



Research Paper

# The Problems Faced By Consumer on Electronic Payment System: With Reference To Chennai City

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## Abstract

*E-payment system is a payment mechanism through an electronic network. Electronic payment systems are financial transactions made without use of paper documents and transactions are made only digitally such as debit and credit cards, smart cards, e-wallet, e-cash etc. E-payment systems have received different acceptance level throughout the world. The widespread adoption of electronic payment systems has revolutionized financial transactions, but consumers continue to face numerous challenges. This study investigates the problems encountered by consumers on electronic payment systems in Chennai city. The study aimed to identify the issues and challenges faced by consumers on electronic payment system while making transactions. The research is limited only with Chennai peoples, and 85 samples are collected through Google form to support this research. This research highlights that the major challenge in electronic payment system is technical issues like transaction failure and server error etc. And the another challenge is it is difficult to adapt by people because it has continuous changes or updates, so it is also considered as a major challenge faced by consumer on electronic payment system while making digital transactions. E-payment system not only provides more opportunities but also has many threats, so the consumers are facing many challenges in electronic payment system. India aims towards cashless society, so the stakeholders understand consumers perspectives and implementing targeted solutions, electronic payment systems can become more accessible, reliable and user-friendly.*

**Key words:** *Electronic payment system, Consumer challenges, Technical issues, Digital transactions.*

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## I. Introduction

An e-payment system, also known as an electronic payment system, is a digital platform that enables secure and efficient financial transactions through electronic means. E-payment system is a mode of payments over an electronic network such as the internet. This innovative technology has revolutionized the way individuals and businesses conduct financial transactions, it eliminates the need for physical currency or traditional paper-based payment methods. The various types of e-payment systems include online banking, mobile payments, digital wallet, credit/ debit card payments, electronic fund transfer, real-time gross settlement, national electronic fund transfer, and crypto currency payments. Each type has its own set of features and functionalities, catering to various needs and preferences of consumers and merchants. For instance, online banking enables users to manage their accounts and make payments remotely, while mobile payments facilitate contact less transaction through smartphones.

The rise of e-payment systems is largely driven by the increasing adoption of the internet and mobile technology. With more people using smartphones and accessing online services, businesses have recognized the need to offer flexible payment options to enhance customer experience and stay competitive. E-payment systems provide the convenience of making purchases anytime and anywhere, removing the geographical barriers often associated with traditional payment methods. Additionally, these systems often come with features such as automated invoicing, recurring payments, and real-time transaction tracking, which can greatly improve cash flow management for businesses.

Despite the benefits of electronic payment systems, consumers are vulnerable to various technical, security, and financial issues that can compromise their transaction experience. Consumers increasingly rely on electronic payment systems for their convenience and efficiency, yet they encounter a variety of challenges that

can impact their overall experience. One significant issue is security. Although many e-payment systems implement robust security measures such as encryption and tokenization, the threat of cyberattacks and data breaches remains a persistent concern. Consumers may feel apprehensive about sharing their personal and financial information online, fearing that their data could be compromised. High-profile cases of identity theft and fraud have heightened awareness around these issues, leading some individuals to hesitate in fully embracing electronic payment options. The fear of falling victim to scams or unauthorized transactions can create a barrier to using these systems, particularly among less tech-savvy users or those who are unfamiliar with digital security practices.

Another challenge consumers face is the lack of universal acceptance of various e-payment systems. While some merchants readily accept popular digital wallets or mobile payment options, others may still rely solely on traditional payment methods like cash or credit cards. This inconsistency can lead to frustration when consumers are unable to use their preferred payment method at a desired location. Additionally, the fragmentation of payment options can complicate the consumer experience, as individuals may need to navigate multiple apps or platforms to manage their finances and transactions. This lack of standardization not only creates inconvenience but also increases the likelihood of errors, such as mistakenly sending funds to the wrong account or being unable to retrieve transaction history across different platforms.

Fees associated with electronic payments can also be a point of contention for consumers. Many payment processors charge transaction fees, which can add up, particularly for frequent users or small businesses that rely on these systems for daily transactions. While some services offer fee-free options, they may come with trade-offs, such as limited functionality or slower processing times. Consumers may find themselves navigating these costs and weighing the benefits of using e-payment systems against the potential expenses involved.

