



45. An Analysis of Consumer Preferences and Usage Patterns of Digital Payment Apps

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ABSTRACT

The proliferation of mobile payment apps, also known as digital payment apps, has revolutionized transactions and payments. These apps provide a convenient and efficient means for users to conduct financial transactions without the need for physical currency. In recent years, the adoption of cashless payment apps has witnessed significant growth, driven by factors such as technological advancements, government initiatives, and changing consumer preferences. These apps, including Google Pay, PhonePe, and Paytm, offer convenient ways to transfer money. As India embraces the "Digital India" vision, the adoption of digital payment systems has surged, especially after demonetization. The government's initiatives, such as UPI (United Payment Interface) and BHIM, have further accelerated this trend. Today, there are a significantly higher number of users of online payment applications than ever before, and more local merchants are accepting various forms of payment. Customers are generally delighted with and benefit from payment applications. In this study, we explore customer usage patterns and satisfaction with payment apps. Data were gathered from primary sources utilizing a sample size of 50 customers for this study, which was conducted using a descriptive research design technique. Using the chi-square test the data are examined and evaluated.

KEYWORDS

Digital India, Payment app, Demonetization, UPI, Global Economy.

1. Introduction:

"Digital India" is the flagship programme of the Indian government, with the goal of transforming India into a digitally enabled nation. "Faceless, Paperless, Cashless" is one of

Digital India's ostensibly intended functions. Digital payment systems have grown in popularity recently, particularly since demonetization. The government is taking important initiatives to encourage the people to use payment gateway systems. To encourage payment gateways, it has announced discounts on digital purchases of various items. It has also created UPI (United Payment Interface), an app-based method of transacting across various banks. Another upgraded version is planned to be released by the government, which would allow financial transactions to be conducted via mobile phones without the use of an internet connection using a platform known as USSD (Unstructured Supplementary Service Data). The country's digital payment system has received a significant boost as a result of these measures. Other government programmes like BHIM and UPI are aiding in the transition to the quicker acceptance of digital payments. Digital payments are done at the point of sale (POS) for services and goods using a smart phone, internet banking, or mobile banking. The use of the internet has significantly expanded in the current digital age. Customers now use digital devices to perform their banking more quickly. This digital payment is incredibly practical for transferring money without running the danger of losing them, and it's also simple to use. We have all seen the development of technologies in modern times. Online payment applications were also implemented in this instance and were well received by customers. Urban residents in general have become used to this digital payment system. Unless a very small percentage of individuals who reside in rural areas still are unaware of the value and services offered by these online payment applications.

Payment App Process:



(Kinza Yasar, 2022)

2. Review of Literature:

(A STUDY ON USAGE OF ONLINE PAYMENT APPS BY CUSTOMERS, 2021) The study on the usage of online payment apps by customers highlights the importance of understanding terms and conditions before using such platforms. It emphasizes the need for users to be aware of security measures and maintenance aspects for a satisfactory experience. Overall, the research sheds light on the growing significance of mobile payment apps in modern financial transactions

(Mathiraj & Devi, n.d.) The paper "Customers Perception of Online Payment System in India" offers valuable insights into consumer satisfaction and challenges in online shopping, particularly in small cities. By identifying influencing factors, analyzing product preferences, and addressing practical difficulties, the study contributes to enhancing the online payment system. The research findings and suggestions provide a foundation for improving customer perception and advancing online payment systems in India.

(Kar, 2021) This study sheds light on the factors influencing usage satisfaction in mobile payments through innovative methodologies like sentiment mining and topic modeling. The research bridges gaps in existing literature by connecting technology adoption theories with service quality perceptions. The proposed "Digital Service Usage Satisfaction Model" offers valuable insights for enhancing service adoption and user experiences in the mobile payments sector.

(Liao & Ho, 2021) In this paper on Mobile Payment and Mobile Application Behavior sheds light on the preferences and behaviors of Taiwan mobile payment users. It highlights the critical role of mobile payment as a platform for online business and emphasizes the importance of understanding user profiles for effective interaction. Through data mining techniques, the study provides valuable insights for mobile payment operators, banking institutions, and brand merchants to tailor their strategies and enhance user experiences.

3. Objective Of The Study:

- To study the top reasons of consumers, prefer online payments.
- To analyze the demographic profiles and usage patterns of consumers using online payment systems.

Hypothesis:

- Null hypothesis (H₀): There is no significance difference between age and year of using the online payment apps.
- Null hypothesis (H₀): There is no significance difference between age and Mode of payment system.

