

A study on Impact of Digital Payment Mode on the Customer Buying Behavior towards Health Insurance policy.

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Abstract:

In India, the insurance sector is undergoing substantial growth, driven by the wave of digitalization. The integration of digital payment systems has streamlined the process of health insurance policy renewal and new policy purchases for customers. Despite these advancements, challenges persist, encompassing privacy concerns, safety issues, and occasional server disruptions. This study aims to assess the influence of digital payment systems on customer buying behavior concerning health insurance policies. Convenience, reliability, and priority of customer have been identified as key factors shaping buying behavior. A sample of 109 responses from the Mangalore region underwent statistical analysis to derive meaningful insights. The findings indicate a significant impact of digital payment systems on customers' purchasing behavior regarding health insurance policies, highlighting the evolving dynamics in this sector and the need for addressing associated challenges.

Keywords: digital payment, convenience, reliability, priority, insurance policies

I. Introduction

The integration of digital payment modes has emerged as a transformative force, significantly influencing the landscape of customer interactions within the health insurance sector. In recent years, the paradigm shift towards digital transactions has not only streamlined the payment processes but has also become a key determinant in shaping the buying behavior of customers in the context of health insurance policies. The infusion of technology has fundamentally reshaped the insurance industry, extending its reach across diverse customer groups. Individuals now enjoy the flexibility of accessing services conveniently, eliminating the need for direct interaction with service personnel. In India, the financial sector has made substantial investments in bolstering technological infrastructure, aiming to provide efficient services to customers and compete effectively with multinational insurance companies.

In the fiscal year 2021-22, India experienced a substantial 33% year-on-year growth in digital payment volumes, totaling Rs. 7422 Crore in transactions. The analysis of customer purchasing behaviors through digital channels assumes a pivotal role in advancing technological capabilities. This, in turn, fosters the establishment of an autonomous service delivery system, empowering customers to seamlessly access and benefit from the array of services offered. Factors such as convenience, trust, and security take center stage, offering insights into how the digitalization of payment systems resonates with and shapes the preferences of individuals when engaging with health insurance policies. The intricate interplay between technology and consumer behavior in the health insurance domain underscores the need for a comprehensive examination of this dynamic relationship.

II. Literature Review

Tan and Toe (2000) contend that grasping customers' perceptions of service features and technological advancements is crucial. Thus, prioritizing strategies for service quality centered on customers and directly addressing behavioral intentions becomes imperative. The internet, as emphasized by Balasubramanian et al. (2003), plays a crucial role in cutting down transaction and operating costs, facilitating streamlined transactions, and nurturing trust, especially in online financial services like insurance. Trust, intricately linked with security and system integrity, is pinpointed by scholars such as Xie (2004) as a pivotal driver of customer satisfaction in the digital

realm. Assessing online platforms based on convenience, interactivity, information accessibility, and service competence, as recommended by Evanschitzky (2005), becomes essential for bolstering customer support and fostering enduring relationships.

The acceptance of technology in the insurance sector is a focal point for insurance companies, with research by Arpita Khare et al. (2012) revealing that enhancing the technological aspects of online insurance websites can amplify customer utilization. Jothi Sitaram's (2014) research emphasizes the considerable influence of product preferences on insurance purchase decisions, with attitudes mediating alongside relationship marketing stimuli. Ghrbeia's (2020) exploration into factors impacting customer experiences in the implementation of digital payment systems suggests solutions to elevate service quality, foster loyalty, and attract new customers. Their study establishes a robust correlation between the benefits and convenience provided by digital payment systems.

III. Research Methodology

The research employed a descriptive research design, relying on primary data for its findings. A meticulously crafted questionnaire, utilizing a five-point Likert scale rating, served as the primary instrument. The scoring scale ranged from 5 for "strongly agree" to 1 for "strongly disagree." A total of 123 responses were gathered, and following the data cleaning process, 109 responses were deemed suitable for subsequent analysis and interpretation. Both descriptive and inferential analyses were conducted using the SPSS-26 version, allowing for a comprehensive examination of the collected data. This methodological approach ensured a systematic exploration of the impact of digital payment modes on customer buying behavior towards health insurance policies, providing valuable insights for the study's objectives.

Objectives of the Study

To measure the influence of customers' buying behavior on the acquisition of health insurance policies through digital payment systems.

Hypothesis of the Study

H1: Convenience, Reliability and, Priority of customer have significant differences among demographic profiles.

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H2: Convenience, Reliability and, Priority of customer have an impact on digital payment method towards buying insurance policies.

