate traders. Despite this, Paytm remains a popular choice due to its ease of use and accessibility. To enhance satisfaction and retain users, Paytm needs to strengthen security measures, reduce transaction charges, and improve customer support. With better service reliability and business-friendly features, more small-scale traders can confidently adopt and rely on digital payments for their business growth.

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