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Factors Influencing Digital Payment Adoption

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ABSTRACT

This paper discusses the result of the study which was conducted to find out the factors influencing digital payment adoption. The data was collected from 34 respondents by means of structured questionnaire. The result demonstrate that almost all the respondents uses digital payment options and are also aware about different options available in the market because they found it convenient, speedy, easy to use etc, only one person don't use this method because he/she fear privacy concern, fear of fraud. Overall the result is positive. But since the data is based on small sample size there may be chances that still many people might not be using digital payment options yet so government, banks, financial institutions should keep on promoting about advantages, different options about digital payment so more people become aware about it.

INTRODUCTION

Today we can say that world is technology driven because of advancement in technology, smart phones, internet facilities. Technology has overpower so many things and in so many fields for example teaching students rely so much on AI tools, in offices so many things are done with the help of different software.

In the same way technology has influenced the way people used to make payments traditionally. With the advancement of phones, availability of internet, and development of different applications for making payment like UPI, Mobile banking, debit card, credit card, internet banking,etc many people have shifted to these modern options.

The main reason they have shifted to this might be the convenience they get while using these options because application of these options reduces the need to carry cash, also reduces the risk that is attached while people carry cash, individuals can also make payment anytime and anywhere becoming one of the main reasons.

But apart from this, still there are people who do not use these options because they might be concerned about fraud, financial loss, security, lack of trust, inability to use the system, lack of technological knowledge.

Hence it is important to understand the factors that are influencing people to adopt the digital payment options and also the reason the people still restrict themselves.

OBJECTIVES OF STUDY

- To understand the knowledge individual has regarding various digital payment options available in the market.
- To examine the factors that are influencing individuals to adopt digital payment methods, or the factors that restrict them to use these options.
- To spread awareness among those who still uses traditional methods of making payments.

LITERATURE REVIEW

Review of literature means studying other people work so that we get the idea what others have done so that we get the idea about what people have identified and what gap exists in there research so that we can conduct our research accordingly to fill the research gap.

Priya Bansal (2026): This study aims to explore the factors affecting customers' acceptance of digital payment systems. The study was concerned with the demographic, psychological, and sustainability related aspects impacting the acceptance of e-payment methods. The data were gathered using a structured questionnaire and analyzed through statistical methods like hypothesis testing and factor analysis to 384 respondents. These results indicated that customer value, innovation, care for the environment and sustainable business practices positively influence the use of digital payments and have a significant effect. Customers who feel that digital payment offers them more benefits and convenience are more inclined towards using digital payment. Likewise, those who are open to technological innovations and care about the environment, have greater acceptance of e-payment methods. It was also observed that by promoting sustainable business practices, people are more inclined to use digital payment systems. Perceived risk had a negative relationship with digital payment adoption but this relationship was not statistically significant. The study has shown that technological transparency, technological innovation, and environmental awareness are important factors in the decision-making of customers using digital payment systems. The results offer important guidance to policy makers, fintech firms, and companies aiming at fostering the uptake of digital payments and virtuous consumption.

Dipesh Yadav (2025): This study analyzed the impact of various factors on the use of digital payment systems and financial inclusion in Nepal. Primary data was obtained from the 165 respondents through the structured questionnaire. The primary objective was to comprehend the impact of the various factors on the adoption of digital payments. The following were taken into account: Social influence – how family, friends and society influence digital payments usage. Technical Facilities – internet, smart phones and digital facilities. Ease of use – ease with which the digital payment system can be used. Financial Literacy – knowledge of financial and digital payment services. Security – the level of protection and confidence users have when dealing with the online transaction.

Findings of the Study

Social influence positively impacts digital payments. People are more likely to use digital payments if it's encouraged by family, friends, and society. Technological infrastructure has a positive impact on digital payments. With improved internet connectivity, smart phones and digital facilities, digital payments are being used more. The ease of use has a positive impact on digital payments. People are more inclined to use the payment apps when they are easy to use and simple to operate. Digital payments are positively related with financial literacy. Financial and digital service knowers are better predisposed to digital payments. The positive impact of security on digital payments is evident. Users feel more secure about using digital payments systems when they believe their transactions and personal information is secure.

Overall Conclusion

By enhancing these areas, the adoption of digital payment systems in Nepal can be boosted, and the country can strive for greater financial inclusion.

