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INCREASING LEVEL OF SPENDING POWER OF A MIDDLE-INCOME FAMILYDUE TO THE INTRODUCTION OF SCAN PAY SYSTEMS WHICH SPECIAL REFERENCE TO ERODE

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ABSTRACT

Examining how Erode middle-class households' purchasing power is affected by scan pay systems may reveal important information about the region's consumer trends and financial dynamics. Through an analysis of alterations in purchasing behaviours, convenience, and money management, this kind of research could demonstrate how technological innovations can improve this group's financial security. The impact of scan pay systems on middle-class households' purchasing power in Erode is examined in this study. Scan pay technology has completely changed the retail environment by facilitating quick and easy transactions The study's conclusions advance our knowledge of the financial effects of technology advancements in consumer financing, particularly as they relate to middle-class families in Erode and elsewhere. In every economy, aggregate savings are influenced by several interdependent factors.

Keywords: Middleclass, consumer behaviour, annual income, scan pay systems, QR code payments, buying spending habits, chi square analysis, ranked analysis.

INTRODUCTION

The financial landscape has seen considerable changes as a result of the rapid evolution of digital technology, especially with regard to transactional practices. The emergence of scan pay systems, commonly referred to as QR code payments, is one such breakthrough. Customers may use their smartphones to swiftly and securely make payments thanks to these solutions. The Indian government and a number of financial institutions have been aggressively pushing digital payment options, such as scan pay systems, throughout the nation in light of the country's shift to a digital economy. Erode, a well-known Tamil Nadu city noted for its textile and agricultural sectors, is not an exception to this pattern. The advent of scan pay systems in recent years has completely changed the way we make payments by providing a quick and safe substitute for conventional cash transactions. The purpose of this study is to investigate how scan pay systems in Erode, Tamil Nadu, affect middle-class families' ability to spend money. Given how quickly technology is developing and how popular mobile payment apps and QR code scanners are becoming, it is critical to look at how these developments affect middle-class households' financial standing. With its thriving economy and diversified middle-class population, Erode is a great place to study how scan pay systems affect consumer buying and financial behaviour.

TYPES OF E PAY SYSTEMS IN INDIA

UPI (Unified Payments Interface): UPI has gained widespread popularity in India for its ease of use and interoperability across different banks. It allows users to transfer funds between bank accounts instantly using their smartphones.

Mobile Wallets: Services like Paytm, PhonePe, Google Pay, and others provide mobile wallets that allow users to store money digitally and make payments for various goods and services.

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Debit and Credit Cards: Traditional debit and credit cards issued by banks are widely used for online transactions as well as point-of-sale purchases.

IMPS (Immediate Payment Service): IMPS enables instant money transfer between bank accounts using mobile phones or internet banking.

NEFT (National Electronic Funds Transfer): NEFT facilitates electronic fund transfers between bank accounts on a deferred basis. It operates in hourly batches.

RTGS (Real Time Gross Settlement): RTGS is a funds transfer system where the transfer of money takes place in real time and on a gross basis. It is primarily used for large-value transactions.

BHIM (Bharat Interface for Money): BHIM is a mobile app developed by the National Payments Corporation of India (NPCI) based on the UPI system. It allows users to make simple, easy, and quick transactions using UPI.

Aadhaar Enabled Payment System (AEPS): AEPS allows customers to carry out financial transactions on a micro-ATM using Aadhaar authentication. It's particularly beneficial for ruralareas where internet connectivity is limited.

STATEMENT OF PROBLEM:

The advent of digital payment systems has revolutionized financial transactions globally, significantly influencing consumer behaviour and economic dynamics. Among these innovations, scan pay systems, which enable quick and secure payments via mobile devices, have gained considerable traction. This study investigates the impact of scan pay systems on the spending power of middle-income families in Erode district.

Despite the widespread adoption of scan pay systems, research on their specific effects on the financial behavior of middle-income families, especially in small to mid-sized urban areas like Erode, remains limited. Middle-income families often serve as indicators of economic stability and growth, making it crucial to understand how new technologies affect their financial practices.

OBJECTIVES

- To analyse the increase in spending power among middle income families due to scan paysystems.
- To analyse the effectiveness of primary usage of scan pay system.
- To satisfaction level of scan pay systems on the convenience and efficiency of transactionsfor middle income families

RESEARCH METHODOLOGYRESEARCH DESIGN

- Research Design refers to the overall strategy that we choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring that we will effectively address the Research Problem.
- It constitutes the blueprint for the Collection, Measurement and Analysis of Data.

