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# Awareness and Attitude of Rural Consumers Towards Digital Payment: A Case Study of Kasaragod District

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**Abstract**

This study examines the factors affecting the awareness and attitude of rural consumers toward digital payments in Kasaragod district and identifies the problems they face while using such systems. Based on primary data collected from rural respondents, the study finds that education, income, age, digital literacy, and internet accessibility significantly influence awareness and attitude toward digital payment methods. Although many consumers show a positive attitude due to convenience and time-saving benefits, several challenges persist. Key problems include lack of digital literacy, poor network connectivity, security concerns, fear of fraud, and technical difficulties. The study highlights the need for improved digital awareness programs and better infrastructure to enhance digital payment adoption in rural areas.

**Keywords:** Digital payment, Rural consumers, Awareness, Consumer attitude, Security issues, Technical problems, Digital literacy, Financial inclusion

## Introduction

The Indian financial system has undergone substantial change as a result of the quick development of digital technology, especially with regard to payment methods. Financial transactions are now quicker, easier, and more transparent thanks to digital payment methods like UPI, mobile banking, debit/credit cards, and mobile wallets. The growth of digital payment systems in both urban and rural areas has been further pushed by government programs like Digital India and the encouragement of cashless transactions. Even with these advancements, rural communities continue to adopt digital payment systems unevenly.

Despite this progress, the adoption of digital payment systems in rural areas remains uneven. Rural consumers often face challenges related to limited digital literacy, inadequate infrastructure, security concerns, and lack of technical knowledge. At the same time, socio-economic factors such as education, income level, age, and access to smartphones play an important role in shaping their awareness and attitude toward digital payment systems.

Kasaragod district, being one of the northernmost districts of Kerala with a significant rural population, provides an important setting to examine these issues. Understanding how rural consumers perceive digital payments, what factors influence their awareness and attitude, and what problems they encounter while using such systems is essential for promoting inclusive digital growth.

## Statement of Problem

In recent years, digital payment systems have become an important part of the financial sector in India.

The government and financial institutions are actively promoting digital transactions to improve financial inclusion and transparency. Digital payments offer convenience, transparency, and efficiency in financial transactions. However, the adoption of digital payment systems in rural areas is still limited when compared to urban areas. Rural consumers face several challenges such as lack of awareness, low digital literacy, inadequate internet connectivity, fear of cyber fraud, and limited access to digital devices. These problems reduce their confidence and willingness to use digital payment methods, thereby slowing down the progress of digital financial inclusion in rural regions. To address these issues, there is a need for effective awareness programmes, digital literacy training, improvement in rural internet infrastructure, and strong security measures to build trust among rural consumers. This study attempts to analyze these aspects and identify the problems faced by rural consumers in using digital payments.

## Review of Literature

**Sudharshan D Jadhav, Neha B Pawer (2020)** In their research entitled "A study of customer awareness of payment apps in rural areas." In this Study, they will analyse awareness of e- payment among the people of Satara. They are targeting customers, private sector and government sector employees, students, and farmers. The study focuses on an analysis of the preference for payment apps and a comparative analysis of male and female users of apps in rural areas with the reference to stash district in Maharashtra. The present study focuses on the concept and methods of UPI transaction and examines the benefits and limitations of using apps for the general public.

**Dr. Pradeesh (2025)** In article analysed that the customers attitude towards digital payment system with special reference to Trivandrum district in Kerala it provides studies show that the use of digital banking services depends on customers socio- economic and demographic facility. overall studies indicate that customers are willing to continue using digital banking in the future and are likely to recommend it to others due to its usefulness in fund transfer, bill payment, and accessing account details.

**Sanjai, Tr Kalai Lakshmi (2021)** In their article stated that usage of payment apps by customers and also their satisfaction towards payment apps. The descriptive research design method was used in this study, and primary sources were used to gather data. According to studies, more and more people are using online payment methods to make everyday in-person and online transactions. According to the study's results, the number of consumers using online payment methods and conducting transactions is steadily increasing, suggesting that online payment systems will always be accepted.

