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Digital Practices among Insurance Policy Holders – A Study in Udupi District

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ABSTRACT

The vision of Digital India aims to transform the country into a digitally empowered society and knowledge economy. The "Digital India**"** is transformational in nature and would ensure that government services are available to citizens electronically. Even though India is known as a powerhouse of software, the availability of Electronic - Government services to citizens is still comparatively low. In the light of this vision "Digital India" banks, financial institutions, insurance companies and even people must go for digital payments. The impact and success of the vision "Digital India" largely depends on the how people adapt themselves to the new system of payment 'go paperless and cashless'. The present study is an attempt to understand how far people in Udupi District adopt practices of digital payments and further to know the reasons for preferring digital mode as well as nor preferring digital mode of transactions. The researchers have taken a sample of 150 respondents from the study area. The questionnaire method is used to collect primary data from the respondent insurance policy holders. The simple statistical tools like averages and percentages are applied for the analysis and interpretations of results. The

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study revealed that moderate level of digital practices has been followed among the insurance policy holders. The study also shows that majority of respondents who were hitherto not going for digital payments are also very much willing to go for digital practices in future.

Key words: Premium, Digital Practices, Policy holders, Digital India, and Online payments

Introduction

Over the course of history, the payment system has evolved significantly, from the simplest and oldest form of payment, which is the exchange of one good or service for another to present day E-money and the electronic payment system. In the modern world, common means of payment by an individual can include money, cheque, debit, credit, bank transfer and internet payments. Typically, we think of the electronic payments as referring to online transactions on the internet, there are actually many forms of electronic payments. As technology develops, the range of devices and processes to transact electronically continues to increase while the percentage of cash and cheque transactions continues to decrease. Today, many users make payments electronically, instead of using cash or a cheque, in person or by mail. Hundreds of electronic payment systems have been developed to provide secure internet transactions. In order to secure these transactions two cryptographic methods are used in electronic payment systems which includes a secret key.

Globally, the digital payments space is being driven by four mega trends that are expected to dramatically impact the future. The ongoing digital /technology revolution, entry of non-traditional players, more demanding customer expectations and enabling regulations are major issues. Transitioning to digital payments is estimated to bring about a significant reduction in costs incurred on account of inefficiencies associated with cash and other paper based payments. Even though India is known as a powerhouse of software, the availability of electronic government services to citizens is still comparatively low. In the light of vision Digital India, banks, financial institutions, insurance companies and even people must go for digital payments. "The digital India programme is a flagship programme of the government of India with a vision to transform India into a digitally empowered society and knowledge economy".

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Statement of Problem

The review of literature on study on digital India showed that the digital practices followed by people in general and insurance policy holder in particular in payments and keeping records especially in rural India is very poor and in transition stage. Further, even if digital payments brings several benefits, policy holders are not opening up for digital practise. Hence, the present study is an attempt tounderstand, as different forms like mobile banking, internet banking, POS machines, swipe machines, G-pay, digital wallets, etc., are available today for making payments digitally, which form is being followed by policy holders in Udupi District to pay the premium amount and any dues to the insurer. Therefore, the present study titled "**Digital Practices Among Insurance Policy Holders – A Study in Udupi District"** is relevant from the point of understanding the digital practices among the insurance policy holders.

Review of Literature

Capgemini Financial Services Analysis (2015) states that, digital payments can enable business growth across multiple industries accelerating transaction speed, reducing risk and fraud, creating new revenue sources, reducing transaction costs on reaching new pace.**Shacheendran V (2017),** observed that, use of digital payment means will also enable to prevent black money. However, in India, the limited extent of digital connectivity, poor awareness and exposure of use of technology based payments like e- wallet, point of sale machines,etc, will limit the use of digital payments. Out of her 135 crore population, around 100crores are mobile consumers. Among them only 40 lakhs are having smart phones.