Additionally, the technology requirements for accessing e-payment systems can pose a hurdle for certain consumers. A reliable internet connection, updated devices, and knowledge of how to navigate digital platforms are necessary for a seamless experience. However, not everyone has equal access to these resources. People in rural areas, older adults, or those with limited technological literacy may find it challenging to use e-payment systems effectively. This digital divide not only affects individual users but also has broader implications for inclusivity in the financial ecosystem, as marginalized groups may be left behind in the transition to electronic payments.

Finally, customer support can be lacking in many e-payment systems. When issues arise—such as transaction errors, disputes, or unauthorized charges—consumers often struggle to find effective support. The impersonal nature of digital transactions can exacerbate frustrations, as users may face long wait times, automated responses, or difficulties in reaching a knowledgeable representative. This lack of support can leave consumers feeling vulnerable and dissatisfied, ultimately undermining their confidence in using electronic payment systems. In addition to the challenges already discussed, the evolving landscape of electronic payment systems also introduces complexities related to user experience and trust.

One major issue is the frequent updates and changes in payment platform. Many e-payment services regularly introduce new features, interfaces, or security protocols, which can create confusion for users who are not accustomed to adapting to technological changes. For consumers, this might mean that they need to invest time in learning how to navigate new systems or features, leading to frustration, especially for those who may not be as tech-savvy. The constant evolution of these platforms can make it difficult for consumers to feel confident and secure in their usage, which can diminish overall satisfaction.

Moreover, the perception of privacy is another significant concern. While many e-payment systems provide a convenient means of conducting transactions, the collection and use of consumer data raise questions about privacy and consent. Users may be uncomfortable with the idea that their transaction history is being tracked and analyzed for targeted advertising or other purposes. This anxiety can be exacerbated when consumers are unaware of how their data is being used or stored, leading to feelings of vulnerability and distrust towards payment providers. Transparency regarding data practices is essential, yet many consumers find it challenging to navigate lengthy terms of service agreements or privacy policies, which can obscure their understanding of how their information is handled.

Consumer education also plays a critical role in the successful adoption of electronic payment systems. Many users may not fully understand how to utilize the features available to them or the best practices for ensuring security. Lack of knowledge regarding phishing scams, password management, or secure transaction practices can leave consumers vulnerable to fraud.

Lastly, cultural and generational differences can influence consumer acceptance and comfort levels with electronic payment systems. Older generations may be more accustomed to traditional payment methods and might be resistant to adopting digital alternatives due to unfamiliarity or skepticism. Conversely, younger generations may embrace these systems but still encounter hurdles such as fraud or misuse of data. Addressing these disparities requires targeted educational initiatives and user-friendly designs that cater to a diverse

audience. while electronic payment systems offer significant advantages, they also present various challenges for consumers.

Security concerns, limited acceptance, transaction fees, technology barriers, and inadequate customer support can create a complex landscape that affects user experience. As the digital payment ecosystem continues to evolve, addressing these issues will be crucial for ensuring that all consumers can confidently and effectively engage in electronic transactions.

Electronic payment systems provide numerous benefits, the challenges faced by consumers are multifaceted and can significantly impact their experiences. From security and privacy concerns to interoperability issues and the need for consumer education, addressing these challenges is vital for fostering trust and encouraging widespread adoption of electronic payment solutions.

## **II. Review of literature**

The research paper A study on challenges faced by the consumers and its impact on usage of digital mode of payments in the city of Mumbai, the study aim is to have an eye on problems faced by consumers on digital payment and its impact on usage of digital payment system. They mainly focused on the challenges like technological, cash dependency, infrastructure, truth and transparency in electronic payment system, which would attract higher taxes into consideration. They collect a sample from 52 respondents by adopting convenience sampling method and they mainly focused in the Mumbai city to collect respondents. The primary is collected through google form. Finally this paper concludes that habit of using cash and infrastructure challenges are the challenges which affects the usage of online/ digital transactions.

The research paper E-Payment systems risks, opportunities and challenges for improved results in e-business, e-payment made it easier for people to survive and helped them to save a lot of time and energy. The e-payment have a many opportunities in the field of e-business, but it also have a many risks and challenges. They highlighted that one of the most important challenges facing by e-payment is fraud, and they presented many research papers that implemented various strategies for detecting and preventing fraud. Finally they concluded that the fraud detection technique that we have explored have their advantages and reducing fraud attempts but still it has some drawback like complexity of some models, lack of accuracy and sometimes the slow executions of the digital payments. And also this paper includes that how to confront and limit fraud in using modern technologies and sciences.