DESCRIPTIVE RESEARCH

- Descriptive research is a research method describing the characteristics of the population or phenomenon studied. This descriptive methodology focuses more on the “what” of the research subject than the “why” of the research subject.
- The method primarily focuses on describing the nature of a demographic segment without focusing on “why” a particular phenomenon occurs. In other words, it “describes” the research subject without covering “why” it happens.

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SAMPLING METHOD PROBABILITY SAMPLING

Probability sampling is a sampling technique in which sample from large populations are chosen using as a method based on theory of probability.

SIMPLE RANDOM SAMPLING

- The Sampling Method used in this study is Simple Random Sampling.
- Simple Random Sampling is a specific type of probability sampling method that relies on data collection is based on completely random method of selecting the sample.

DATA COLLECTION

Primary Data Source

A Primary Data Source provides direct or first-hand evidence about an object, person or work of art. It includes Historical & Legal Documents, Eyewitness Accounts, Results of Experiments, Statistical Data, Audio and Video Recordings, etc.

Secondary Data Source

The data that was originally collected for other research are called Secondary Data Sources.

SIZE OF THE SAMPLE

Sample Size Determination is the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample.
The Sample size is 100.

TOOLS USED

The Tools used in the Study,

1. Chi square
2. Ranking methodology.

REVIEW OF LITERATURE

Agarwal et al. (2022): Explored the adoption of mobile payments in urban India and found a significant correlation between the ease of use of these systems and increased spending amongmiddle-income consumers.
Chaudhary and Sharma (2022): Identified that these families also show improved financial management skills due to better tracking and control features provided by mobile payment apps.

Raman et al. (2022): Found that Erodes middle-income families increased their average monthly spending by 15% after adopting scan pay systems, with significant spending in retail,healthcare, and education sectors.

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CHI SQUARE ANALYSIS

CHI-SQUARE TEST FOR GENDER AND YOUR SPENDING INCOME

Ho = There are no significant relationship between gender and income spending ofrespondents

H1= There are significant relationship between gender and income spending of respondents

SNO	PARTICULARS	OBSERVED VALUE					TOTAL
		A	B	C	D	E	
1	GENDER	38	62	0	0	0	100
2	INCOME SPENDING	16	40	18	16	10	100
	TOTAL	54	102	18	16	10	200
SNO	PARTICULARS	EXPECTED VALUE					TOTAL
1	GENDER	27	51	9	8	5	100
2	INCOME SPENDING	27	51	9	8	5	100
	TOTAL	54	102	18	16	10	200
				CHISQUARE	**0.00**		

CHI SQUARE=X1=0.00

Hence, from the analysis it is calculated that, there are no significant relationship between gender and income spending of respondents

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RANKING ANALYSIS

Table 2: challenges faced while using scan pay system

COMPONENT	MEAN SCORE	TOTAL SCORE	RANK
Technical Issues	199	199	5
Security Concern	181	543	2
Limited Acceptance	189	378	3
Network Concern	174	348	4
Time Concern	173	865	1

From above this table, it is evident that:
"**Time concern**" is ranked as no. 1 with a total score of 865. "**Security concern**" is ranked as no. 2 with a total score of 543. "**Limited acceptance**" is ranked as no. 3 with a total score of 378. "**Network concern**" is ranked as no. 4 with a total score of 348. "**Technical issues**" is ranked as no. 5 with a total score of 199.

CONCLUSION

The study on the increasing spending power of middle-income families due to the introduction of scan pay systems, with a focus on Erode, has revealed several critical findings and implications. The adoption of scan pay systems has significantly enhanced transaction convenience and efficiency, simplified payment processes, and reduced the need for physical cash. This technology has boosted spending power among middle-income families by encouraging more frequent purchases and providing incentives such as digital wallets and cashbacks. Additionally, digital payment systems have enabled better budget management through transaction records and expense tracking features.

The introduction of scan pay systems has positively impacted Erode local economy, driving growth in various sectors and benefiting small and medium-sized enterprises. It has also promoted digital inclusion and improved financial literacy among middle-income families.By addressing these challenges, the positive impact of scan pays systems on the spending power of middle-income families and the broader economic development of Erode can be sustained and further amplified.

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