

“A STUDY ON THE SATISFACTION LEVEL OF RETAILERS TOWARD DIGITAL PAYMENT SYSTEMS AMONG MSMES IN NAGPUR CITY”

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Abstract :

This study investigates the satisfaction level of retailers operating within Micro, Small and Medium Enterprises (MSMEs) in Nagpur City with respect to digital payment systems. As digital transactions gain momentum in India, understanding retailer satisfaction is vital for enhancing adoption and improving business outcomes. Using primary data collected through structured questionnaires from 50 retail MSME respondents across Nagpur City, the study analyzes factors such as ease of use, transaction speed, security, cost and support services. Results indicate that while most retailers express moderate to high satisfaction, concerns remain regarding transaction charges and technical issues. The study offers recommendations for policymakers and service providers to improve system reliability and retailer training programs.

Keywords : Digital Payment Systems, MSMEs, Business Operations, Retailer Satisfaction, Digital Payment Adoption, Digital Economy, Nagpur City.

Introduction :

Micro, Small and Medium Enterprises (MSMEs) play a crucial role in the economic development of India by contributing significantly to employment generation, industrial production and regional growth. The MSME sector acts as a backbone of the Indian economy, especially in urban and semi-urban areas, by promoting entrepreneurship and supporting local markets. Retailers, as an important segment of MSMEs, contribute to the smooth functioning of supply chains and serve as a direct link between producers and consumers.

In recent years, technological advancements and government initiatives have encouraged the adoption of digital payment systems across the country. The introduction of platforms such as Unified Payments Interface (UPI), mobile wallets, debit and credit cards and internet banking has transformed the traditional payment landscape. The Government of India has actively promoted digital transactions through initiatives like Digital India and demonetization, which accelerated the shift from cash-based transactions to digital modes of payment. These systems offer several benefits, including faster transactions, improved record



keeping, enhanced transparency, reduced risk of cash handling and increased customer convenience.

Nagpur City, being a major commercial and educational hub in central India, has witnessed significant growth in the adoption of digital payment systems among MSME retailers. With increasing smartphone penetration, internet accessibility and customer preference for cashless transactions, retailers are gradually integrating digital payment technologies into their daily business operations. However, despite the growing acceptance of digital payment systems, several challenges such as transaction charges, network connectivity issues, security concerns, and lack of technical knowledge still affect the satisfaction level of retailers.

Retailer satisfaction is an important factor in determining the long-term success and sustainability of digital payment systems. Understanding the satisfaction level helps in identifying the advantages, limitations and expectations of retailers toward digital payment technologies. It also provides insights into factors influencing adoption and continued usage of such systems. Therefore, this study focuses on analyzing the satisfaction level of retailers toward digital payment systems among MSMEs in Nagpur City.

The findings of this study are expected to contribute to understanding the effectiveness of digital payment systems and provide useful suggestions for improving their implementation. The study will also help policymakers, financial institutions and digital payment service providers in formulating strategies to enhance retailer satisfaction and promote digital financial inclusion among MSMEs.

Literature Review :

1. **Digital Payments in India** : India has seen exponential growth in digital payments following demonetization and government initiatives like Digital India and UPI. Researchers have noted increased acceptance among merchants due to convenience and reduced reliance on cash.
2. **Retailer Satisfaction with Digital Payments** : Studies show that satisfaction is influenced by system usability, security, cost-effectiveness, and support services. Frustrations often arise from technical glitches and hidden charges.
3. **MSMEs and Technology Adoption** : MSMEs face unique barriers, including limited technological skills, cost constraints, and inconsistent internet access, which affect satisfaction and sustained use of digital payment platforms.

Research Methodology :

Objectives :

1. To evaluate the overall satisfaction level of retailers toward digital payment systems.
2. To identify factors that influence retailer satisfaction.
3. To provide recommendations for enhancing digital payment systems for MSME retailers.