World Economic Forum's Global Information Technology Report (2016) has stated that among 139 countries in the world, India's position in networking availability Index is 90^{th}. In the list of technology users, her position is 120^{th}. In order to promote transparent means of payments several measures are needed. Supplying cheaper but secured technology and equipment, legal safeguards and timely disposal of transaction related disputes, convincing and training the use of such facilities particularly among rural areas etc, are inevitable.**ResiaBeegam S (2016)** examined that, Electronic banking is a plank of the strategy for delivering financial services in a sustainable manner. The term digital inclusion provides the people the skills of basic technology to participate in the knowledge economy that lead to an enhanced performance of macro- economic

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activities.**Sarin Thomas and Grorgee K.I (2017)** observed that, excessive cash can lead to a lot of malpractice and demonetisation and related measures can be instrumental in curbing black money in the economy. But the whole concept of demonetisation and digitalisation of economy is a complicated affair when taking into account of its different dimensions and its impact on different segments of the economy.

Objectives of the Study

1. To understand about the digital practices among insurance policy holders and to know the benefits of digital payments.
2. To study the socio, economic and demographic profile of insurance policy holders in the study area.
3. To study the differences in digital practices among rural and urban policy holders in the study area.
4. To identify and understand the differences in digital practices among different age groups of policy holders in the study area.

Hypotheses of the study

H0 1 - There is no significant influence of age on digital practices among insurance policy holder in Udupi District.

H0 2 – There is no significant difference in level of digital practice among rural and urban area insurance policyholders in Udupi District.

H0 3 - There is high degree of digital practices among insurance policy holders in Udupi District.

Methodology of study

The present study's ultimate objective is to find out the digital practices among insurance policy holders. The research design is empirical and analytical in nature. The data required for the study have been collected from primary and secondary sources. The primary data have been collected through a structured questionnaire for the study. The researchers have selected a sample size of 150 respondents for the study from Udupi District of Karnataka who are the holders of different insurance policies. The secondary data needed for the study was collected from the official records of insurance companies, books, journals, annual reports of IRDA, newspapers, and web

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portals. Simple statistical tools such as averages and percentages are applied for analysis and interpreting the data and Chi square test and One Sample t test are used for testing hypotheses.

Results analysis and interpretations

Table 1

Showing the usage of digital mode of payments by insurance policy holders

Insurance Policyholders	Using digital modes	Not using digital modes	Total
Male	44	56	100 (66.7%)
Female	22	28	50 (33.3%)
Total	**68 (45.3%)**	**82 (54.7%)**	**150**

Source: Primary Data

Interpretation: It clear from the above table that majority (54.7 percent) of respondents doesn't use digital mode for payments. And only 45.3 percent of the use digital mode for payments. Out of 150 insurance policy holders, 66.7 percent were male and only 33.3 percent were female.

Table 2

Showing age-wise and year of using online payment system by insurance policy holders

S.No	Age	Year of using the online payment system				Total
		Below6months	1to2years	3to5years	above5years	
1	Below20years	06	04	00	0	10
2	21-30years	15	07	05	00	27
3	31-40years	08	08	04	03	23
4	Above40years	05	03	00	0	08
Total		**34**	**22**	**09**	**03**	**68**

Source: Primary Data

Interpretation: The above table 2 shows that majority (39.7 percent) of the insurance policy holder – respondents were belonging to 21 – 30 years of age and are using online payment system for the period less than 6 months. Age group 31 – 40 years are also equally (33.8 percent) use online payment system and majority ok them.

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Table 3

Multi Choice Responses of Respondents Regarding Type of Insurance subscribed for:

S No	Type of Insurance	Responses	Percentage	Rank
1	Life Insurance	130	37.11	I
2	Health Insurance	52	14.80	III
3	Property Insurance	24	6.86	V
4	Animal Insurance	14	4.00	VII
5	Vehicle Insurance	68	19.43	II
6	Crop Insurance	19	5.43	VI
7	PMSBY/PMJJBY	29	8.28	IV
8	Other	14	4.00	VII
	Total	**350**	**100**	

Source: Primary Data

Interpretation: In the above multi choice Table 3, subscription to life insurance is the maximum (37.11 percent) ranking I, Subscription to vehicle insurance ranks II with 19.43 percent, subscription to Health insurance ranks III (14.82 percent), subscription to PBSBY/PMJJBY ranks IV with 8.28 percent Property insurance ranks V (6.86 percent), subscription to crop insurance ranks VI (5.43 percent), subscription to Animal insurance ranks and other policies ranks VII with 4 percent. It is means that majority of respondents have subscribed to the Life Insurance and they are having vehicle and health coverage to the maximum extent.

