

Role of Incentive Schemes in the Adoption of Digital Payments: A Case Study

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Abstract

Digital payments in India have grown quickly, and cashback, bonuses and reward points have been used to speed up that growth. This study asks how much these incentives actually influence adoption among everyday users in a mid-sized Indian city, and which problems still stop people from relying on digital payments. A structured questionnaire was completed by 119 users chosen by convenience sampling. The analysis uses percentage analysis, Garrett ranking and the chi-square test of independence, with Cramér's V to show the strength of association.

Awareness of digital payments (93.3%) and of incentive schemes (81.5%) is high. About two thirds of respondents (65.5%) say incentives made them use digital payments more, and 60.5% report higher transaction volume. The chi-square tests show that response to incentives does not depend on gender, age, education, income or daily spend, but it is significantly stronger among respondents who know about the schemes ($p = 0.037$) and among those who have experienced or suspected fraud ($p = 0.002$). Agreeing that incentives help is significantly associated with an actual rise in transactions ($p < 0.001$). Garrett ranking places convenience, not cashback, first among the reasons for adopting UPI, and cash is still the most preferred method. Failed transactions are common (only 5.9% have never had one) and only half of the complaints were fully resolved. Incentives work well as a starting nudge across user groups, but lasting adoption depends on convenience, reliability, security and a fair grievance process. Providers and policymakers should pair rewards with investment in those areas.

Keywords: digital payments; incentive schemes; cashback; UPI; technology adoption; Garrett ranking; India

Introduction

Paying for a cup of tea with a phone would have sounded odd in India twenty years ago. Today it is routine. The Reserve Bank of India describes a digital payment as one in which both payer and payee use electronic channels to send and receive money, with no cash or paper instruments changing hands. The World Bank uses a similar definition, and the Better Than Cash Alliance adds a point that matters for policy: every digital payment leaves a record, which makes it easier to extend credit, reduce leakage in subsidies and widen financial inclusion.

India reached this point through a series of steps rather than a single leap. Table 1 lists the main milestones. Electronic clearing and core banking in the early 1990s turned bank accounts into digital records. Cards and ATMs followed, then RTGS, NEFT and IMPS for transfers, and the National Payments Corporation of India (NPCI) in 2008 to build shared retail payment rails. The Jan Dhan accounts of 2014 brought many

first-time account holders into the system. The launch of the Unified Payments Interface (UPI) in 2016, and the withdrawal of high-value notes in the same year, then pushed digital payment from an option to an everyday habit.

Table 1. Milestones in the evolution of digital payments in India

Period	Milestone
Early 1990s	Electronic Clearing Service and bank computerisation; start of core banking
1996	First internet banking service by an Indian bank
2004–2005	RTGS for high-value transfers; NEFT for retail transfers
2008	NPCI set up to run retail payment systems
2010–2012	IMPS gives 24/7 instant transfers; RuPay card network launched
2014–2015	Jan Dhan Yojana and Digital India; Direct Benefit Transfer expands
2016	UPI launched; demonetisation sharply raises wallet and QR use
2017–2018	Large app-led cashback and referral campaigns; UPI 2.0
2019	Merchant discount rate waived on UPI and RuPay debit transactions
2020	COVID-19 makes contactless payment a habit
2021–2022	UPI Lite for small payments; UPI links with RuPay credit cards and with overseas systems
2023 onwards	Focus moves to user retention, fraud detection, offline payments and the e-rupee

Source: compiled by the author from RBI and NPCI publications and the literature reviewed.

Many forms of digital payment now exist side by side. UPI handles instant bank-to-bank transfers through a mobile app or QR code. Mobile wallets hold pre-loaded balances. Debit and credit cards remain the base for larger purchases. Internet and mobile banking (NEFT, RTGS, IMPS) serve business and high-value transfers, while AEPS, USSD (*99#) and micro-ATMs reach users without smartphones. The Bharat Bill Payment System, PoS terminals, NFC tap-and-pay and payment links complete the picture. Among these, UPI has become the main channel for small, frequent purchases, helped by zero fees for customers and small merchants.

Incentive schemes

An incentive scheme is a reward offered to change behaviour. In payments, governments, banks and app providers have used rewards to move people from cash to digital modes: a user gets cashback, a discount or points, and a merchant gets lower costs or free equipment. The Technology Acceptance Model suggests that people adopt a tool when they find it useful and easy to use. Incentives can speed this up by cutting the cost of the first few tries, but they may also attract users who leave when the reward ends. Table 2 summarises the main types of scheme.

