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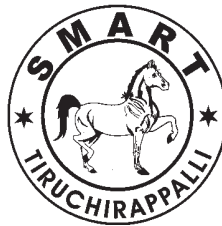
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**SCIENTIFIC MANAGEMENT AND ADVANCED RESEARCH TRUST  
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**AN EXPLORATORY STUDY ON INCREASE OF TRANSACTIONS WITH  
THE USE OF DEFERRED PAYMENT FACILITIES**

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***Abstract***

*The study aimed to evaluate the increase of successful transactions, with the use of deferred payment facilities on e-commerce portals. Smaller scale money organizations target those who need financial help. The result showed that 70% of people were aware of the deferred payment industry in India. It was also observed that there was significant relationship between customers, who used deferred payment facilities on e-commerce sites and applications. The future research can focus on the impact of deferred payment facilities on different age groups and to develop a model for the convenience of increasing the transactions of deferred payment on e-commerce portals.*

**Keywords:** *Deferred Payment, E-commerce and Micro Account Industries.*

**JEL Code :** *M0, M1, M2, M3, M4 and M5.*

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## 1. Introduction

Finance is considered a significant key for better business activity. It is a fundamental reason for a wide range of exercises, which include accounts from different wellsprings of money. Money is a significant factor, that gives access to every one of the sources, that are occupied with the procedure, that includes assembling and selling exercises. The accomplishment of an association depends significantly on the proficiency and adequacy in the administration of the association's funds. Fund is one among the most imperative practical regions in an association and the account division inside the association must give the obligatory funds to the various offices like, Marketing, HR and so on. The most fundamental exercises, that should be dealt with by the administrator under this capacity, are the following:

- Estimation of capital needs
- Determination of capital piece
- Selection of wellsprings of assets
- Investment of assets
- Disposal of excess
- Management of money
- Financial controls

### 1.1 Industry Profile

Non-banking monetary enterprises offer smaller scale accounts in India. There are additionally smaller scale account associations in the nation that are only devoted to offering smaller scale accounts to individuals. Smaller scale money organizations target individuals who need financial support. Smaller scale account associations target individuals, who are in need of money to be in business (**Duchesneau, D. A., and Gartner, W. B, 1990**).

### 1.2 Need for Micro-Account Industry in India

According to the **Reserve Bank of India (2017)**, the point when an individual, having a place with the lower segment of the general public, obtains miniaturized scale account from a bank or a NBFC, the individual in question can utilize the assets for being monetarily autonomous. It can assist the borrower with being engaged with an assortment of exercises that the person in question could not have managed without the small-scale financing.

### 1.3 Objectives and Goals of Micro-Fund

According to **Ayayi, A. G. (2012)**, micro-fund fundamentally progresses in the direction of making the distraught populace self-decided, without relying upon their family members or companions for reserves.

- It intends to bring a money related change, among the individuals, with the assistance of a network-based methodology.
- It expects to compose and direct straightforward preparing programs, for jobless individuals, with the goal that they have a few methods for vocation.

### 1.4 Deferred Payment Industry

According to (**Eberth, R., & Ellinger, E. P, 1983**), Deferred Payment Facility is a rapidly expanding industry. It is particularly attractive to young people because it is like 'credit', but it is not considered 'credit' under credit laws. As a result, it is not regulated like consumer credit. Deferred payment facility arrangements allow consumers to purchase goods and services and pay off the purchase price over a specified period. Although each provider offers different payment arrangements, that arrangement involves three contracts between the consumer, the merchant and the provider. The provider

assumes the debt of the purchaser by paying the merchant for the transaction, minus merchant fees. The industry is not regulated either because the provider does not charge the consumer for providing the credit or they offer continuing credit contracts.

