

A Study on Consumer Perception and Attitudes Towards Digital Payments With Special Reference to Coimbatore City

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ABSTRACT

The rapid evolution of digital technologies has transformed the financial sector, particularly in the realm of payments. This study explores consumer perceptions and attitudes toward digital payment systems, analyzing factors influencing their adoption and usage. With the rise of mobile wallets, online banking, and contactless payment methods, understanding consumer behavior is crucial for stakeholders aiming to enhance user experience and market penetration. Through surveys and interviews, this research identifies key drivers such as convenience, security, and ease of use that shape consumer attitudes. Additionally, it examines barriers to adoption, including concerns over privacy, technological literacy, and trust in the system. The findings suggest that while digital payment platforms are gaining popularity, sustained efforts in improving trust, user education, and security features are essential for wider acceptance. This study contributes to the growing body of literature on digital finance and provides practical insights for policy-makers and businesses to encourage digital payment adoption.

Keywords: **digital payments, consumer perception, consumer attitude, online banking and contactless payments.**

INTRODUCTION:

India is undergoing a digital revolution, with digitalization of payment mechanisms being a key milestone. The growth of digital payments is driven by trends like mobile wallets, online payment systems, and financial technology. Facilitators like internet penetration, non-banking financial institutions, and government incentives are creating a positive environment for growth. Digital Payment Services (DPS) enable online transactions without face-to-face interaction. DPS includes various payment systems like ATMs, e-checks, and smart cards. It offers benefits like convenience, speed, and security. DPS activities are becoming popular, with many payment systems emerging. However, consumer resistance to online payment is a significant barrier.

OBJECTIVES:

- 1 To study consumer perception and attitude towards digital payment in Coimbatore city.
- 2 To analyze the factor influencing consumers in making digital payments.
- 3 To examine the impacts of demographic variables on consumer attitude towards digital payments.
- 4 To study the problem faced by the consumer.

SCOPE OF STUDY:

The study aims to investigate consumer perception and attitude towards digital payments in Coimbatore City, exploring factors influencing adoption and usage. It will examine the demographic characteristics, awareness, and satisfaction levels of consumers towards digital payment methods such as mobile wallets, online banking, and UPI. The study will also analyze the barriers to adoption and identify the most preferred digital payment platforms among

consumers in Coimbatore City. A survey-based research design will be employed to collect data from a sample of consumers in the city.

STATEMENT OF PROBLEM:

Despite the rapid growth and adoption of digital payment systems, there exists a significant knowledge gap regarding customer perceptions, attitudes, and experiences with these platforms. The lack of understanding of customer needs, concerns, and preferences may hinder the widespread acceptance and effective utilization of digital payments.

LIMITATION:

This study has several limitations. The findings may be biased towards urban, educated, and affluent populations, neglecting rural or underprivileged groups. The rapid evolution of digital payment technologies may render the findings outdated. Additionally, self-reported data may be subjective and prone to biases. The study's geographic scope is limited to [specific region/country], which may not generalize to other contexts. Furthermore, the study's reliance on survey research may not capture in-depth insights, and security concerns may affect respondents' willingness to share sensitive financial information. These limitations underscore the need for further research to validate and expand upon the study's findings.

RESEARCH METHODOLOGY:

The study employs a mixed-methods approach, combining primary and secondary data to comprehend customer perception towards digital payments.

primary data:

Primary data was collected through a structured questionnaire survey administered to a sample of digital payment users. The questionnaire aimed to gather firsthand information on customers' experiences,

attitudes, and preferences regarding digital payment systems. The survey targeted individuals aged 18-60 who have used digital payment methods in the past six months.

secondary data:

Secondary data was gathered from various sources, including: Academic journals and research papers, Industry reports and whitepapers, Online articles and news publications social media platforms and forums, Government reports and policy documents.

sample size:

The sample size has been selected for the study is 70.

area of the study:

The study was conducted in Coimbatore city.

tools used:

- Simple percentage
- Chi – square

simple percentage:

Simple Percentage Analysis refers to a special kind of rate or percentage (%) used in making comparisons between two or more series of data. A percentage is used to determine the relationship between the series.

chi – square:

The chi-squared test is done to check if there is any difference between the observed value and expected value.

$$\chi^2 = \sum (O_i - E_i)^2 / E$$

REVIEW OF LITERATURE:

1 Shankar et al. (2020) examined the rapid acceleration of digital payments as a result of the COVID-19 pandemic, observing that consumers and businesses alike shifted to digital methods to reduce physical contact. The study identified key factors like convenience, speed, and ease of use as major drivers of adoption. However, the research also highlighted challenges such as unequal access to digital infrastructure and technology, particularly in rural areas, and low digital literacy among older populations. Security concerns remained a consistent barrier, especially regarding online fraud and identity theft, with users demanding stronger data protection measures.