Table 2. Common types of incentive schemes for digital payments

Scheme	What it offers	Main target
Cashback	A share of the amount spent returned to the account or wallet	Customers
Discount	Price reduction for paying digitally	Customers
Reward points	Points per transaction, redeemable for vouchers or benefits	Customers
Lucky draw	Entry into a prize draw for each eligible payment	Customers
Referral bonus	Reward to both the existing and the new user	Customers
Bonus / milestone	Extra reward after a set number of payments in a period	Customers
Bill-payment reward	Cashback or discount on utility, recharge and similar bills	Customers
Festival / seasonal offer	Extra rewards during festival shopping periods	Customers
Zero MDR	No merchant discount rate on UPI and RuPay debit payments	Merchants
Merchant support	Free or subsidised QR codes, PoS devices and onboarding	Merchants

Source: compiled by the author.

Most research on this topic looks at national samples or large metropolitan areas. Less is known about how incentives work in mid-sized cities, where cash habits are stronger and digital habits are newer. This paper tries to fill part of that gap with a case study of users in one such city.

Review of Literature

What drives adoption. Most adoption studies are built on the Technology Acceptance Model and the Unified Theory of Acceptance and Use of Technology. Sahi's review of work from 2015 to 2020 finds that performance expectancy is the strongest driver of intention to use digital payments, with ease of use also important, and that perceived risk and low trust are the main barriers. Colline et al., reviewing 64 articles from 2014 to 2022, identify security as the single most important factor. Singhania and Tanty (2023) study young adopters through the lens of financial inclusion, and Siby (2021) finds that digital payments are used across age, gender and education groups, with profession and income showing the stronger relationships.

Policy shocks and the pandemic. Sivathanu (2018) and Garg and Panchal (2017) place demonetisation at the centre of the shift to cashless payment, though Sivathanu notes that stickiness to cash and resistance to innovation still shaped actual use. Chaudhari and Kumar (2020) show that volume and value of digital transactions rose during the COVID-19 year, and Lakshmi (2022) adds that Jan Dhan and Digital India laid the groundwork while rural areas continued to lag.

Consumer behaviour. Surana and Arora (2014) and Hussain and Goyal (2025) report that easy digital payment raises spending and can encourage impulse purchases, especially among young people. Saifi and Khan (2021) find that ease of use, speed and infrastructure drive adoption among women, and Singh (2019) and Thakkar (2016) identify convenience and trust as the central factors for mobile wallets. Chouhan and Rao (2025) point to digital literacy, connectivity and privacy as continuing obstacles for elderly and rural users.

Incentives specifically. Rao and Gupta (2020) find that cashback, discounts and loyalty points strongly influence adoption and repeat use among college students. Rana reports that monetary incentives raise adoption, but that some users go back to cash once rewards are withdrawn. Kumar and Sharma (2021) reach a similar conclusion: incentives change behaviour in the short run, while long-run use depends on usefulness, ease and transaction security.

Research gap. Very few studies treat incentive schemes as the main variable, and most rely on national or metropolitan data. Evidence from mid-sized cities, and evidence that links incentive response to awareness, fraud experience and grievance redressal, is scarce. This study addresses that gap.

Objectives

1. To give an overview of digital payment systems in India
2. To examine awareness of digital payments among users;
3. To identify the influence of incentive schemes on adoption
4. To identify the challenges users face.

Hypotheses

Five hypotheses were tested at the 5% level of significance as shown in Table 3.

Table 3. Null and alternative hypotheses

No.	Null hypothesis (H0)	Alternative hypothesis (Ha)
1	H01: Response to incentives is independent of gender, age, education, income and daily transaction value.	Ha1: Response to incentives is associated with gender, age, education, income or daily transaction value.
2	H02: There is no association between awareness of incentive schemes and response to incentives.	Ha2: There is a significant association between awareness of incentive schemes and response to incentives.
3	H03: There is no association between agreeing that incentives raise usage and an actual increase in transactions.	Ha3: There is a significant association between agreeing that incentives raise usage and an actual increase in transactions.
4	H04: There is no association between experience of fraud and response to incentives.	Ha4: There is a significant association between experience of fraud and response to incentives.
5	H05: There is no association between filing a complaint and resolution of the issue.	Ha5: There is a significant association between filing a complaint and resolution of the issue.