### 1.5 Simpl

Simpl works with merchants like Zomato, Bookshop, Gofers and Dunzo, to reduce the payment flow to a single tap, thereby improving their product experience, and giving users a payment mode, that is faster. There is increase of successful transactions with the use of deferred payment facilities because it is more convenient than wallets or cards. For the user, one just has one bill, which needs to be paid for transactions, made across frequently used online products **(Report published by Times of India on 08, May, 2020).**

### 1.6 EPayLater

ePayLater is a Buy Now Pay Later payment option, which lets users make multiple purchases and pay for all in one go later. Users get a 14-day interest-free period from the date of order to settle the bills. ePayLater offers the simplest possible checkout experience in existence today. As users are not required to enter a 16-digit card number or log in to the bank account or for that matter, even refill the wallet, users can conclude the transaction with just a tap.

## 2. Review of Literature

**Miller (2018)**, in the study, on potential revenue stream by e-commerce, talks about the cart abandonment rate in various platforms of e-commerce portals. The article points out interesting statistics, that back the claims by various other studies, that the staggering percentages of cart abandonment are true and

thus provide a huge potential revenue stream for the e-commerce portals, if they manage to somehow make the customers turn the cart out of checkout points more often than what has been happening. The study provides statistics like the time of the day the abandonment is the most, the reason for abandonment, the gender and other metrics that have been shown to have affected the results on such e-commerce sites and mobile applications. **Lievonen, M. (2017)** in the study, "Research on e-commerce portals over an internet", talks about the rate of cart abandonment on e-commerce portals of the major 23 sites, which gross over a billion dollars a year on an average. These sites show huge internet traffic and have the customers active with sales, but these sites too have seen cart abandonment rates of over 60%. At this point, the article tries to evaluate the loss in monetary terms for the ecommerce portals because of such habits of the customers. At the cart abandonment rate of over 60%, the e-commerce portals might be losing up to 3 billion dollars worth of sales because of the customers not actually going through with the purchase while checking out the product. The article also lists down the pros and cons of cart abandonment on e-commerce portals. The advantage is that e-commerce portals now have a log of all the products, that the customers did not checkout and can now run a research on the customer behaviour on the wider level. But the disadvantage is that with the loss of revenue and thus the reduction in potential profits, that would be very much significant to the companies.

**Varina (2017)**, in the article on, 'Start-ups offer credit lines for cab rides, movie shows', introduces the readers to a common student in Bengaluru and shares the story of his struggles and how he manages to make the most out of the money that he receives. The article deals

with deferred payment facility market in the country, from the point of view of a student from Bangalore. The context of the story assumes significance as the problems enlisted by the student are the main cause for the newly developing deferred payment facility industry to make an attempt to bring the concept of micro-financing, to the urban classes, by solving the problems for the students of various different colleges and universities. The article goes on to show the market share such companies capture. The article then introduces the various companies with their investors and partners, that hope to capture the Indian market, which can be very much profitable in the coming years. The article shows the growing potential and the uses of these facilities and how these companies aim to capture the same market by still being distinctive from one another. **Gunasekaran, A et al., (2002)** discuss the broad outlook of electronic commerce within organisational systems. The article defines e-trading and explains how it has permeated every field of business. The paper identifies the revolutionary role played by earlier internet applications like e-mail and electronic data interchange and elaborates the revolutionary changes brought about by the internet technologies in manufacturing, marketing, purchasing, design, production, selling and distribution, warehousing and human resource management. Internet based technologies have enabled businesses to shorten development, purchase and procurement cycles, maintain up to date product and market information, significantly increase the speed of communications and increase the quality of customer relationships by facilitating close contact and constant communication. The paper examines the significance of web-based technologies in different business operations, thus improving their efficiency through effective B2B e-commerce.

### **3. Statement of Problem**

According to industry estimates, cart abandonment rate on e-commerce portals in India, can be a high 60-70%, meaning 70 out every 100 customers, who intend to buy a product, do not buy it. While this can be attributed to several reasons, failure at the payment gateway is a major issue. Companies, trying to solve this problem, have introduced innovative applications to its urban target market, to help the customers to have a hassle-free experience and the companies to increase the volume of sales.