2 Kumar and Rani (2021) investigated the role of consumer trust in the digital payment ecosystem, revealing that trust in financial institutions and payment platforms is a significant determinant of consumer adoption. The study emphasized the importance of secure, transparent platforms to build and maintain trust. Contactless payments saw a surge during the COVID-19 pandemic, with consumers perceiving them as safer for health. The research noted that younger, tech-savvy consumers were more willing to experiment with new payment technologies like cryptocurrency and mobile wallets, while older consumers and those in rural areas exhibited greater resistance

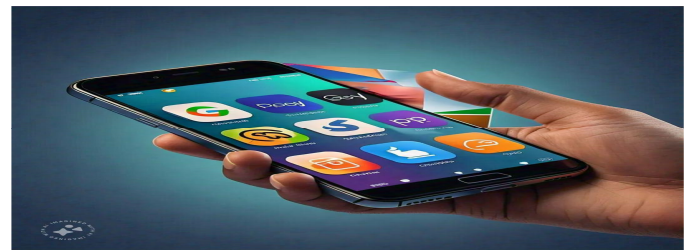
3 Li and Xu (2022) focused on the security and privacy challenges surrounding digital payments, noting that while adoption rates continued to rise, many users remained concerned about the safety of their personal and financial data. The study discussed the growing importance of regulatory frameworks in ensuring consumer protection and how platforms needed to adopt robust cybersecurity measures to

foster trust. Furthermore, digital payment methods were found to improve financial inclusion in developing markets, although the gap between urban and rural adoption persisted due to infrastructural limitations and a lack of trust in digital ecosystems

4Gupta and Arora (2023) provided insights into recent technological innovations in digital payment systems, such as biometric authentication, artificial intelligence (AI)-driven fraud detection, and blockchain-based payment solutions. These technologies were found to enhance consumer confidence in digital platforms by improving security and reliability. The study highlighted the increasing integration of digital payment solutions across e-commerce and brick-and-mortar retail, driven by convenience and user-friendly interfaces. It also noted that financial literacy programs were essential to help bridge the generational gap in adoption, especially among older consumers. Digital payment platforms were seen as a driving force in the transition toward cashless economies, with major implications for global financial systems.

OVERVIEW OF STUDY

Digital payments are payments done through digital or online modes, with no exchange of hard cash being involved. Such a payment, sometimes also called an electronic payment (e-payment), is the transfer of value from one payment account to another where both the payer and the payee use a digital device such as a mobile phone, computer, or a credit, debit, or prepaid card.



The payer and payee could be either a business or an individual. This means that for digital payments to take place, the payer and payee both must have a bank account, an online banking method, a device from which they can make the payment, and a medium of transmission, meaning that either they should have signed up to a payment provider or an intermediary such as a bank or a service provider.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: Shows the GENDER of the Respondents

S.no	Gender	No. of respondent	Percentage
1	Male	44	62.9%
2	Female	26	37.1%
3	other	-	-

Source: Primary Data

INTERPRETATION:

From the above table it can be interpreted that 62.9% of the respondent are male and 37.1% of the respondent are female. The majority 62.9% of the responded are male

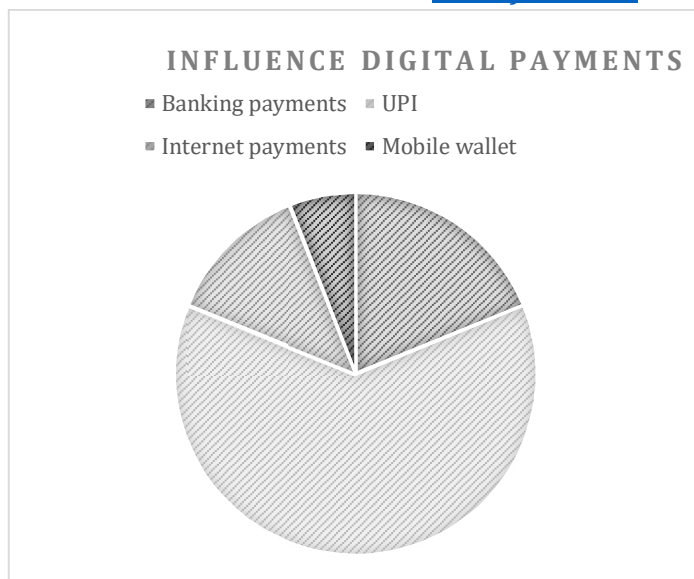
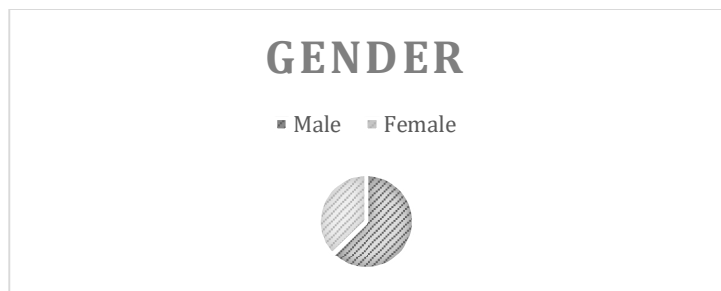