Research Methodology

Design, sample and instrument

The study is a descriptive and analytical survey. Primary data came from a structured questionnaire shared as an online form. It contained multiple-choice questions on profile and usage, five-point Likert items on the effect of incentives, and ranking questions on adoption factors, payment preferences, useful features and concerns. Secondary data came from journals, books, government publications, RBI annual reports and NPCI transaction statistics.

Respondents were chosen by convenience sampling, based on availability and willingness to take part. The workbook contains 119 usable responses, and every result in this paper uses these 119 records. Income was left blank by 11 respondents, so income-based tests use $n = 108$, and the follow-up questions on complaint ease and resolution were answered by 106 respondents.

Variables and coding

Incentive response was measured by agreement with the statement that incentives encouraged more use of digital payments (1 = strongly disagree to 5 = strongly agree). For chi-square tests it was collapsed to three groups (agree, neutral, disagree). Actual change in transactions was coded as increased, remained same or decreased, and as increased or not increased for chi-square tests. Because some categories were small, education was grouped into up to secondary, graduate and postgraduate; income into below ₹10,000, ₹10,000–40,000 and above ₹40,000; daily spend into below ₹1,000, ₹1,000–5,000 and above ₹5,000; and age into 18–25 (including the “18 and above” band) and above 25.

Statistical tools

- **Percentage analysis** describes the profile of respondents and their responses.
- **Garrett ranking** converts ranks into scores. For each respondent, percent position = $100 \times (R_{ij} - 0.5) / N_j$, where R_{ij} is the rank given to item i by respondent j and N_j is the number of items ranked. Percent positions are converted to Garrett scores from the standard table, and the mean score of each item is used to rank the items.
- **Chi-square test of independence** tests whether two categorical variables are associated: $\chi^2 = \sum (O - E)^2 / E$, with degrees of freedom $(r - 1)(c - 1)$, where O and E are observed and expected counts. The null hypothesis is rejected when $p < 0.05$. **Cramér's V** ($V = \sqrt{\chi^2 / (n \times (k - 1))}$), where k is the smaller of the number of rows and columns) shows the strength of an association: about 0.1 is small, 0.3 medium and 0.5 large. A chi-square goodness-of-fit test is used once to check whether answers are spread evenly across categories.

Several chi-square tables contain expected counts below 5, so borderline p -values are treated with caution.

Results and Interpretation

Profile of respondents

The sample is young, mostly female and mostly graduate-level, with modest incomes (Table 4). That matches the kind of user who adopts UPI early, but it also means the findings describe young and educated users best.

Table 4. Profile of respondents (n = 119)

Variable	Categories: count (% of respondents)
Age	18–25 years: 74 (62.2%); 18 and above, band not specified: 21 (17.6%); 25–35 years: 16 (13.4%); above 45 years: 8 (6.7%)
Gender	Female: 84 (70.6%); male: 35 (29.4%)
Education	Under-graduate: 77 (64.7%); secondary: 19 (16.0%); post-graduate: 16 (13.4%); primary: 5 (4.2%); no formal education: 2 (1.7%)

Monthly income (n = 108)	Below ₹10,000: 50 (46.3%); ₹10,000–20,000: 25 (23.1%); ₹20,000–40,000: 8 (7.4%); ₹40,000–50,000: 8 (7.4%); above ₹50,000: 17 (15.7%)
Average daily digital spend	Below ₹1,000: 62 (52.1%); ₹1,000–5,000: 30 (25.2%); ₹5,000–10,000: 15 (12.6%); above ₹10,000: 12 (10.1%)

Percentages may not add to 100 because of rounding.

More than half of the respondents spend less than ₹1,000 a day digitally, so digital payment in this sample is mainly a tool for small, frequent purchases.

Awareness, sources of information and benefits received

Awareness is nearly universal. A total of 111 respondents (93.3%) know about digital payment methods, and 97 (81.5%) know about government or provider incentive schemes. Awareness of payments and awareness of incentives go together ($\chi^2 = 11.02$, $df = 1$, $p < 0.001$, $V = 0.30$). Banks and friends are the main sources of information, which suggests that trust-based channels matter more than advertising. Cashback is by far the most common benefit; the No-MDR scheme is barely noticed by customers because its benefit goes to merchants (Table 5).