### **4. Need of the Study**

Since the City of Bangalore is the biggest user base of such a facility, especially to students from various colleges and universities, this research was aimed at the student population in Bengaluru.

### **5. Objectives of the Study**

- To understand the various reasons why the young users use deferred payment services.
- To understand how such facilities help the users
- To understand whether such services have increased the use of e-commerce websites and applications.
- To understand the growth of deferred payment facilities on e-commerce platforms.

### **6. Hypotheses of the Study**

**NH-1:** There is no significant relationship between the customers and use of deferred payment facilities on E-commerce sites and applications

**NH-2:** There is no significant relationship between the customers and the purpose

for which they use deferred payment facilities

**NH-3:** There is no significant relationship between deferred payment facility and increased successful transactions for the customers.

## **7. Research Methodology**

### **7.1 Sample Selection**

The study adopted quantitative as well as a qualitative approach, to generate primary data by questionnaires, that were filled in by students from various colleges and universities in the City of Bengaluru. Questionnaires were designed to identify the customer behaviour and the reasons why they used the deferred payment facilities over the period. The deferred payment facility providers claim to have increased the successful transactions on e-commerce portals because of their arrangement and thus the research aims at examining the claims.

### **7.2 Sources of Data**

The necessary data, required for the analysis, were collected through primary sources. Primary source was the deferred payment facility providing companies in the City of Bengaluru, is the biggest user base of such a facility and students from various colleges and universities, account for the majority customer base. Hence this study was basically aimed at the student population in Bengaluru.

### **7.3 Period of the Study**

The study was conducted in Bengaluru, Karnataka. The study was completed in three months in 2020.

### **7.4 Tools used in the Study**

The statistical tool, that was most suited for analysing the impact of the use of deferred

payment facilities on e-commerce portals, was the SPSS.

## **8. Analysis on Increase of Transactions with the Use of Deferred Payment Facilities**

It is very clear that the age of 109 respondents to the questionnaire, ranged from 18 to 25. The most favoured method of payment was E- wallets, as reported by 34 of the respondents, followed by card payment at 32, followed by deferred payments, with 22 of the respondents choosing it as their most favoured or used mode of payment and the cash on delivery, preferred by ten respondents. The deferred payment facility is new to the markets and it might take some time for the consumers to accept it as a method of payment. Out of the 109 responses, from different backgrounds, chosen at random, 41 of the respondents preferred the ecommerce sites and mobile applications every week, followed by 34 using e-commerce mobile applications and sites once a month, followed by 14, who used the e-commerce mobile applications and sites almost every day, followed by 9, who used them rarely.

The findings clearly revealed that 73 respondents had reported good experience, using deferred payment facilities and would also recommend its use to others in the future, followed by 28 respondents, being unsure as to whether they might or might not recommend the use of deferred payment facilities and then followed by only four respondents, experiencing no good experience and thus deciding not to recommend such facility. It is clear that part of the respondents concurred with the statement that deferred payment facility had resulted in successful transaction. Eighty respondents agreed with the statement and claim, followed by 13, who remained neutral, followed by 12 that strongly disagreed, followed by four that

disagreed and 2 that strongly agreed. It is clear from the **Table-1** that the correlation matrix revealed the significance value (p value) to be 0.001, which was less than 0.05 and hence **NH-1: There is no significant relationship between the customers and use of deferred payment facilities on E-commerce sites and applications**, was rejected.

According to the **Table-2**, the correlation matrix recorded significance value (p value) to be 0.000, which was less than 0.05 and hence **NH-2: There is no significant relationship between the customers and the purpose of deferred payment facilities**, was rejected. **Table-3** shows the result of regression analysis. The multiple correlation coefficient (R) was 0.337 for the model, indicating a fair amount of correlation between dependent and independent variable. The R squares value of 0.113 could explain the linear relationship between dependent and the independent variable (Independent variable can bring 11.3% of variation in the dependent variable). The **Table-4** indicates that the value of t statistic was 3.540, with a significance level of 0.001. Hence, **NH-3: There is no significant relationship between the deferred payment facility and increased successful transactions for the customers.** was rejected.