Table 4

Multi Choice Responses of Respondents Regarding Mode of Digital Payments used for payments

S No	Mode of Digital Payments	Responses	Percentage	Rank
1	NEFT/RTGS/ECS	08	4.74	VII
2	Mobile Banking	59	34.70	I
3	Net Banking	46	27.06	II

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4	POS	09	5.28	VI
5	Swiping	18	10.58	III
6	Digital Wallets	13	7.64	V
7	Others	17	10.00	IV
	Total	**170**	**100**	

Source: Primary Data

Interpretation: From table 4 it is clear that multi choice responses regarding mode of digital payments, Mobile Banking is highest i.e., 34.70 and ranking I, Net banking ranks II with 27.06 percent, swiping ranks III (10.58 percent), others modes like USSD, UPI, BHIM, etc., ranks IV with 10 percent, followed by digital wallets (7.64 percent) ranks V, POS mode preferred by 5.28 percent which ranks VI and (NEFT/RTGS/ECS ranks VII with lowest i.e., 4,78 percent. Hence, mobile banking and internet banking are major two modes of digital payments.

TABLE 5

Multi Choice Responses of Respondents about reasons for operating their policy in Digital Mode

S No	Reasons for preferring digital Payments	Responses	Percentage	Rank
1	Time convenience	50	25.00	I
2	No need to go for physical payments	40	20.00	II
3	Digital records	25	12.67	V
4	Smartness of operations	37	18.33	III
5	Eco friendly payment mode	18	9.00	VI
6	Safety and speed	30	15.00	IV
	Total	**200**	**100**	

Source: Primary Data

Interpretation: It is evident from multi choice Responses Table 5 that out of 68 respondents who prefer digital transactions of insurance services, 25 percent of respondents prefer digital payments due to time convenience rank I, 20 percent prefer digital payments due to the perception of non-necessity to go for physical payments and it ranks II, 18.33 percent of respondents prefer digital payments due to smartness of operations rank III, 15 percent

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respondents expressed that they prefer digital payments because it is safe and speed and rank IV, Digital records and eco - friendly payments mode are other two reasons why respondents prefer digital payments and ranks respectively ranks V and VI. This response has indicated the researchers to realise the fact that digital practices and services will have to travel long for seeking prosperous future.

. TABLE 6

Multi Choice Responses of Respondents about reasons for not preferring digital mode of payments.

S No	Reasons	Responses	Percentage	Rank
1	Lack of awareness regarding digital payment	60	28.57	I
2	Non accessibility to internet transactions	49	22.86	II
3	Fear/insecurity towards digital transactions	42	20.00	III
4	No need of digital payment	26	8.57	V
5	Non availability of Smart Phone	28	17.86	IV
6	Others	05	2.14	VI
	Total	**210**	**100**	

Source: Primary data

Interpretation: Table No. 6 examines that out of 82 respondents who prefer cash transactions of insurance services due to lack of awareness regarding digital payments which is highest (28.57 percent) and rank- I, 22.86 percent of respondents who prefer cash payments due to non-accessibility to internet transactions ranks II, 20 percent of respondents who prefer cash payments due to fear/insecurity towards online transactions ranks III, 17.86 percent of respondents who prefer cash payments due to non - availability of smart phones rank IV, 8.57 percent of respondents expressed that no digital payments are needed ranks V, and VI rank for other reasons. This has led us to conclude that,these policy holders have unfavourable attitude towards digital practices in the study area.

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Testing of Hypothesis

Null Hypothesis 1

H0 1 - There is no significant influence of age on digital practices among insurance policy holder in Udupi District.

Alternative Hypothesis 1

H1 1-There is significant influence of age on digital practices among insurance policy holder in Udupi District.

Table 7

One-Sample t test for whether there is significant influence of age on digital practices among insurance policy holders in Udupi District.

One – Sample Statistics:						
	Age	N	Mean	SD	T Value	P Value**
Digital practices among insurance policy holders	Below20years	10	14.44	3.79	2.73	0.00
	21-30years	27	10.21	4.11		
	31-40year	23	11.73	3.92		
	Above40years	08	13.89	4.08		

Source: Authors Compilation ***** represents 1% level of significance***

The above Table shows that one-sample *t* test for whether there is any significant influence of age on digital practices among insurance policy holders in Udupi District. It is noted from the above that, t value is 2.73 and corresponding p value is 0.000, which is less than 0.01. Therefore, the null hypothesis (H0) is rejected at 1% level of significance and alternative hypothesis (H1) will be accepted. Hence, it is concluded that there is significant influence of age on digital practices among insurance policy holder in Udupi District.