Table 5. Sources of information and benefits received (multiple responses; % of 119 respondents)

Source of information	Count	%	Benefit received	Count	%
Bank	44	37.0	Cashback	76	63.9
Friends	43	36.1	Bonus	25	21.0
Media	27	22.7	Others	25	21.0
Government officials	23	19.3	None of the above	19	16.0
Others	21	17.6	No MDR	5	4.2
None of the above	9	7.6			

Effect of incentives on usage

Table 6 and Figure 1 show that incentives are widely credited with raising use. A total of 78 respondents (65.5%) agree or strongly agree that incentives encouraged them to use digital payments more, and only 9 (7.6%) disagree. The behavioural result is similar: 72 respondents (60.5%) say their transactions increased after receiving incentives, 45 (37.8%) saw no change and 2 (1.7%) used digital payments less.

Table 6. Incentives and digital payment use (n = 119)

Statement / outcome	Response	Count	%
Incentives encouraged more use	Strongly agree	23	19.3
	Agree	55	46.2
	Neutral	32	26.9
	Disagree	8	6.7

	Strongly disagree	1	0.8
Transactions after incentives	Increased	72	60.5
	Remained same	45	37.8
	Decreased	2	1.7

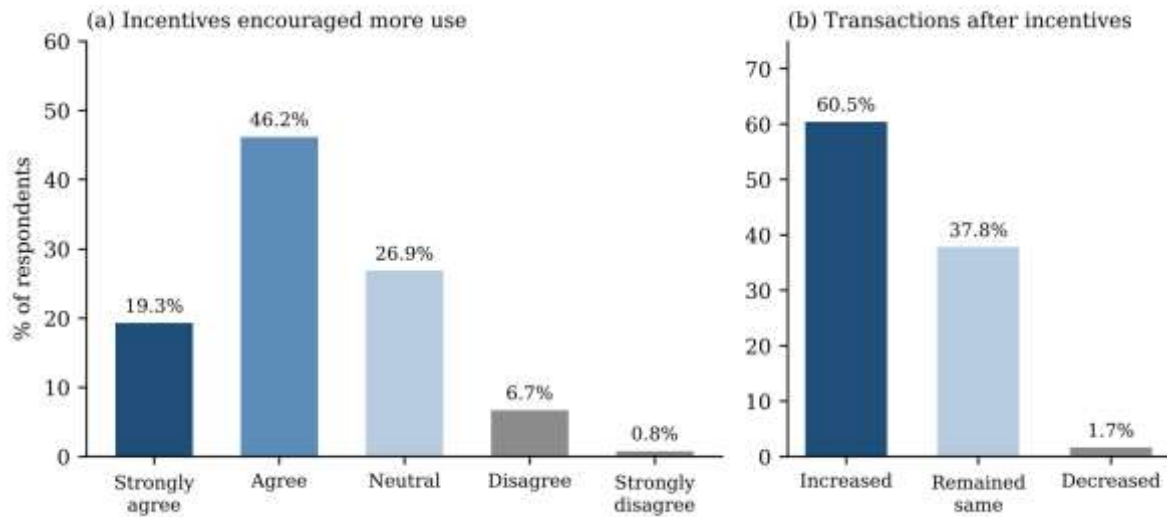


Figure 1. (a) Agreement that incentives encouraged more use; (b) change in transactions after receiving incentives.

A strong response does not mean a loyal one. The literature suggests that some users return to cash when rewards end, and all respondents here are current users, so the survey cannot show what happens after rewards stop. The Garrett ranking below gives some indication of how much the habit depends on rewards.

Garrett ranking

Garrett mean scores, calculated by the author from the ranking questions, are shown in Table 7 and Figure 2. In every question the scores lie between 47 and 61, so neighbouring ranks differ only slightly and the order is better read as a tendency than as a sharp gap.

Table 7. Garrett mean scores and ranks

Ranking question	Item	Mean score	Rank
Factors influencing UPI adoption	Convenience (no need for cash or change)	59.38	1
	Peer pressure (friends and family)	56.62	2
	Cashback and rewards	53.82	3
	Speed of transaction	52.61	4
Preferred payment method	Cash	55.72	1

Ranking question	Item	Mean score	Rank
	UPI (QR / mobile payments)	52.08	2
	Debit / credit card	50.96	3
	Mobile wallets	47.22	4
Usefulness of UPI features	Bill payments	60.39	1
	Split bill	56.91	2
	Loan / insurance offers	54.90	3
	Investment options	52.87	4
	Checking bank balance	51.33	5
Concerns in using UPI	Risk of mobile phone theft	59.97	1
	Transaction failures / server issues	55.63	2
	Hidden charges / future taxes	55.56	3
	Cyber fraud / phishing	53.38	4