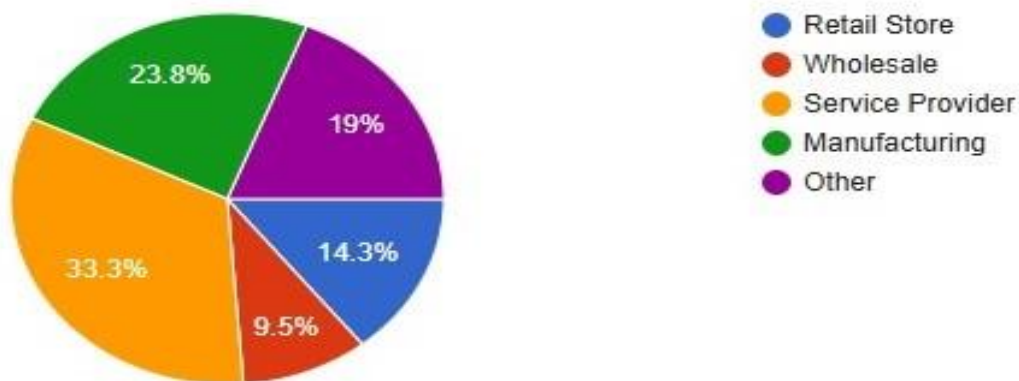
Method of Data Collection :

- A) **Primary Data :** Primary Data was collected through Structured Questionnaire and Interviews with MSME owners/managers.
- B) **Secondary Data :** For this study data was collected through various sources like-
 - i) Reference Books on concerned topic.
 - ii) Trade Journals, Financial Newspapers, Magazines.
 - iii) Articles published in periodicals.
 - iv) Internet/Website.
 - v) Annual Reports of various firms.

Data Analysis & Interpretation :

To achieve the objectives of the study, the researcher developed a structured questionnaire. Primary data were collected from 50 respondents using this questionnaire. The analysis and interpretation of the collected data are presented as follows.

Qn.1) Type of Business



Data Interpretation :

From the above chart, it can be observed that 33.3% of the respondents are service providers, 23.8% are engaged in manufacturing, 19% fall under other categories, 14.3% are retailers, and 9.5% are involved in wholesale business.

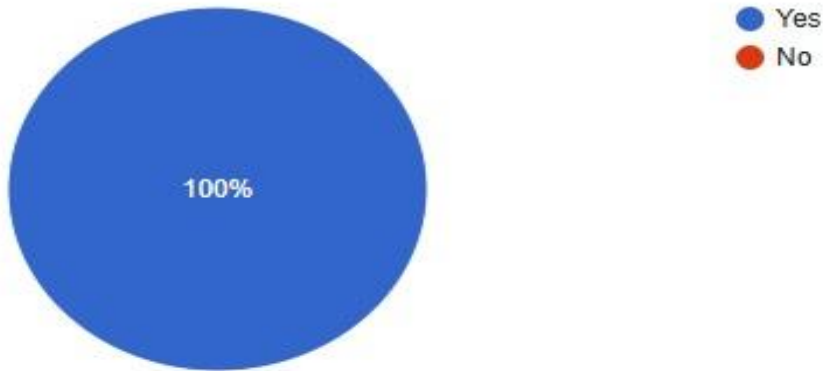
Qn.2) Category of MSME



Data Interpretation :

From the above chart, it can be observed that 57.1% of the respondents are micro enterprises, followed by 28.6% small enterprises and 14.3% medium enterprises.

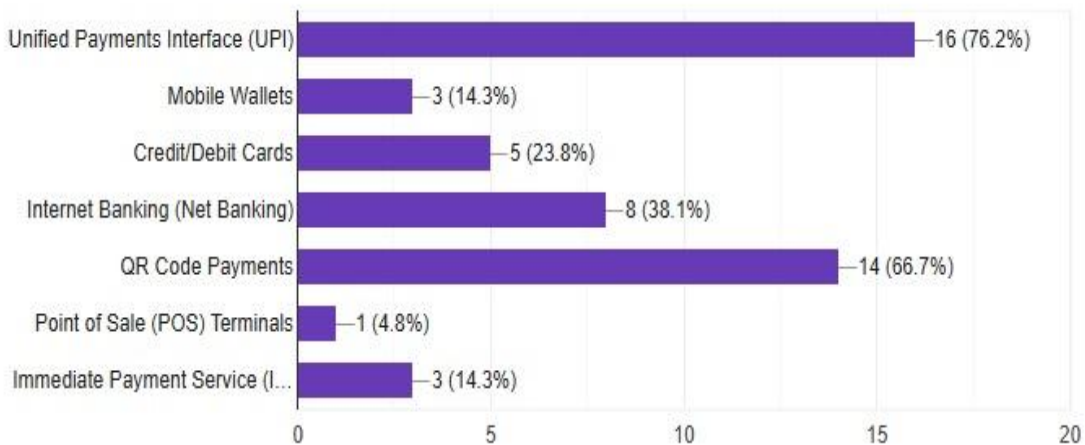
Qn.3) Use of Digital Payment Systems by MSMEs



Data Interpretation :

From the above chart, it can be observed that 100% of the MSMEs use digital payment systems daily for their business operations.