Mandadi Venkatesh Reddy (2026): The study investigated the use of digital payment systems, preferences and challenges faced by people in Vijayawada, Andhra Pradesh. The researchers surveyed 300 residents with questionnaires, and then used statistics to analyze the information.

Main Findings

Approximately one-third of the respondents make digital payments daily. The top digital payment method is UPI with 50% of participants using it. The second most common approach is via a digital wallet, with 26.7% reporting using that method. Popular Payment Apps PhonePe is the most preferred application with 40% of the respondents using it. Google Pay is the second most popular app, with 26.7% of the users using it. The following reasons explain the use of digital payments: Digital payments are used for the following reasons: Digital payment is most often used for convenience (40%). Another important reason is security (33.3%) – people feel their transactions are secure.

Relationship Between Demographics and Usage

The findings of the study were: People's frequency in using digital payments varies according to their age. There are significant variations in the frequency of use of digital payments across different age groups. The influence of education on the selection of payment apps. The level of education is a contributing factor to the choice of digital payment platforms. Users face the following problems: The following problems are faced by users: For some of the respondents, problems occurred during the use of digital payments: 26.7% had an app that was unavailable or due to server problems. 20% had technical difficulties when transacting. Future Use of Digital Payments Around 50% of the respondents reported that they are likely to make digital payments more often in the future.

Overall Conclusion

The study concludes that Digital payments have increased in popularity among Vijayawada. The convenience and security of using UPI and applications like PhonePe and Google Pay makes them popular. But there are still some technical issues and infrastructure problems. Enhancing internet connectivity, application speed, security and digital literacy can enhance the penetration of electronic payments even further.

Short Summary

This study revealed that digital payments are common in Vijayawada and PhonePe is the most preferred app and UPI is the most preferred payment method. Technical problems continue to be the barriers to adoption, but convenience and security are good drivers. The outlook for digital payments is more promising as a number of users intend to use them more.

Kumar, Nisha K (2024): In this study the authors investigate the factors influencing the adoption of mobile payment (m-payments) by small and unorganized retail shopkeepers. Mobile payments have revolutionized how people pay and receive payments, making them quicker and more convenient. The primary objective of the research is to gain insight into the reasons behind or against the implementation of mobile payment systems by shopkeepers and which factors affect their decision making. The study is based on Meta-UTAUT model and also considers psychological factors to understand more about users' behaviour. 442 unorganized retail vendors were covered in Bengaluru. A statistical technique called PLS-SEM was used to analyze the data. The results show that: Willingness to use mobile payments (behavioural intention) will lead to an increase in mobile payment usage. A positive attitude towards mobile payment promotes its use. Vendors' increased usage of mobile payments is made easier by facilitating conditions like internet, smart phones and technical support. Bohni (the notion that the initial sale of the day must be done in cash, shared by some traders) lowers the usage of mobile payments. Another obstacle to mobile payments is perceived risk, or fear of fraud, errors or security concerns, which deters vendors from adopting mobile payments. The study will be helpful for: Policymakers, who can create better policies to promote digital payments. Businesses and payment companies, which can design services that meet vendors' needs. Researchers able to gain deeper insights into the adoption of mobile payments in the unorganized retail arena. Overall, the research helps to enhance knowledge of the adoption of mobile payments, and offers practical recommendations on how to make digital payments more widely adopted among small retail vendors.

Raju Gosala (2022): This research is based on the concept of digital financial services like internet banking, mobile banking, and digital payments in rural areas. The majority of people in developing countries lack adequate access to banking and financial services. The traditional banking services were not available to many rural areas due to high costs and low profitability to banks. This has been addressed by the use of technology, through digital financial services that can be accessed via mobile phones and the internet. Despite their numerous advantages, however, utilization of these services in rural India has been small. The researchers aimed to understand key drivers that promote or hinder the adoption of digital financial services. The study involved 665 people in rural areas of Andhra Pradesh. The data was analyzed by a statistical method called PLS-SEM.

Main Findings

The results of the study are that individuals are more likely to accept digital financial services if: They are encouraged to use digital services by their family, friends and society (Subjective Norms).

2. Ease of use – The services are easy to use and simple to understand.

3. Relative advantage: Belief that digital services are superior to traditional services.

4. Self Efficacy – Individuals have confidence in their use of digital technology. Their decision to use these services is affected by their perceived risk – security issues and fraud. The study also revealed that people's financial inclusion (access to and use of financial services) is enhanced by the use of digital financial services. Consequently, the rural have greater access to bank services and are able to use them more regularly and easily to satisfy their financial requirements.