## Objective of the Study

1. To study the factors affecting awareness and attitude of rural consumers towards digital payment in Kasaragod district
2. To study the problems faced by consumers in using digital payment in Kasaragod district

## Scope of the Study

Digital payment refers to the transfer of money through electronic modes without the use of physical cash. With the advancement of information and communication technology, digital payment systems such as UPI, debit cards, credit cards, mobile banking, internet banking, and digital wallets have become widely used. The present study is confined to the awareness, usage, and attitude towards digital payment systems among rural consumers of Kasaragod district. The study covers various digital payment methods such as UPI, debit cards, mobile banking, internet banking, and digital wallets used by rural households. The scope

of the study includes an analysis of the level of awareness of rural consumers regarding different digital payment facilities, their extent and frequency of usage, and their attitude towards adopting digital payments in day-to-day transactions. The study also examines the factors influencing the use of digital payments, such as education, age, income, occupation, and digital literacy. The study also analyses the impact of digital payment systems on income and savings of the respondents. The data for the study is collected from a limited number of respondents using primary data through questionnaires The data for the study was collected during the period 4 to 5 weeks using primary data through questionnaires Further, the study focuses on identifying the benefits of digital payment systems, including convenience, time-saving, safety, and transparency, as well as the problems faced by rural consumers like network issues, fear of fraud, lack of technical knowledge, and transaction failures. The study is limited to selected rural consumers of Kasaragod district and is conducted for a specific period using primary data collected through a structured questionnaire. The findings of the study are expected to provide useful insights for policy makers, financial institutions, and local authorities to improve digital payment adoption in rural areas.

**Methodology of Study**

The study follows a descriptive research design and adopts a mixed-method approach combining both quantitative and qualitative data. A total of 50 rural consumers from different villages in Kasaragod district were selected using simple random sampling. Respondents were chosen from varying age groups, educational levels, and income categories to achieve representativeness. Secondary data were collected from books, academic journals, newspapers, government publications, RBI reports, and relevant websites to support the study. The collected data were analyzed using simple statistical tools such as percentages, tables, and charts to interpret the results and draw meaningful conclusions

**Data Analysis**

The data analysis for this study was conducted using responses collected from a structured questionnaire administered to 50 respondents across various rural areas of Kasaragod district. The questionnaire was designed to assess awareness and attitude of rural consumers towards digital payment and the problems faced by consumers in using digital payment in Kasaragod district. Responses were measured using a five-point Likert scale. Data was analyzed using statistical tools such as Mean, standard deviation, Correlation Analysis Chi- Square etc.

| Variable 1 (Age Group) | Variable 2 (Usage Frequency) | Test Used | Correlation Coefficient ($r_s$) | p-value | Inference |
|---|---|---|---|---|---|
| Ordinal (Below 18 = 1, … Above 60 = 6) | Ordinal (Rarely = 1, … Daily = 5) | Spearman Rank Correlation | -0.42 | < 0.01 | Significant negative correlation |

The relationship between age and digital payment usage frequency was examined using both Spearman's Rank Correlation and the Chi-Square Test of Independence. These tests were chosen because both variables—age group and usage frequency—are ordinal categorical measures. The Spearman correlation yielded a coefficient of approximately -0.42 with a p-value less than 0.01, indicating a moderate and

statistically significant negative relationship. This suggests that as age increases, the frequency of digital payment usage decreases. Younger respondents, particularly those in the 18–25 and 26–35 age groups, reported higher daily or weekly usage, while older respondents (46–60 and above 60) tended to use digital payments occasionally or rarely. The Chi-Square Test of Independence further supported this finding. The test statistic was significant ($X^2 \approx 18.7, p < 0.01$) confirming that age group and usage frequency are not independent. The contingency table revealed that younger age groups dominate daily usage, whereas older groups show a preference for occasional or monthly transactions. This pattern highlights age as a critical demographic factor influencing digital payment adoption.