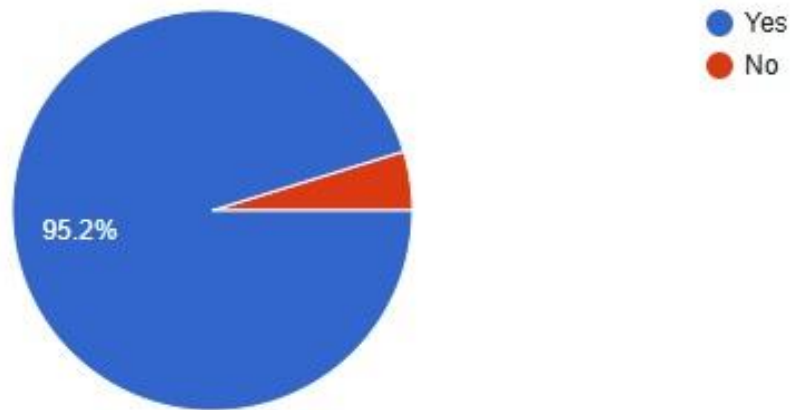
Qn.4) Digital Payment Method



Data Interpretation :

From the above chart, it can be observed that the usage of digital payment methods among MSMEs includes Unified Payment Interface (UPI) at 76.2%, QR code payments at 66.7%, internet banking at 38.1%, credit/debit cards at 23.8%, mobile wallets and IMPS at 14.3% each, and point-of-sale (PoS) systems at 4.8% for business operations.

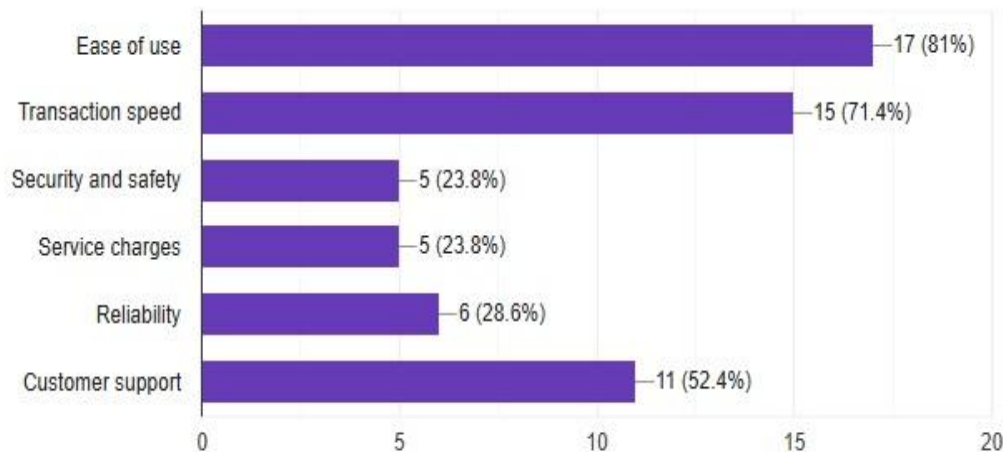
Qn.5) Satisfaction of MSMEs toward Digital Payment Methods



Data Interpretation :

From the above chart, it can be observed that nearly 95.2% of MSME respondents are satisfied with the use of digital payment systems for business, while only 4.8% are not satisfied.