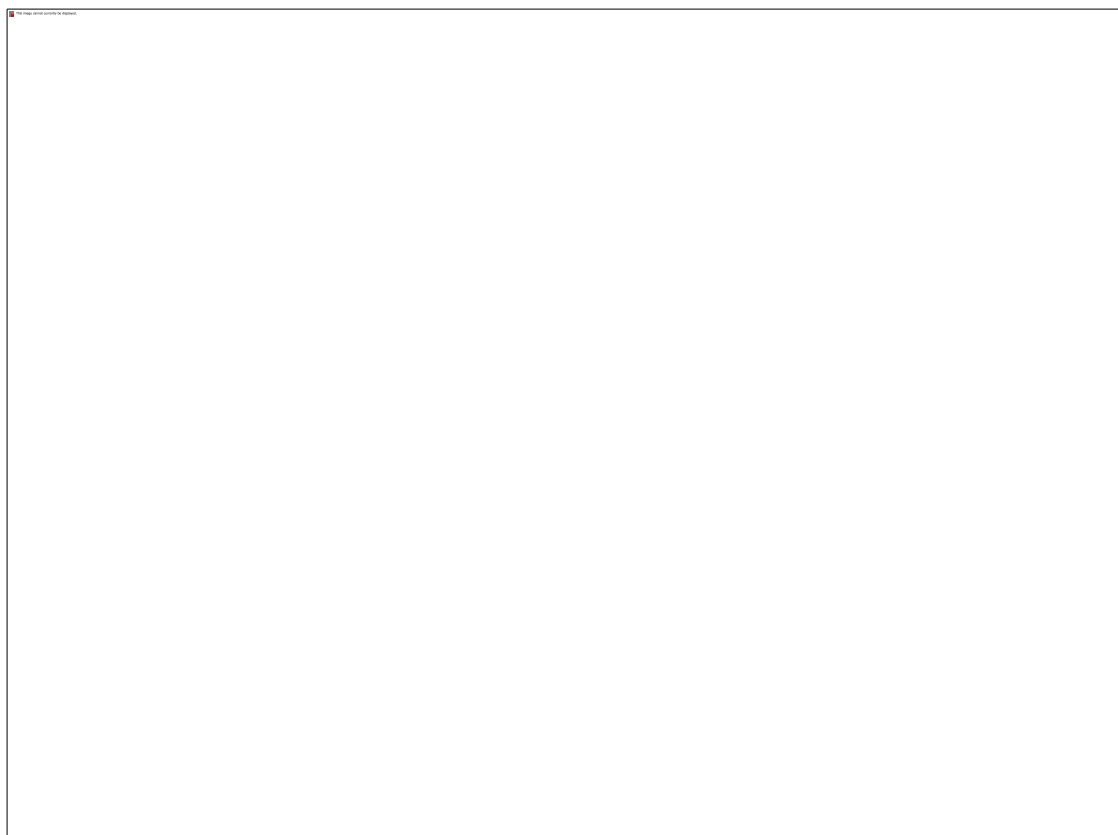


Figure 2. Garrett mean scores for the four ranking questions (darkest bar = rank 1).

Users say they started with UPI for convenience and because people around them did, with rewards in third place. Cash is still the most preferred payment method, ahead of UPI. Among features, bill payment

is valued most. The top concern is theft of the phone that holds the payment app, ahead of transaction failure, hidden charges and phishing.

Tests of the hypotheses

H01: demographics and incentive response. None of the demographic variables is significantly associated with incentive response (Table 8). All p-values are above 0.05 and Cramér's V is small (0.05 to 0.13), so the null hypothesis H01 is not rejected. Incentives appear to appeal across groups instead of to one segment. The same holds when the outcome is the actual change in transactions (Table 9).

Table 8. Chi-square test: demographics and incentive response (agree / neutral / disagree)

Variable	n	χ^2	df	p	V	Decision on H01
Gender	119	0.32	2	0.853	0.05	Not rejected
Age	119	1.28	2	0.528	0.10	Not rejected
Education	119	2.64	4	0.619	0.11	Not rejected
Income	108	1.48	4	0.831	0.08	Not rejected
Daily transaction value	119	4.27	4	0.370	0.13	Not rejected

Table 9. Chi-square test: demographics and actual increase in transactions (increased / not increased)

Variable	n	χ^2	df	p	V
Gender	119	0.11	1	0.735	0.03
Age	119	0.05	1	0.823	0.02
Education	119	3.75	2	0.153	0.18
Income	108	0.86	2	0.650	0.09
Daily transaction value	119	3.48	2	0.175	0.17
Awareness of schemes	119	1.25	1	0.264	0.10

H02: awareness of schemes. Respondents who know about incentive schemes respond more strongly (Table 10). Among those aware, 70.1% agree that incentives raised their use, compared with 45.5% of those unaware ($\chi^2 = 6.59$, $df = 2$, $p = 0.037$, $V = 0.24$). The null hypothesis H02 is rejected: awareness and response to incentives are associated. Awareness does not, however, show a significant association with an actual increase in transactions (Table 9, $p = 0.264$).