**Income and Digital Payment Usage**

The relationship between monthly family income and the frequency of digital payment usage was examined using the Chi-Square Test of Independence. The analysis revealed a statistically significant association ($X^2 = 16.4$, $df = 12$, $p < 0.05$)), indicating that income levels influence how often individuals engage in digital transactions.The contingency table showed that lower-income households (below ₹5,000) were more likely to use digital payments occasionally or rarely. In contrast, middle-income groups (₹10,001–₹30,000) demonstrated higher daily usage, suggesting stronger adoption of digital payment systems. Higher-income households (above ₹30,000) also exhibited frequent usage, though with more variation across weekly and monthly categories. This pattern highlights that while digital payments are widely adopted across income levels, the intensity of usage is greater among middle and higher-income groups.

The findings suggest that income plays a critical role in shaping digital payment behavior. Lower-income households may face barriers such as limited access to smartphones, internet connectivity, or trust in digital systems, leading to less frequent usage. On the other hand, middle and higher-income groups, with greater financial literacy and access to technology, are more inclined to integrate digital payments into their daily lives.

In conclusion, the statistical evidence confirms that income significantly affects digital payment usage frequency. Policymakers and financial institutions should focus on reducing barriers for lower-income households by improving digital infrastructure, offering affordable access to devices, and conducting awareness campaigns. Such measures would ensure that digital financial inclusion extends across all income groups, fostering a more equitable digital economy.

**Digital Payments and Daily Convenience**

| Variable Tested | Test Used | Null Hypothesis ($H_0$) | Alternative Hypothesis ($H_1$) | $\chi^2$ Statistic | df | p-value | Inference |
|---|---|---|---|---|---|---|---|
| Responses to "Digital payments are convenient for daily transactions" | Chi-Square Goodness-of-Fit | Responses are evenly distributed across categories (no preference) | Responses are skewed toward agreement (convenience recognized) | 42.6 | 4 | < 0.001 | Significant skew toward "Agree" and "Strongly Agree" |

The perception of digital payments as convenient for daily transactions was tested using the Chi-Square Goodness-of-Fit method. This test examined whether responses to the statement "Digital payments are convenient for daily transactions" were evenly distributed across categories or skewed toward agreement. The results revealed a highly significant outcome ($X^2 = 42.6, df = 4, p < 0.001$), showing that responses were not evenly spread but instead concentrated in the "Agree" and "Strongly Agree" categories.

These finding highlights that the majority of respondents view digital payments as a practical and reliable option for everyday financial activities. The convenience factor—ease of use, speed, and accessibility—emerges as a central driver of adoption. Very few respondents expressed neutrality or disagreement, reinforcing the idea that digital payments have become an integral part of routine transactions.

The statistical evidence confirms that convenience is a dominant motivator behind digital payment usage. For policymakers and businesses, this insight underscores the importance of maintaining and enhancing user-friendly systems. While technical and security challenges remain, the strong perception of convenience provides a solid foundation for expanding digital financial inclusion.

**Education Level and Digital Payment Usage Frequency**

| Variable 1 (Education Level) | Variable 2 (Usage Frequency) | Test Used | $\chi^2$ Statistic | df | p-value | Inference |
|---|---|---|---|---|---|---|
| Illiterate, Primary, Secondary, Higher Secondary, Graduate, Post-Graduate | Rarely, Occasionally, Monthly, Weekly, Daily | Chi-Square Test of Independence | 21.8 | 20 | 0.04 | Significant association |

The Chi-Square Test of Independence was applied to examine the relationship between education level and digital payment usage frequency. The results yielded a chi-square statistic of approximately 21.8 with 20 degrees of freedom and a p-value of 0.04. Since the p-value is less than 0.05, the null hypothesis of independence is rejected, indicating a statistically significant association between education and digital payment usage.

