

# A Study on Consumer Preference Towards Digital Payment System with Special Reference to Coimbatore City

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## Abstract:

This study explores consumer preferences for digital payment systems (DPS) in Coimbatore city, focusing on factors driving adoption, usage patterns, and satisfaction levels. It examines the role of mobile wallets, UPI, credit/debit cards, and online banking in enhancing convenience, speed, and security. Key factors influencing consumer preference include the ability to store multiple payment methods, quick transactions, advanced security features, and budgeting tools. Additionally, promotional offers, cashback, and rewards enhance user experience and loyalty. The study also highlights how digital payment apps streamline loan applications by partnering with financial institutions, offering instant credit scoring, and providing peer-to-peer lending options. Data for the study is collected using surveys and analysed through SPSS software, employing tools like ANOVA and descriptive statistics. Finally, Digital payment system (DPS) conclude the customer preference, need, accessibility and satisfaction.

**Keywords:** Digital payment system (DPS), Consumer preference, consumer satisfaction.

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## INTRODUCTION:

Consumer preference for digital payment systems has surged due to their convenience, speed, and security. Mobile wallets, UPI, credit/debit cards, and online banking have transformed transactions, driven by technological advancements, smartphone penetration, and supportive government policies. These systems offer users the ability to store multiple payment methods, enabling quick, cashless payments.

Advanced security features like encryption and biometric authentication enhance trust, while budgeting tools help users manage expenses. Additionally, rewards programs, cashback offers, and referral bonuses make digital payments more appealing.

Digital payment apps also streamline loan applications, offering instant credit scoring and easy access to lenders. With 24/7 customer support and self-service resources, these platforms deliver a seamless and satisfying user experience, contributing to the growing shift toward a cashless economy.

## MATERIALS AND METHODS:

### Research Methodology

Research Methodology is a standard way to identify the problems of the study with the help of various tools and techniques, giving interpretation for the data of the study and concluding the data. Both Primary and secondary data have been used in this study. Simple random sampling method was used to collect the data, which is a probability type of sampling. The data was collected by means of a questionnaire. A total of 150 questionnaires were sent, out of which 124 responses were received SPSS software was used for the analysis part of this study. Frequency analysis, and ANOVA tests were used for analysing the data. The study is carried out only in Coimbatore city.

## SOURCES OF DATA

### Primary data

Primary data will be collected through structured questionnaires distributed to students in Coimbatore to understand their usage of Digital payment system.

### Secondary Data

The secondary data for the study have been collected from Books, Magazines, Journals, Articles, old reports and required websites.

**Sample size**

The sample size for this survey is 124.

**Sampling Technique**

In this study, Simple random Sampling Technique is used.

**Tools used for Analysis**

- Frequency analysis
- ANOVA

**PREPARATION OF TABLES:****Frequency analysis****Table 1.1**

<b>DEMOGRAPHICS</b>		<b>FREQUENCY</b>	<b>PERCENTAGE</b>
<b>AGE</b>	20 - 30	59	47.6%
	30 - 40	33	26.6%
	40 - 50	18	14.5%
	Above 50	14	11.3%
	<b>Total</b>	<b>124</b>	<b>100</b>
<b>GENDER</b>	Male	79	63.7%
	Female	45	36.3%
	<b>Total</b>	<b>124</b>	<b>100</b>
<b>EDUCATIONAL QUALIFICATION</b>	Diploma	6	4.8%
	Undergraduate	96	77.4%
	Postgraduate	10	8.1%
	Professional Course	12	9.7%
	<b>Total</b>	<b>124</b>	<b>100</b>
<b>MONTHLY INCOME</b>	Below 25000	100	80.6%
	25000 - 50000	7	5.6%
	50000 - 75000	7	5.6%
	Above 75000	10	8.1%
	<b>Total</b>	<b>124</b>	<b>100</b>

**INTERPRETATION:**

The above table(1.1) indicates that the demographic factor that out of 124 respondents have been taken for the study, 59(47.6%) of the respondents were 20 – 30 years, 33(26.6%) of the respondents were 40 – 50 years, 18(14.5%) of the respondents were 40 – 50 years and 14(11.3%) of the respondents were above 50 years. 79(63.7%) of the respondents were Male and 45(36.3%) of the respondents were Female, 6(4.8%) of the respondents were diploma, 96(77.4%) of the respondents were Undergraduates, 10(8.1%) of the respondents were Postgraduates and 12(9.7%) of the respondents had done professional course. 100(80.6%) of the respondents were earning below 25000, 7(5.6%) of the respondents were earning 25000 – 50000, 7(5.6%) of the respondents were earning 50000 – 75000, 10(8.1%) of the respondents were earning above 75000