Table 10. Awareness of schemes, fraud experience and incentive response (row %)

Group	n	Agree %	Neutral %	Disagree %	χ^2 (df = 2), p
Unaware of schemes	22	45.5	36.4	18.2	6.59, p = 0.037
Aware of schemes	97	70.1	24.7	5.2	
No fraud experience	58	50.0	37.9	12.1	12.34, p = 0.002
Fraud experienced or suspected	61	80.3	16.4	3.3	

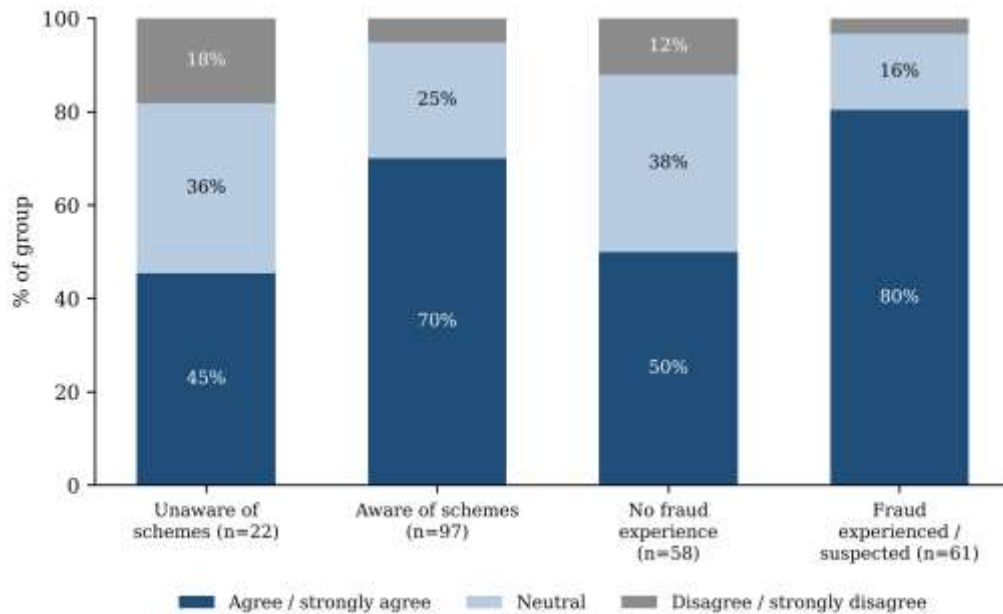


Figure 3. Incentive response by awareness of schemes and by fraud experience.

H03: agreement and behaviour. Agreement and actual change are clearly associated (Table 11; $\chi^2 = 22.14$, $df = 2$, $p < 0.001$, $V = 0.43$). Of respondents who agree that incentives help, 75.6% increased their transactions, against 34.4% of the neutral group and 22.2% of those who disagree. The null hypothesis H03 is rejected, which shows that stated opinions are backed by reported behaviour.

Table 11. Agreement that incentives raise usage and actual change in transactions

Agreement	n	Increased	Not increased	% increased
Agree / strongly agree	78	59	19	75.6
Neutral	32	11	21	34.4
Disagree / strongly disagree	9	2	7	22.2

H04: fraud experience. Respondents who experienced or suspected fraud are more likely to credit incentives (80.3% agree against 50.0%; $\chi^2 = 12.34$, $df = 2$, $p = 0.002$, $V = 0.32$, Table 10). The null hypothesis H04 is rejected. This should not be read as incentives causing fraud. A more likely explanation is that heavier and more active users, who collect more rewards, also meet more scams.

H05: complaints and resolution. Filing a complaint is strongly associated with getting the issue resolved (Table 12; $\chi^2 = 25.05$, $df = 2$, $p < 0.001$, $V = 0.49$). Of 68 complainants who reported an outcome, 67.6% had the issue fully resolved, against 21.1% of 38 non-complainants (Figure 4b). The null hypothesis H05 is rejected.