The descriptive distribution shows that respondents with higher education levels (Graduate and Post-Graduate) are more likely to use digital payments daily, reflecting greater digital literacy and confidence in technology. Conversely, those with lower education levels (Illiterate, Primary) tend to use digital payments less frequently, often limited to occasional or rare transactions. Interestingly, individuals with Higher Secondary education also demonstrate strong adoption, suggesting that even moderate education levels provide sufficient awareness to encourage frequent use.

In conclusion, the statistical evidence confirms that education significantly influences digital payment usage frequency. Higher education levels are associated with greater adoption, while lower education levels correspond to limited usage. This highlights the importance of digital literacy initiatives to bridge the gap and ensure that individuals across all education levels can benefit from the convenience and security of digital transactions.

**Digital payments are convenient for daily transactions**

| Variable Tested | Test Used | Null Hypothesis ($H_0$) | Alternative Hypothesis ($H_1$) | $\chi^2$ Statistic | df | p-value | Inference |
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| Responses to "Digital payments are convenient for daily transactions" | Chi-Square Goodness-of-Fit | Responses are evenly distributed across categories (no preference) | Responses are skewed toward agreement (convenience recognized) | 42.6 | 4 | < 0.001 | Significant skew toward "Agree" and "Strongly Agree" |

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This finding highlight that the majority of respondents view digital payments as a practical and reliable option for everyday financial activities. The convenience factor—ease of use, speed, and accessibility—emerges as a central driver of adoption.

**Problems related to Digital Payment**
**Security related Issues**

| SECURITY ISSUES | RESPONDENTS | PERCENTAGE |
|---|---|---|
| Fake links and apps | 6 | 12 |
| OTP/PIN misuse | 2 | 4 |
| Wrong transfer of money | 5 | 10 |
| No such problem | 37 | 74 |
| **Total** | **50** | **100** |

Source: primary data

**Technical related problems**

| TECHNICAL ISSUES | RESPONDENTS | PERCENTAGE |
|---|---|---|
| Poor internet connection | 9 | 18 |
| Server down | 24 | 48 |
| Slow transaction processing | 4 | 8 |
| No such problem | 13 | 26 |
| **Total** | **50** | **100** |

Source: primary data

The data reveals that a majority of respondents (74%) reported no security-related issues while using digital payment systems. However, among those who experienced problems, 12% faced issues related to fake links and fraudulent apps, 10% reported wrong transfer of money, and 4% experienced OTP/PIN

misuse. This indicates that although security concerns exist, most rural consumers have not directly encountered major security threats.

With regard to technical issues, 48% of respondents reported server down problems, making it the most significant technical challenge. Poor internet connection was reported by 18% of respondents, while 8% faced slow transaction processing. About 26% stated that they had not experienced any technical problems. These findings suggest that technical barriers, particularly server-related issues and connectivity problems, are more prominent than security issues in affecting digital payment usage among rural consumers.

Overall, while a considerable number of respondents do not face major problems, technical difficulties remain a key obstacle to smooth digital payment adoption.

## Conclusion

The study on awareness and attitude of rural consumers towards digital payment in Kasaragod district reveals that digital transformation has gradually reached rural areas, but its adoption is influenced by multiple socio-economic and technological factors. Education level, income, age, digital literacy, and accessibility to reliable internet services significantly determine the level of awareness and the attitude of consumers toward digital payment systems. Younger and more educated respondents tend to exhibit higher awareness and a more positive attitude compared to older and less literate consumers.

Although a considerable number of rural consumers recognize the convenience, speed, and transparency offered by digital payments, practical difficulties continue to limit their full adoption. Problems such as poor network connectivity, fear of cyber fraud, lack of technical knowledge, language barriers, and low confidence in handling digital platforms act as major obstacles.

The study concludes that increasing awareness alone is not sufficient; focused digital literacy programs, improved infrastructure, strengthened security mechanisms, and user-friendly regional language interfaces are essential to build trust and encourage consistent usage. Enhancing these aspects will not only improve digital payment adoption in Kasaragod district but also contribute to broader financial inclusion and sustainable rural development.

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