## 9. Findings of the Study

The findings indicated the percentage of respondents would recommend the use of deferred payment facilities on e-commerce mobile applications and sites. The findings also revealed that part of the respondents concurred with the statement that deferred payment facility had resulted in successful transaction.

## 10. Suggestions

This study highlights the various aspects of the e-commerce platform uses in India. The

industry and platform have seen tremendous growth over the years, with various users joining the platform every year, due to various reasons and attractions. This has resulted in a major stake of sales for the companies, that have their core business based on e-commerce trade. But it is very important to understand that providers should gain the market share and capitalise the market for increasing the asset net for a company, that was based on providing short term loans to its users. An increase in the number of users for the same would help the company.

## 11. Conclusion

The study on the deferred payment facility industry has shown a new age progress in the finance sector of India. The age-old practices have been succeeded by new age trends and ways, in which financial institutions have found themselves more included and significant to the economy as well as the betterment of the community at large. By providing short term credit to the young population of the country, they could target a much larger section of the society, that have less credentials for gaining such support. The deferred payment facility providers are no social entrepreneurs and the objective is to gain as much revenue out of products as possible. The commercial aspect of the facility providing business needs to attract more and more customers and for which the firms like these, need to keep up trending their facilities and sustain the reasons for which the customers come to them. Such critical information comes only after a lot of market research. The research aimed at finding out whether the deferred payment facility providers were successful at hitting their main target, which was to be able to reduce the cart abandonment rate, at various ecommerce mobile applications and sites. This action provides for an increase in the revenue for the said e-

commerce mobile application and sites. This, in a way, will increase profits for the provider. Overall, the study would be very much useful and significant with its results. The study has been successful with providing credible data, by answering the chief problems of the deferred payments industry, which is a developing industry and has been covered very less so far.

## 12. Limitations of the Study

The study was limited to the impact of deferred payment facilities on the number of successful transactions on e-commerce portals in India. The study was geographically limited only to the City of Bengaluru and the study was also limited to the e-commerce portals.

## 13. Scope of the Further Research

Further research could include additional countries to uncover potential cross-country cultural effects. Similarly, extending the choice set of payment methods once they are relevant in the market as an option. Finally, examining the influence of payment method choice on spending behavior would have a great practical implication for merchants.

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**Table 1: Results of Correlation between benefit from the use of deferred payment facility and increase in successful transaction**

	<b>Benefit from deferred payment facility</b>	<b>Increase in successful transaction</b>
Benefit from deferred payment facility	<b>1</b>	<b>0.337**</b>
Pearson correlation Sig. (2- tailed)		<b>0.001</b>
N	<b>100</b>	<b>100</b>

Source: Primary Data processed using SPSS

**Table 2: Results of Correlation between benefit from the use of deferred payment facility and increment in successful transaction**

	<b>Benefit from deferred payment</b>	<b>Increment in successful transaction</b>
Benefit from deferred payment facility	1	0.503**
Pearson Correlation Sig. (2- tailed)		0.000
N	100	100
Inc in successful transaction	0.503**	1
Pearson correlation Sig. (2- tailed)	0.000	
N	100	100

Source: Primary Data processed using SPSS

**Table 3: Results of Regression on Dependence of increment of successful e-commerce transactions on the use of deferred payment facilities**

<b>Model</b>	<b>R</b>	<b>R square</b>	<b>Adjusted square</b>	<b>Std. error of the estimate</b>
1	0.337	0.113	0.104	0.4223

Source: Primary Data processed using SPSS

**Table 4: Results of Predictors (Constant), benefit from deferred payment facility**

<b>Model</b>	<b>B</b>	<b>Std error</b>	<b>Standardized coefficients Beta</b>	<b>t</b>	<b>Sig</b>
(Constant),	0.227	0.148		1.534	0.128
benefit from deferred payment facility	0.137	0.039	0.337	3.540	0.001

Source: Primary Data processed using SPSS