Table 12. Filing a complaint and resolution of the issue

Group	n	Completely resolved	Partially resolved	Not resolved
Filed a complaint	68	46 (67.6%)	18 (26.5%)	4 (5.9%)
Did not file a complaint	38	8 (21.1%)	17 (44.7%)	13 (34.2%)

Challenges faced by users

Digital payment is popular but not trouble-free (Table 13, Figure 4). Fraud was experienced or suspected by 61 respondents (51.3%), and 84 (70.6%) have faced some issue while paying digitally. Only 7 respondents (5.9%) have never had a payment fail after the money was debited; 58 (48.7%) have this sometimes and 27 (22.7%) frequently, a spread that is far from even (chi-square goodness-of-fit $\chi^2 = 44.73$, $df = 3$, $p < 0.001$).

Grievance handling is the weaker link. A total of 69 respondents (58.0%) filed a complaint, most often with the bank (32.8%) or through in-app support (21.8%), while 32 (26.9%) did not complain at all. Among the 106 who answered the follow-up, 48.1% found registering a complaint easy or very easy, 39.6% were neutral and 12.3% found it difficult. Only 54 (50.9%) saw their issue fully resolved, 35 (33.0%) saw it partly resolved and 17 (16.0%) saw no resolution. In spite of this, 115 respondents (96.6%) would recommend digital payments to others, which suggests that the convenience still outweighs the frustrations.

Table 13. Problems, complaints and resolution

Item	Category	Count	%
Fraud experienced or suspected	Yes	61	51.3
	No	58	48.7
Failed (debited) transactions	Frequently	27	22.7
	Sometimes	58	48.7
	Rarely	27	22.7
	Never	7	5.9
Complaint channel (n = 119)	Bank support	39	32.8
	In-app customer support	26	21.8
	Customer care call	10	8.4
	E-mail	8	6.7
	Did not complain	32	26.9
	No response	4	3.4
Ease of complaint process (n = 106)	Very easy / easy	51	48.1
	Neutral	42	39.6
	Difficult / very difficult	13	12.3
Resolution of issue (n = 106)	Completely resolved	54	50.9
	Partially resolved	35	33.0
	Not resolved	17	16.0

Item	Category	Count	%
Would recommend digital payments	Yes	115	96.6
	No	4	3.4

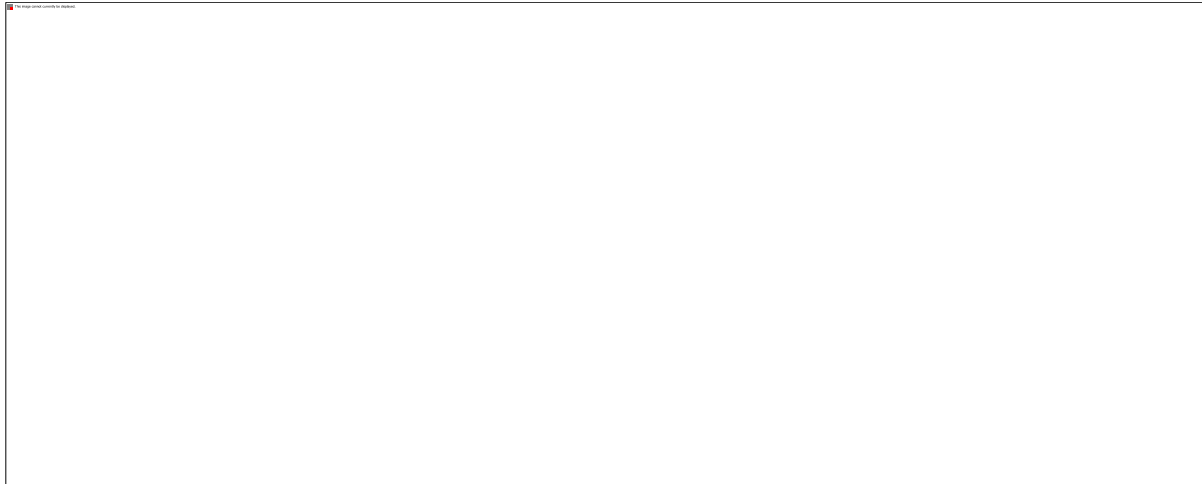


Figure 4. (a) Frequency of debited-but-failed transactions (n = 119); (b) resolution of issues by whether a complaint was filed (n = 106).