The paper a study on problems and challenges on digital payment system as an ease of payment mechanism among customers in E-commerce scenario with special reference to kottayam district, according to them consumers have moderate level of awareness of digital payment and there is still some problems faced by the consumer in E-payments. They collect a sample from 85 respondents in kottayam district by adopting convenience sampling method and primary data is collected through interview schedule. They highlighted that India aims towards cashless society and the challenge is a cash circulation has still in the society. Finally they concluded that there is an urgent to implement programs and create awareness about digital transaction method and other more convenient methods as well among customers.

The paper issues and challenges of electronic payment systems, this paper explains and identify the issues and challenges in e-payment system and examine the problems faced by consumers during e-payments. This paper highlighted that the risks in the digital payment are theft of payments data, personal data and frauds are the major challenges faced by consumers on electronic payment system and which threatens the consumer to use digital transactions through internet. And they conclude that the risk of fraud is high in the electronic payment system so there is need to implement and made changes in digital transaction apps more secure and safe for efficient and effective transactions.

The paper opportunities and challenges of E- payment system in India, now a days world changed to digital world. This study aims to identify the challenges and issues of electronic payment systems and offer some solutions to improve the e-payment system. It is not only provides various opportunities bur also threats the consumer while making payment in digital. They highlights the major issues are theft of payments data, personal data, and fraudulent rejections on the part of customers. Finally they conclude that we must use the technology available for the moment to guarantee a reasonable minimum level of security on the network.

### **Research gap**

The above literature is only concerned with the risk of fraud and unawareness among people. These two are mainly focused as the major issues in previous research. But this research is concerned with the major challenge of technical issues and it is difficult to understand ( continuous update) by the consumer. This study mainly focused on these two major problems which are faced by consumer on electronic payment system because these two problems are mainly connected with the electronic payment system and it need to be focused more.

### Statement of the problem

This research is mainly focused on the major problems and challenges faced by consumer in electronic payment system. The first major problem is it has high technical issues while making payment like failed transactions, server error and delayed processing which threatens the consumer to make payments digitally. And the next major problem is the frequent updates and changes in payment platform. Many e-payment services regularly introduce new features, interfaces, or security protocols, which can create confusions for users who are not accustomed to adapting to technological changes.

### Objectives

- To analyse the problems and challenges in electronic payment system.
- To evaluate the digital payment preference by customers.
- To understand the reason for less use of electronic payment system by the customers.

### III. Methodology

The study aims to know the challenges faced by the consumer on electronic payment method. The primary objective of this research is to know the issues faced by consumer in e-payment system in Chennai city. This research is done based on the non-doctrinal research method. The primary data has been collected in the form of questionnaire method through google form, whereas secondary data collected from different journals, previous research, reports and websites had taken to support every aspect of the research. In which the research has been relayed upon and the decisions has been made.

### IV. Result and Discussion

**Table 1**  
**Social economic profile**

S.no	Particulars	Category	Number of respondents	Percentage (%)
1	Age	Below 18	13	15.29
		18 – 25	36	42.35
		26 – 40	21	24.71
		Above 40	15	17.65
		Total	85	100
2.	Gender	Male	44	51.76
		Female	41	48.24
		Others	-	-
		Total	85	100
3.	Locality	Rural	24	28.24
		Urban	31	36.47
		Semi-rural	17	20
		Semi-urban	13	15.29
		Total	85	100
4.	Income	Below 20,000	7	8.24
		20,000 – 50,000	17	20
		Above 50,000	28	32.94
		Nil	33	38.82
		Total	85	100
5.	Occupation	Undergraduate	12	14.12
		Postgraduate	18	21.18
		Working	39	45.88
		Others	16	18.82
		Total	85	100
6.	Marital status	Married	35	41.18

	Unmarried	50	58.82
	Total	85	100

Sources: primary data

Interpretation:

According to age the more respondents from the category between 18-25 and least from below 18. According to gender the highest respondent from male which covers 44. According to locality the highest respondent from urban and lowest from semi-urban. According to income the more respondent from above 50,000 and least from nil. According to occupation the highest respondent from working and the lowest from undergraduate. According to marital status the highest respondent is unmarried.