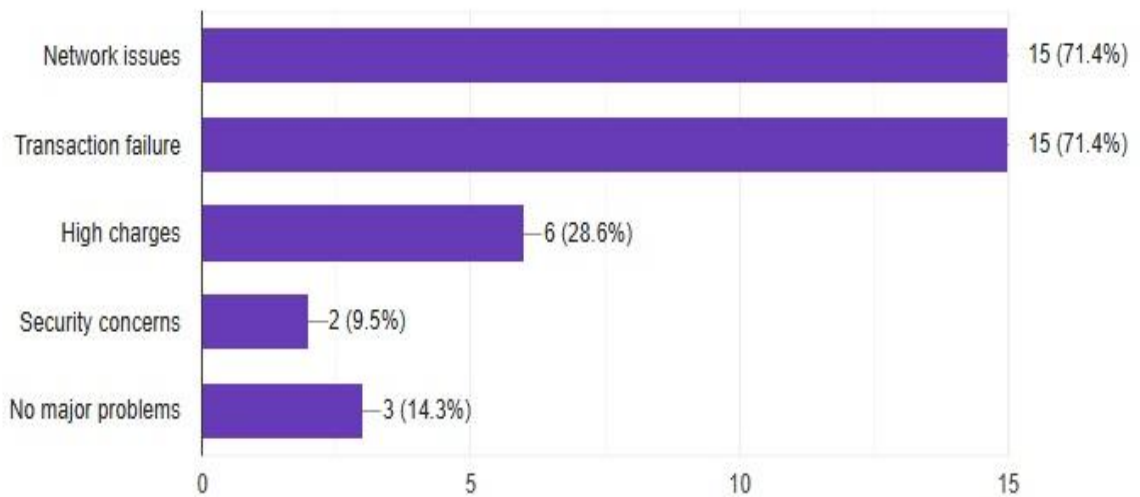
Qn.6) Satisfaction Factors



Data Interpretation :

From the above chart, it can be observed that the satisfaction factors include ease of use (81%), transaction speed (71.4%), customer support (52.4%), reliability (28.6%), security and safety (23.8%), and service charges (23.8%).

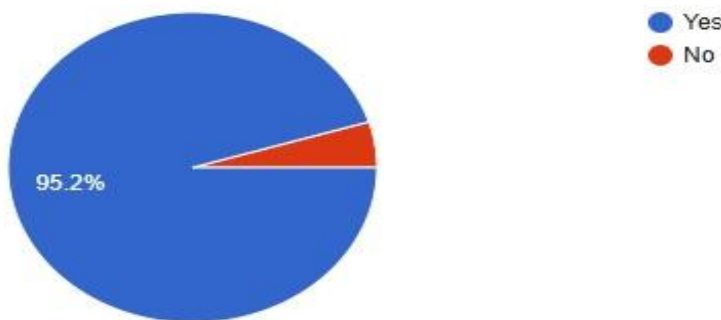
Qn.7) Main problems faced in digital payments



Data Interpretation :

From the above chart, it can be observed that the main problems faced by MSME respondents while using digital payment systems include network issues and transaction failures (71.4% each), followed by high charges (28.6%) and security concerns (9.5%), while 14.3% of respondents reported no major problems.

Qn.8) digital payment systems recommendation for business



Data Interpretation :

From the above chart, it can be observed that nearly 95.2% of respondents recommend the use of digital payment systems for business, while only 4.8% do not.

Findings :

1. Most retailers are **generally satisfied** with the ease of using digital payments.
2. **Transaction failures and technical issues** are primary deterrents to higher satisfaction.
3. Retailers who received **training/support** reported greater satisfaction.
4. Demographic variables such as age and education influence satisfaction to some extent.

Conclusion :

The present study examined the satisfaction level of retailers toward digital payment systems among MSMEs in Nagpur City. The findings of the study reveal that digital payment systems have gained significant acceptance among retailers due to their convenience, speed, and efficiency in conducting business transactions. The majority of respondents expressed a positive attitude toward digital payment methods, indicating a high level of satisfaction with their use in daily business operations.

The study highlights that factors such as ease of use, quick transaction processing, and availability of customer support play an important role in influencing retailer satisfaction. Digital payment systems help retailers maintain accurate transaction records, reduce dependence on cash, and enhance transparency in business dealings. These benefits contribute to improved operational efficiency and better customer service, which ultimately support business growth and competitiveness among MSMEs.

However, the study also identifies certain challenges faced by retailers, including concerns related to security and safety, transaction charges, network connectivity issues, and occasional technical difficulties. These challenges can affect the overall satisfaction level and may discourage some retailers from fully adopting digital payment systems. Therefore, it is essential for digital payment service providers, financial institutions, and policymakers to focus on improving security measures, reducing transaction costs, and providing better technical support and awareness programs for MSME retailers.

Overall, the study concludes that digital payment systems have positively influenced the business operations of MSME retailers in Nagpur City and have contributed to the promotion of a cashless economy. With continuous technological advancements and supportive government initiatives, the adoption and satisfaction level of digital payment systems among MSMEs is expected to increase further in the future.

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