Table 2.1

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Are you satisfied with the success rate of your transaction on digital payment system?	Between Groups	11.610	1	11.610	5.527	.020**
	Within Groups	256.261	122	2.100		
	Total	267.871	123			
Are you satisfied with the success rate of your transaction on digital payment system?	Between Groups	4.917	1	4.917	3.840	.052
	Within Groups	156.204	122	1.280		
	Total	161.121	123			
Are you satisfied with the variety of features offered by your preferred digital payment system?	Between Groups	8.929	1	8.929	5.812	.017**
	Within Groups	187.426	122	1.536		
	Total	196.355	123			
Are you satisfied when using of your digital payment methods into various merchants and stores?	Between Groups	16.197	1	16.197	9.473	.003*
	Within Groups	208.602	122	1.710		
	Total	224.798	123			
Are you satisfied are you with the rewards, cashback or offers provided by digital payment system?	Between Groups	20.064	1	20.064	9.437	.003*
	Within Groups	259.380	122	2.126		
	Total	279.444	123			
Mention your overall satisfaction with the user interface and design of digital payment system you use.	Between Groups	23.079	1	23.079	12.883	.000*
	Within Groups	218.558	122	1.791		
	Total	241.637	123			

**INTERPRETATION:**

The above table (2.1) results of significance regarding the relationship between age group and individual's opinion towards Digital payment System, there is 5% (.020) level of confidence for the reason, Are you satisfied with your current digital payment system? Hence the hypothesis is accepted.

The result of significance regarding the relationship between age group and individual's opinion towards Digital payment System, there is 5% (.017) level of confidence for the reason, Are you satisfied with the variety of features offered by your preferred digital payment system? Hence the hypothesis is accepted.

The result of significance regarding the relationship between age group and individual's opinion towards Digital payment System, there is 1% (.003) level of confidence for the reason, Are you satisfied when using of your digital payment methods into various merchants and stores? Hence the hypothesis is accepted.

The result of significance regarding the relationship between age group and individual's opinion towards Digital payment System, there is 1% (.003) level of confidence for the reason, Are you satisfied are you with the rewards, cashback or offers provided by digital payment system? Hence the hypothesis is accepted.

The result of significance regarding the relationship between age group and individual's opinion towards Digital payment System, there is 1% (.000) level of confidence for the reason, Mention your overall satisfaction with the user interface and design of digital payment system you use. Hence the hypothesis is accepted.

The result of significance regarding the relationship between age group and individual's opinion towards Digital payment System, there is (.052) level of confidence for the reason, Are you satisfied with the success rate of your transaction on digital payment system?. Hence the hypothesis is rejected.

## **RESULTS AND DISCUSSION:**

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#### **Results:**

#### **Frequency analysis:**

- The demographic data from the study, which involved 124 respondents, reveals a diverse sample. Of the respondents, 47.6% (59 individuals) were aged between 20-30 years, 26.6% (33 individuals) were aged between 40-50 years, 14.5% (18 individuals) were aged between 40-50 years, and 11.3% (14 individuals) were above 50 years. Gender distribution showed that 63.7% (79 individuals) were male, while 36.3% (45 individuals) were female. In terms of education, 4.8% (6 individuals) had completed a diploma, 77.4% (96 individuals) were undergraduates, 7.4% (10 individuals) were postgraduates, and 9.7% (12 individuals) had completed a professional course. Regarding income levels, 80.6% (100 individuals) earned below 25,000, 5.6% (7 individuals) earned between 25,000-50,000, another 5.6% (7 individuals) earned between 50,000-75,000, and 8.1% (10 individuals) earned above 75,000.

#### **ANOVA:**

- The study found significant relationships between age group and individuals' opinions towards digital payment systems across most aspects. At a 5% confidence level (.020), age group significantly influences satisfaction with the current digital payment system, so the hypothesis is accepted. Similarly, at a 5% confidence level (.017), satisfaction with the variety of features offered by digital payment systems also shows a significant relationship with age group, leading to the acceptance of the hypothesis. A 1% confidence level (.003) indicates that age groups significantly impact satisfaction with using digital payment methods at various merchants and stores, and the hypothesis is accepted. Furthermore, at a 1% confidence level (.003), satisfaction with rewards, cashback, and offers provided by digital payment systems is also significantly influenced by age, leading to acceptance of the hypothesis. Satisfaction with the user interface and design of digital payment systems also shows a strong relationship with age at a 1% confidence level (.000), with the hypothesis accepted. However, the satisfaction with transaction success rate shows a weaker relationship, with a confidence level of .052, leading to the rejection of the hypothesis.

#### **Discussion:**

The study on consumer preference to digital payment systems reveals that convenience, security, and ease of use are the primary factors influencing consumer adoption. The findings also indicate that demographic factors such as age, income, and education level play a significant role in shaping consumer preferences. As digital payment systems continue to evolve, it is essential for service providers to prioritize consumer needs and concerns to promote widespread adoption and a cashless economy.

## CONCLUSION:

The study's findings underscore the significance of convenience, security, and ease of use in driving consumer adoption of digital payment systems. Moreover, the influence of demographic factors highlights the need for tailored approaches to cater to diverse consumer needs. As digital payment systems advance, prioritizing consumer-centric design and addressing concerns around security, usability, and accessibility will be crucial. By doing so, service providers can foster widespread adoption, ultimately contributing to a more efficient, inclusive, and cashless economy.

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