TABLE 2: shows the source influence digital payments

S.no	Influence digital payment	No. of respondent	Percentage
1	Banking payments	13	18.6%
2	UPI	44	62.9%
3	Internet payments	9	12.9%
4	Mobile wallet	4	5.7%

CHI -SQUARE TEST

Chi square analysis formula: $\chi^2 = \sum (O_i - E_i)^2 / E_i$

H₀ = There is no relationship between the independent variable and the dependent variable.

H₁ = There is relationship between the independent variable and the dependent variable

INTERPRETATION:

The table shows that 18.6% of the respondent are using banking payments, 62.9 of the respondents are using UPI, 12.9% of the respondent are using internet payments, 5.7% of the respondent are using mobile wallet Hence, majority 62.9 of the respondent are influenced by UPI.

S.no	Factors	No.of.respondent	Percentage	
1	Gender	male	44	62.9%
		female	26	37.1%
		others	-	-
2	Influence of digital payment	Booking Payment	13	18.6%
		UPI	44	62.9%
		Internet Payment		12.9%
		Mobile Wallet	4	5.7%

INTERPRETATION:

The table clearly states the demographic profile of the respondents & influence of digital payments. majority of the respondents 62.9% are influenced on using UPI payments.

O	E	(O-E) ²	(O-E) ² /E
11	8.6	5.8	0.6698
3	5.4	5.8	1.0667
25	27.02	4.1	0.1510
19	16.97	4.1	0.2428
5	4.91	0.0	0.0016
3	3.08	0.0	0.0021
2	2.45	0.2	0.0827
2	1.54	0.2	0.1374
70	70.0	20.1	2.3541

Source: Primary source. Significance level =0.05

RESULT:

Calculated chi-square value is (2.3541) which is lesser than the table value (7.815). Hence the hypothesis is accepted. This is alternative hypothesis (H0).

FINDINGS:

1. The majority 62.9% of the respondents are female.
2. Maximum 50% of the respondents are the age of above 18.
3. Majority 62.9% of the respondents are ug/ pg.
4. Maximum 34% of the respondents are business.
5. The majority 47.1% of the respondent salary is above 10000-40000.
6. The majority 67.1% of the respondent are single.
7. Majority 54% of the respondent are motive through speed of transaction.
8. Most of the 42% respondents agree on the factors influencing trust among respondents.
9. Most of the 47% respondents strongly agree that the factors influencing online benefits are cost and time savings.
10. Most of the 32.9% respondents agree that consumer has to be alert to security issues when using digital payments.
11. Most of the 40 % respondents highly satisfied with the level of satisfaction in ticket booking.
12. The majority of 87.1% agree that the digital payment system is faster than the traditional system.
13. Most of the 72.9% of respondents agree that they prefer using G-pay for transferring money.
14. The majority, 75.7% of respondents agree that digital payments are made through mobile device.
15. Most of the 35.7% of the respondents strongly agree that the payment system is convenient.
16. Most of the 37.1% of the respondents agree that saves time and money.

17. The majority, 62.9% of the respondents, agree that the source influences the digital system.
18. Most of the 42% respondents have chosen transaction speed as the primary problem faced by the consumers with digital payments.

SUGGESTIONS:

1. Enhance security measures to alleviate customer concerns.
2. Simplify transaction processes and improve user inter
3. Offer incentives and rewards to encourage adoption.
4. Invest in awareness campaigns to educate customers.
5. Collaborate with financial institutions to expand reach.

CONCLUSION:

The study revealed that customer perception towards digital payments is influenced by factors such as security, convenience, financial incentives, awareness, and demographics. The findings suggest that customers are increasingly adopting digital payments due to their ease of use, speed, and convenience. However, concerns about security, trust, and privacy remain significant barriers to widespread adoption

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