**Table 2**  
Social aspects

S.no	particulars	Agree		Strongly agree		Neutral		Disagree		Strongly disagree		Total
		No.	%	No.	%	No.	%	No.	%	No.	%	
1.	E-payment is safe	18	21.18	4	4.71	16	18.82	14	16.47	33	38.82	100
2.	It made your life easier	21	24.71	12	14.12	35	41.18	8	9.4	9	10.59	100
3.	Technical issues is high	9	10.59	43	50.59	23	27.06	4	4.7	6	7.06	100
4.	E-payment service is best	27	31.76	-	-	42	49.41	16	18.83	-	-	100
5.	Specified bank app service is best	27	31.76	-	-	44	51.76	14	16.47	-	-	100

Sources: primary data

Interpretation:

According to e-payment is safe 33 respondents strongly disagree and 4 respondents strongly agree. According to e-payment made your life easier 35 respondents said neutral and 21 respondents agreed. According to it has high technical issues 43 respondents strongly agreed and 23 respondents said neutral. According to e-payment services is best 42 respondents said neutral and 27 respondents agree. According to specified bank app service is better 44 respondents said neutral.

**Table 3**  
Social Determination

S. No	Particulars	Yes		Maybe		No		Total
		No.	%	No.	%	No.	%	
1.	Do you use e-payment	73	85.88	8	9.41	4	4.71	100
2.	It is convenient	43	50.59	12	14.12	30	35.29	100
3.	Faced any issues	45	52.94	23	27.06	17	20	100
4.	Used scratch cards	39	45.88	20	23.53	26	30.59	100
5.	Use specified bank app	42	49.41	18	21.18	25	29.41	100

Sources: primary data

Interpretation:

According to do you use e-payment 73 respondents said yes and 4 respondents said no. According to it is convenient 43 respondents said yes and 30 respondents said no. According to did you faced any issues 45 respondents said yes and 17 respondents said no. According to used scratch cards 39 respondents said yes and 26 respondents said no. According to use specified bank app 42 respondents said yes and 25 respondents said no.

**Table 4**  
Consumer perspective

S. No.	Particulars	Consumer perspective										Total
		Need not to carry cash		Save time		Fast payment		Variety of payment choices		others		
		No.	%	No.	%	No.	%	No.	%	No.	%	%
1.	Reason for choosing e-payment	26	30.59	13	15.29	18	21.18	15	17.65	13	15.29	100
2.	How often do you use	Daily		Couple of times a week		Once a week		Rarely		Others		
		No.	%	No.	%	No.	%	No.	%	No.	%	%
		15	17.65	17	20	23	27.06	30	35.29	-	-	100
3.	Major problem faced by customer	Technical issues		Technological illiteracy		Continuous update/ changes		Banking fee		Limitation on amount and time		
		No.	%	No.	%	No.	%	No.	%	No.	%	%
		33	38.82	10	11.76	30	35.29	6	7.06	6	7.06	100

Sources: primary data

**Interpretation:**

According to reason for choosing e-payment app 26 respondents said need not to carry cash. According to how often do you use 30 respondents said rarely. According to major problem faced by customer 33 respondent said technical issues and lowest is continuous update which covers 30 respondents. According to payment app frequently used 46 respondents said UPI/QR code.

**Limitation of the study**

This research is limited with Chennai people. The research is concerned with how Chennai peoples face the problems in electronic payment system while making digital transaction, 85 samples are collected from Chennai people. Even though Chennai peoples are more aware of using digital transaction many of them face challenges like technical issues, glitches etc. And it is difficult for people to adapt to continuous updates in e-payment system.

**V. Findings**

- The present study shows that most of the peoples face the problem in e-payment system.
- The present study shows that the majority of customers face the problem of technical issues while making digital transaction.
- Above discussion we tend to know that the most respondents are using e-payment system which goes on upto 85.88 percent of respondents.

**VI. Conclusion**

This study was conducted to understand the problems and challenges faced by consumer on electronic payment system and India aims towards a cashless society. Electronic payments are financial transaction made without the use of paper documents and payment made through digitally such as debit and credit card, smartcard, e-wallet, e-cash etc. The study on the problems faced by consumers on e-payment system in Chennai city has provided valuable insights into the challenges encountered by users. The findings of this research have highlighted the significance of technical issues like transaction failures and server errors, were prominent among consumers. These technical issues not only frustrate consumers but also comprise the security and reliability of e-payment systems, ultimately eroding trust and confidence in digital payment. The research highlights the need for enhanced security measures, user-friendly interfaces, and reliable payment processing.

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