Conclusion

The study reveals that digital financial services can offer significant potential for boosting financial inclusion in rural settings. A way to boost their use is to make them easy to use, to build people's confidence in them, to spread their benefits and to alleviate security concerns. This will enable better access and effective utilization of financial services by more rural people.

RESEARCH METHODOLOGY

Research methodology basically explains how the research was conducted which method, tools, techniques are used to conduct the research. It not only identifies methods but also explains why they were used.

1. Research design:

Descriptive research was chosen because the main aim was to identify which factors are influencing the adoption of digital payment method both in positive and negative way. Research does not aim to control or modify certain variables that is why descriptive research design has been selected.

2. Sources Of Data

Both primary and secondary data has been used while conducting research.
Primary data: collected through structured questionnaire from the respondents.
Secondary data: collected from websites.

3. Data collection method

Data was collected through online survey with the help of structured questionnaire which was sent to the respondents randomly.

4. Sample size

Number of respondents included in the survey was 34 in total.

5. Period of study

The research was conducted over a period of one year.

6. Limitation of research

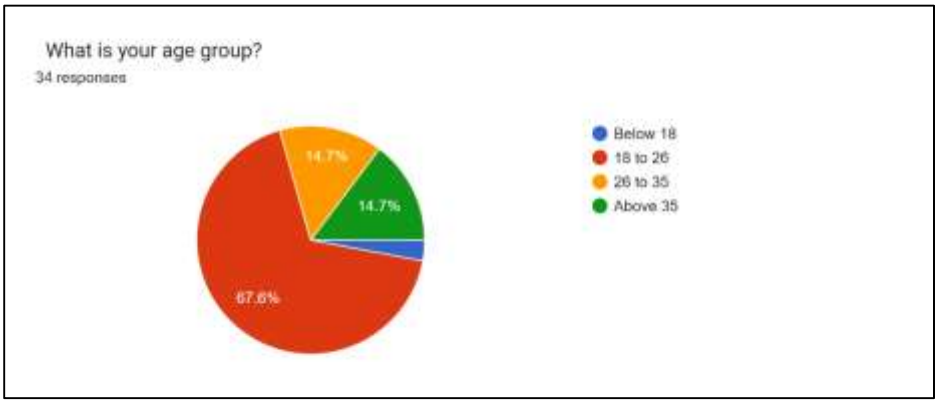
- Number participants are limited i.e sample size is small
- There are chances of biased responses
- Chances that respondents may answer randomly without giving a though or reading properly.

7. Data cleaning

Data cleaning was required to be done because many respondents responded those questions which was also not required to be responded, so cleaning was required for proper research.

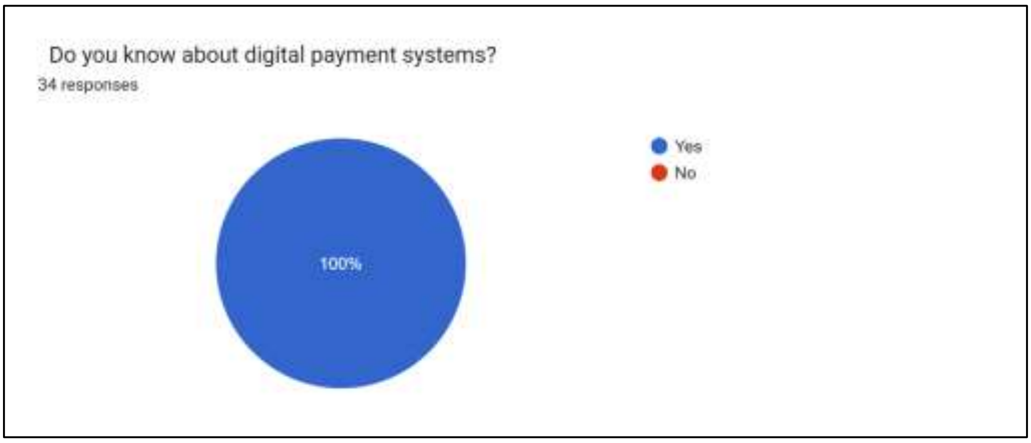
KEY FINDINGS AND DISCUSSIONS:

1. AGE WISE DISTRIBUTION OF RESPONDENTS:



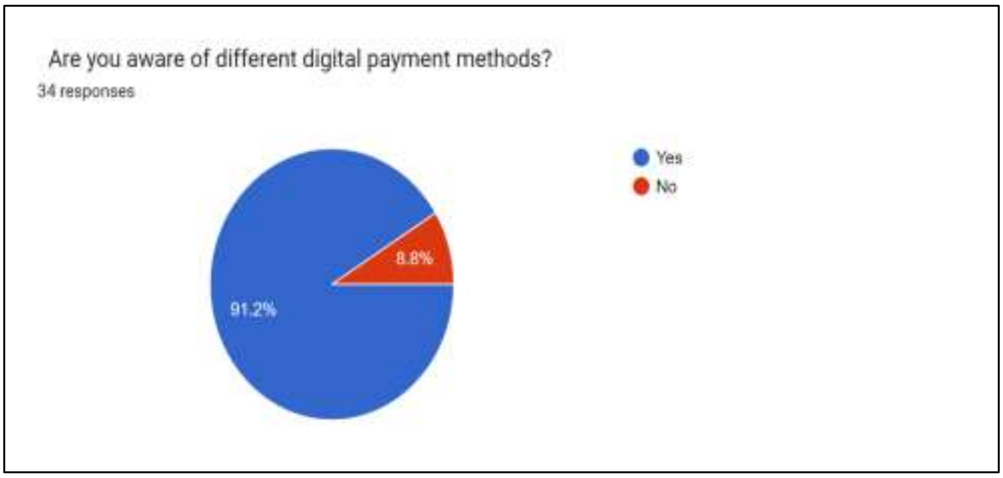
The largest segment of the respondents belongs to the18 to 26 age group, comprising 67.6% of the total. There is a tie between the respondents belonging to 26 to 35 and above 35 age group, comprising 14.7% each. The lowest percentage of age group that contributed to the data is below 18. This means almost all the participants who participated are adults and have at least heard about digital payment so getting response will be fruitful for the study.

2. AWARENESS ABOUT DIGITAL PAYMENT SYSTEM



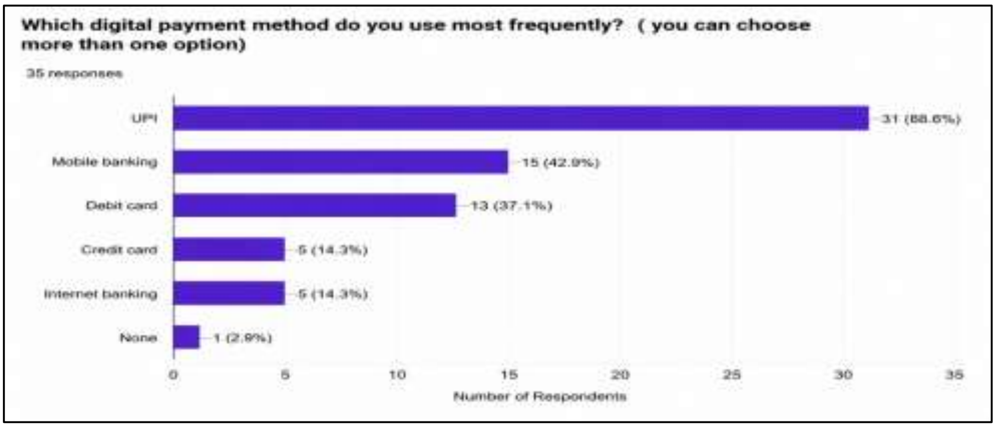
From the above pie chart it is very clear that all the respondents know about digital payment system which is good that in todays world where digital payment plays a significant role at least they are aware about it.