Discussion

Three results stand out. First, incentives do relate to use: two thirds of users credit them, and a similar share report a real rise in transactions. This agrees with Rao and Gupta (2020) and Rana, who find that monetary rewards raise adoption. Second, the effect is broad. Gender, age, education, income and spending level made no significant difference, so incentives do not seem to work only on students or only on high spenders. The strongest associations appear for awareness and fraud exposure, which are related to how actively a person uses digital payments rather than to who the person is.

Third, rewards are not the main reason people start. Convenience and peer influence outrank cashback in the Garrett ranking, and cash remains the preferred method. This is consistent with Kumar and Sharma (2021), who argue that lasting adoption rests on usefulness, ease and security rather than rewards alone. Our data cannot show what happens when rewards stop, since all respondents are current users, but the ranking suggests that a user's habit is held together by convenience more than by cashback.

The challenges found here echo earlier work on risk and trust (Sahi; Colline et al.). Fear of phone theft, frequent failed debits and a patchy complaint process are practical problems that incentives do not solve. The strong link between filing a complaint and getting a result also points to a quiet group of users who do not complain at all, which may hide the true scale of dissatisfaction.

Major Findings

1. The sample is young and educated: 62.2% are aged 18–25, 78.2% are graduates or above and 70.6% are women. Most (52.1%) spend under ₹1,000 a day digitally.
2. Awareness is very high for digital payments (93.3%) and for incentive schemes (81.5%). Banks and friends are the main sources of information.

3. Cashback is the dominant benefit received (63.9%). No-MDR is almost unnoticed by customers (4.2%).
4. Incentives are credited with raising use: 65.5% agree they did, and 60.5% report increased transactions.
5. Response to incentives does not differ by gender, age, education, income or daily spend, but it is significantly stronger among respondents aware of schemes and among those who experienced or suspected fraud.
6. Agreement that incentives help is significantly associated with an actual increase in transactions: 75.6% of those who agree increased their use, against 34.4% of the neutral group ($\chi^2 = 22.14$, $p < 0.001$).
7. Convenience ranks first among adoption factors (Garrett score 59.38), with peer pressure second and cashback third. Cash is still the most preferred payment method.
8. Bill payment is the most valued UPI feature, and phone theft is the top concern, followed by transaction failure.
9. Only 5.9% have never had a failed debit; 51.3% experienced or suspected fraud; only 50.9% of complaints were fully resolved, and 26.9% did not complain.
10. Despite these problems, 96.6% would recommend digital payments.

Suggestions and Implications

1. **Reach the unaware.** Banks and payment apps should publicise schemes through branches and word of mouth, which are the most trusted channels, because awareness raises response.
2. **Move from one-off rewards to lasting value.** Loyalty benefits tied to bill payments, split-bill and similar features that users value most are likely to keep users longer than occasional cashback.
3. **Fix failures and refunds.** Providers should shorten refund times for debited-but-failed payments and offer one clear, visible complaint route, since a quarter of users never complain and only half see full resolution.
4. **Strengthen security.** Device-level protection such as app lock, quick account freeze and clear alerts can reduce the harm from phone theft and scams.
5. **Teach safe use.** Banks, colleges and local administrations should run digital-literacy sessions that cover OTP safety and how to report fraud.
6. **Support small merchants.** Free QR codes, simple onboarding and better communication of zero-MDR can widen acceptance.
7. **Improve infrastructure.** Better network coverage and server reliability at peak periods would remove a common source of failures.

Limitations and Scope for Further Research

The study rests on a convenience sample of 119 respondents from a single urban area, so the results describe this group and cannot be generalised to all users. The sample is young and female-majority. All respondents are current users, so the study cannot compare users with non-users or show what happens when rewards end. Age and income bands in the questionnaire overlap and some categories were merged for testing. Several chi-square tables have small expected counts, so borderline results are indicative only. Garrett scores come from self-reported rankings. Future work could use random sampling across several cities, include non-users, follow the same users before and after rewards are reduced, and test models such as UTAUT with structural equation modelling.

Conclusion

Incentive schemes are an effective way to start and deepen digital payment use. Roughly two in three users say rewards made them pay digitally more often, and the effect is spread evenly across demographic groups. Rewards, however, rank behind convenience and social influence as reasons for adoption, cash is still the first choice for many, and weak recovery from failed payments and fraud erodes trust. Providers and policymakers should therefore treat incentives as the start of the relationship rather than the whole of it, and pair them with reliability, security and fast grievance redressal so that the habit lasts after the rewards shrink.

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