IV. Data Analysis and Interpretation

Table 4.1 shows demographic profile of the respondents

Variables	Category	Frequency	Percentage (%)
Gender	Male	58	53.2
	Female	51	46.8
	Total	109	100
Age	Below 20 years	3	2.8
	20- 29 years	9	8.3
	30-39 years	54	49.5
	40-49 years	31	28.4
	Above 50 years	12	11
	Total	109	100
Monthly income	Up to 25000	15	13.8
	25001- 50000	39	35.8
	50001-100000	43	39.4
	Above 100000	12	11
	Total	109	100

The study shows that 58 (53.2 percent) of the respondents were male, while 51 (46.8 per cent) were female. The study reveals that 3 (2.8 per cent) of the respondents were below the age of 20 years; 9 (8.3per cent) of the respondents were between the age of 20- 29 years; 54(49.5 per cent) of the respondents were 30- 39 years; 31 (28.4 per cent) were 40-49 years and remaining 12 (11 per cent) respondents are belongs to the age group of above 50 years. The result shows that majority of the policy holder falls within 30-39 years. The study indicates that 15 (13.8 per cent) of the respondents having monthly income is below Rs.25,000; 39(35.8 per cent) of the respondents having monthly income of Rs. 25001- 50000; 43 (39.4 per cent) of the respondents having monthly income of Rs. 50001-100000; 12(11 per cent) of the respondents are having the income group above 100,000.

Factors affecting the customers’ buying behavior towards health insurance policy through digital mode.

Table 4.2 shows Overall Descriptive Statistics

Statistics	Convenience	Reliability	Priority of customer
N	109	109	109
Mean	4.5	4.19	4.29
SD	.52	.73	.57

The above table shows mean with the standard deviations of the various factors affecting the customers' buying behavior towards health insurance policy through digital mode. Results obtained that Convenience of digital payment mode on the purchase of insurance policy (m=4.5; SD=0.52) is the main factor which affects customers' buying behavior towards health insurance policies through digital mode while Priority of customer of digital payment mode on the purchase of insurance policy (m=4.29 SD=0.57) is the second factor affects customer buying behaviour. Reliability of digital payment mode on the purchase of insurance policy (m=4.19; SD=0.73) is the third factor affects customers buying behaviour.

Hypothesis testing

H1: Convenience, Reliability and, Priority of customer have significant differences among demographic variables of the respondents.

Following sub hypotheses are developed based on the above Hypothesis.

H1a: Convenience, Reliability and, Priority of customer have significant difference between the Male and Female.

Table 4.3

Variables	Mean Value of Gender		t	sig
	Male	Female		
Convenience	4.53	4.46	0.735	0.24
Reliability	4.23	4.22	0.411	0.36
Priority of Customers	4.31	4.27	0.333	0.02

The above table shows that there is no significant difference in the Convenience and Reliability between male and female. And also, it shows that there is a significant difference in the Priority of Customers between the between male and female. While observing the mean value, showed that male has more convenience, reliability and Priority of Customers towards digital mode of purchasing the insurance policies. Since significant p of Convenience and Reliability are greater than 0.05 therefore, we should reject Alternate hypothesis and accept Null hypothesis at 5% level significant. And also, p value of Priority of Customers less than 0.05 therefore, we should reject the Null hypothesis and accept alternate hypothesis at 5% level significant.

H1_b: Convenience, Reliability and, Priority of customer have significant difference Among the Age groups.

Table 4.4

Variable	Mean Value of Age group					F value	Sig. value
	Bellow 20	20-29	30-39	40-49	50above		
Convenience	5.0	4.44	4.56	4.53	4.08	3.03	0.02
Reliability	3.6	4.07	4.29	4.15	4.10	2.85	0.03
Priority of Customers	5.0	4.67	4.31	4.26	3.83	4.65	0.00

The above table shows that there is significant difference in the Convenience, Reliability and Priority of Customers among the age group. Mean value shows that the respondents who are below the age group of 20 years have more Convenience and Priority of Customers towards digital mode of purchasing the insurance policies. When comes to the reliability factor, 30-39 age group have more reliable toward digital mode of purchasing the insurance policy. Since p values are less than 0.05, the set alternate hypothesis is accepted at 5% level of significance.

H1_c: Convenience, Reliability and, Priority of customer have significant difference Among the Monthly Income.

Table 4.5

Variable	Mean value of monthly Income				F	Sig. value
	Bellow 25k	25001-50k	50001-75k	75k above		
Convenience	4.53	4.63	4.38	4.46	1.57	0.02
Reliability	3.96	4.18	4.25	4.300	1.18	0.04
Priority of customer	4.40	4.38	4.14	4.42	1.77	0.01

The above table shows that there is significant difference in the Convenience, Reliability and, Priority of customer among monthly income group. The mean value shows that those who are having the income of Rs. 25001-50000 are having more Convenience towards digital payment

systems while purchasing the insurance policies. When it comes to the Reliability and Priority of customers Rs. 75000 above monthly income group are having more Reliable and preference towards digital payment systems while purchasing the insurance policies. P values are less than 0.05. Hence Alternate hypothesis accepted at 5% level of significance.