Null Hypothesis 2

H0 2 – There is no significant difference in level of digital practice among rural and urban area insurance policyholders in Udupi District.

Alternative Hypothesis 2

H1 2 - There is significant difference in level of digital practice among rural and urban area insurance policyholders in Udupi District.

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Table 8

One-Sample t test for whether there is significant differencein level of digital practices among rural and urban area insurance policy holders in Udupi District.

One – Sample Statistics:						
	Location	N	Mean	SD	T Value	P Value **
Digital practices among insurance policy holders	Rural	22	11.33	2.18	2.11	0.00
	Urban	46	14.71	1.98		

Source: Authors Compilation ***** represents 1% level of significance***

The above table shows that one-sample t test for whether there is any significant difference of area on digital practices among insurance policy holders in Udupi District. It is noted from the abovethat, t value is 2.11 and corresponding p value is 0.000, which is less than 0.01. Therefore, the null hypothesis(H0) is rejected at 1% level of significance and alternative hypothesis (H1) will be accepted. Hence it is concluded that there is significant difference in level of digital practices among rural and urban insurance policy holder in Udupi District.

Null Hypothesis 3

H0 3 - There is high degree of digital practices among insurance policy holders in Udupi District.

Alternative Hypothesis 3

H1 3 - There is low degree of digital practices among insurance policy holders in Udupi District.

Table9

Calculation of Chi Square

O	E	(O – E)2	(O – E)2/E
44	37.5	42.25	1.23
22	37.5	240.25	6.41
56	37.5	342.25	9.13
28	37.5	90.25	2.41
∑			**19.18**

Source: Authors Compilation

$$x^2 = \sum\left[\frac{(O-E)^2}{E}\right] = 19.18 \quad V = (r-1)\,(c-1) = (2-1)\,(2-1) = 1$$

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For V = 1: Table value of Chi Square = **3.84**

Since the calculated value of chi square is 19.18 which is more than the table value 3.84, the null hypothesis (Ho) is rejected and alternate hypothesis (H1) should be accepted. Hence, it is concluded that there is low degree of digital practices exist among insurance policy holders in Udupi District.

Suggestions and Conclusion

From the above discussions, it can be concluded from the study that socio, demographic and economic variables have significant influence on digital practices among insurance policy holders in general and age and location in particular in Udupi District of Karnataka State. All these variables were found to be significant while the study of the digital practices among insurance policy holders and are increasing over the years.

As it is evident from the data, as the technology develops, the range of devices and processes to transact electronically continues to increase while the percentage of cash and cheque transactions continues to decrease. Today, many users make payments electronically, instead of using cash or a cheque, in person or by mail. Hundreds of electronic payment systems have been developed to provide secure internet transaction. It is understood from the study that young people in study area are showing more interest on digital practices and more technology savvy. The government must take all possible steps to make them convince for digital practices and prepare others to follow the new system. It is recommended for the policy makers to make the digital payments compulsory and to support the central vision of digital India. As online transactions reduce time and save cost and by going cashless the environmental degradation can be protected, black money can be curbed and there by India can be cleansed.

It is recommended for the insurance providers that they need to prepare customised solutions to different consumers in the market as per their needs and requirements and are need to update their online server with sophisticated technology to provide hassle free services and receive premium amount and settles claims anywhere any time in digital mode. In order to create awareness about digital payments and different modes of payment in general and insurance policy holders in particular should use Insurance Agencies, NGOs and educational institutions and provide training through various media. Even strict measures should be undertaken to make

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digital transactions more secured and to destroy the fear of insecurity feeling in the minds of people especially in rural areas.As the present study was focused only to probe into the level of digital practices among insurance policy holders by using basic socio demographic and economic variables and was undertaken only in Udupi District of Karnataka State, Further studies can be made in other areas and context to measure the level of digital practices and to take benefit of the opportunities offered by the findings of the present study about digital practice and basic socio demographic and economic variables.

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