3. AWARENESS ABOUT DIFFERENT DIGITAL PAYMENT OPTIONS



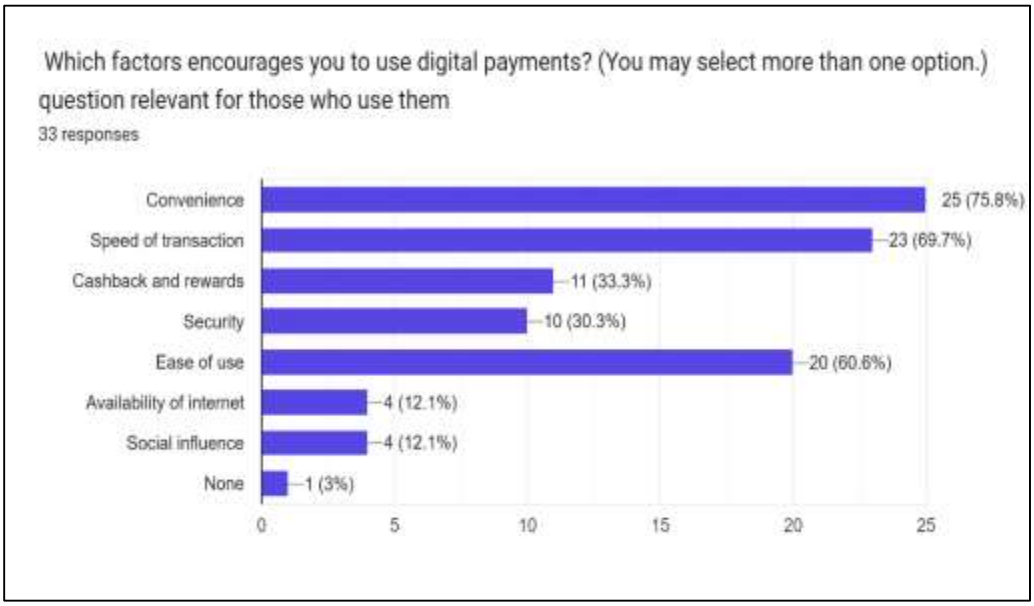
Among all the respondents are aware about different digital payment options that are available in the market at the same time 8.8% are not which is bit shock because in todays digital world whether you are using or not is a different topic but being not aware is not good at all. Hence there is a need to spread awareness about the same among those who are not aware.

4. METHODS USED BY THE RESPONDENTS:



From the above chart it is very evident that the most popular method which is used by the respondents is UPI i.e 31 respondents used them in there day to day life. After that mobile banking, debit card, internet banking comes. It means rest of the methods are also used but the most popular one is UPI, mobile banking and debit card. Rest are less popular but there are few respondents i.e 1 which do not use any method which means they might have faced any issue or still don't feel confident to use it.

5. WHICH FACTORS ENCOURAGED THE RESPONDENTS TO USE DIGITAL PAYMENT OPTIONS:



Out of 34 respondents 33 have responded which means 33 people are using digital payment method which is good at the same time very important in the era where government is also trying to encourage people to avoid cash transaction as much as possible to prevent fraud, increase safety, convenience etc.

The above graph shows what are the factors that encourage people to use digital methods and the most popular factor is convenience after that speed of transaction and ease of use hold 2nd and 3rd position. Other factors are also there which motivate people to use the digital system. However there is one respondent who still don't use digital system, hence efforts must be made to convince him or her to use it.

6. WHAT ARE THE FACTORS THAT DEMOTIVATE THE INDIVIDUALS TO USE DIGITAL PAYMENT OPTION AND HERE IT WAS ASKED ONLY TO THOSE WHO DON'T USE THE DIGITAL SYSTEM YET:

Out of all the respondents only one person is not using the digital payment system yet and the reason is fear of fraud and privacy concern. These may be because he/she might have faced some problem or heard somewhere hence there is need to motivate him/her.

At the same time this data is small sample size there might be many such individuals who might not be using digital payment system yet, hence there is need to motivate all of them.

CONCLUSION:

Overall conclusion that is drawn from the research conducted regarding Factors influencing digital payment adoption is that almost all the participants have good knowledge about different digital payment options and they also use them in there practical life because they find it convenient, safe, easy to use, speedy etc. only 1 person out of all the respondents is not using digital payment because of fear of fraud and privacy concern. Rest everybody is using it.

RECOMMENDATION:

Although the result of the research is positive and almost all the participants are using it because of convenience, speedy use, security, cashback and rewards they get on doing online payment. But this research is based on small sample size of 34 respondents and mainly of people who belong to urban area but there may be many people in India who might not be using digital payment because of many reasons, so efforts need to be made by banks, financial institutions and government to spread awareness about digital payment system, available options, their benefits etc.

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OTHER WEBSITES USED TO COLLECT DATA

1. https://razorpay.com/learn/what-is-digital-payments/
2. https://byjus.com/commerce/types-of-digital-payments/