H2: Convenience, Reliability and, Priority of customer have impact on digital payment mode of purchasing the insurance policies

Table 4.6 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.72	0.51	0.50	0.57

The above table shows that there is positive co-relation (R=0.72) among Convenience, Reliability and, Priority of customer. The value of R² is 0.51, which indicates that independent variable i.e. Convenience, Reliability and, Priority of customer account for 51% variation independent variable digital payment mode of purchasing the insurance policies. The adjusted R² is .50 and standard error is 0.57. This predicts using this model will be good fit.

Table 4.7 Anova

Model	Sum of Squares	df	Mean Square	F	Sig. Value
Regression	35.63	3	11.88	37.00	0.000
Residual	33.70	105	0.321		
Total	69.33	108			

ANOVA tables shows F value is 37.00(3, 105), p <0.001. It can be observed that there is a significant impact of convenience, reliability, priority of customers on digital payment mode of purchasing the insurance policies at 1 percent level of significance as p value is less than 0.01 and the model is good fit.

Table 4.8 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std.Error	Beta		
(Constant)	0.84	0.49		7.02	0.019
Convenience	0.64	0.13	0.54	7.01	0.018
Reliability	0.79	0.09	0.72	9.00	0.000
Priority of customer	0.61	0.15	0.51	6.54	0.002

Coefficient results shows that Convenience, Reliability and, Priority of customers significantly contribute towards purchase behaviour of the customers through digital payments system. Standardized beta for convenience ($\beta=0.54$), Reliability ($\beta=0.72$), Priority of the Customer ($\beta=0.51$), this result indicates that Convenience, Reliability and, Priority of customer, will be having significant impact on the digital payment mode of purchasing insurance policies.

V. Results And Discussions

The study result shows that there is no significant difference in the Convenience and Reliability between male and female. This indicates that digital payment systems do not differ among the different gender groups. But priorities of customers to adopt digital payment system differ among the male and female. Male respondents are having more priority than the female. Hence the hypothesis H1a is accepted for the variable priority of customers to adopt digital payment system too purchases the insurance policies. The study resulted that convenience, reliability and priority of consumer have significant differences among different age group and different monthly income of the respondents. Respondents who are of younger generation are more convenient, reliable and prioritize the digital payment methods. This result shows that younger demographics tend to more comfortable with digital technologies. Hence the alternative hypothesis H1b is accepted. The study interpret the people with higher income always have better access to digital technologies and various payment apps are very convenient for high income individuals than the low income group individuals. Hence H1c is accepted. The study found that convenience, reliability and priority of consumer having impact on digital payment system towards purchasing insurance policies. 51%

variation in the digital payment system towards purchasing insurance policies is explained by convenience, reliability and priority of consumer. This result supported the H2 and it is accepted. Convenience, reliability and priority are significant and primary drivers for the widespread adoption of digital payment mode towards purchasing insurance policies.

VI. Recommendations and Conclusions

To capitalize on the influence of convenience, reliability, and priority in digital payment systems for insurance purchases, insurers should prioritize user-centric solutions. Streamlining the digital payment process by offering user-friendly interfaces, intuitive mobile apps, and personalized payment options can enhance convenience. Investing in robust cybersecurity measures and transparent communication about data protection measures will foster reliability and build trust among customers. Moreover, emphasizing the priority of digital payments in marketing campaigns can further drive adoption. Tailored promotions, loyalty programs, and discounts for digital transactions can incentivize users to prioritize digital payment methods when purchasing insurance policies.

The impact of convenience, reliability, and priority on digital payment systems for insurance purchases is undeniable. As consumer expectations evolve, insurers must adapt by prioritizing seamless experiences and robust security. The synergy of convenience and reliability fosters trust, making digital payments a priority for insurance buyers. Insurers who strategically incorporate these elements into their digital payment offerings are poised to not only meet customer expectations but also stay competitive in an increasingly digital marketplace, ensuring a smoother and more preferred insurance purchasing process for customers.

VII. Future Research

The impact of digital payment systems on purchasing insurance policies presents a rich area for future research. Several avenues could be explored to deepen our understanding and improve the digital payment experience in the insurance sector. Future research can be conducted on how behavioral and psychological factors contribute to the prioritization of digital payment methods in the context of insurance purchases. Further study can also examine the impact of emerging technologies, such as blockchain or digital identities, on the convenience and reliability of digital payments for insurance policies.

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