4. Theoretical Framework:

The Main Reasons of Consumers Prefer Online Payments

- **Elimination of Geographical Boundaries:** When people travel to different countries or continents, they no longer need to worry about adapting their wallets. Online payments allow seamless participation in a global marketplace. Payment processors can handle various currencies, calculate exchange rates, and adapt checkout forms to different languages based on the currency used.
- **Unprecedented Convenience:** Payment technology has evolved to the point where consumers can complete online transactions even without physical cards or wallets. Mobile wallets like Apple Pay and alternative funding methods (such as PayPal or

BillMeLater) are widely accepted. Over 80% of respondents in a study used card-free payment tools for online transactions in the past year.

- **Time Savings:** Online payments not only speed up transactions but also eliminate the need for consumers to travel to physical stores, wait in line, and invest time. Perception matters: even perceived waiting time significantly impacts consumer satisfaction. Online payments offer a choice in how consumers spend their valuable time.
- **Enhanced Purchase Protection:** Trust is crucial when buying from a new or small business. Online payments made with credit cards that offer price guarantees, extended warranties, and dispute resolution provide peace of mind to consumers. Regardless of the merchant’s policy, these protections ensure buyers feel secure.
- **Replication of Existing Financial Habits:** Consumers are accustomed to digital experiences in other aspects of their lives, such as communication and entertainment. Online payments align with this trend, making them a natural choice for modern consumers. (Patel, 2023)
- **Cost-Free Benefits:** Online payment methods often come with additional perks, such as cashback rewards, loyalty points, or discounts. These incentives encourage consumers to choose online payments over traditional methods. In summary, online payments offer convenience, security, and anonymity, making them a preferred choice for today’s tech-savvy consumers. (Gramigna, 2021)

5. Data Analysis and Intrepretation:

Tool Used: Planning, designing, collecting data, analyzing, drawing relevant interpretations, and publishing of research findings are all aided by statistical techniques. The instruments employed include

- Chi-Square test

Testing of the Hypothesis:

- To analysis the significance relation between age and year of using the online payment system.
- Null hypothesis (H0): There is no significance difference between age and year of using the online payment apps.

Table 1: Age And Year of Using Online Payment System

Sr. No	Age	Year of using the online payment system				Total
		below6months	1to2years	3to5years	above5years	
1	below20years	1.32	2.4	1.56	0.72	06
2	20-30years	3.96	7.2	4.68	2.16	18
3	30-40year	3.74	6.8	4.42	2.04	17
4	above40years	1.98	3.6	2.34	1.08	09
Total		11	20	13	06	50

Source: Primary Data

Table 1.1

O	E	(O-E) ²	(O-E) ² / E
1	1.32	0.1024	0.0775
2	2.4	0.16	0.0664
2	1.56	0.1936	0.1241
1	0.72	0.0784	0.1089
5	3.96	1.0816	0.2731
7	7.2	0.04	0.0056
4	4.68	0.4624	0.0989
2	2.16	0.0256	0.0119
3	3.74	0.5476	0.2999
8	6.8	1.44	0.2118
4	4.42	0.1764	0.0399
2	2.04	0.0016	0.0008
2	1.98	0.0004	0.0002
3	3.6	0.36	0.1
3	2.34	0.4356	0.1861
1	1.08	0.0064	0.0059
			P.Value = 1.6113

Source: Primary Data

Interpretation:

The calculated value is less than the table value, therefore the Null hypothesis is accepted. there is no associated between age and Year of using the online payment system.

- To analysis the significance relation between age and mode of payment system.
- Null hypothesis (H0): There is no significance difference between age and Mode of payment.

Table 2: Age and Mode of Payment System

Sr. No	AGE	Mode of Payment system			
		Card	Online payment	other	Total
1	below20years	3.2	5.2	1.6	10
2	20-30years	5.12	8.32	2.56	16
3	30-40year	4.16	6.76	2.08	13
4	above40years	3.12	5.72	1.76	11
Total		16	26	8	50

Source: Primary Data

Table 2.1

O	E	(O-E)²	(O-E)² / E
2	3.2	1.44	0.45
7	5.2	1.24	0.6230
1	1.6	0.36	0.225
5	5.12	0.0144	0.0028
9	8.32	0.4624	0.0555
2	2.56	0.3136	0.1225
4	4.16	0.0256	0.0061
6	6.76	0.5776	0.0854
3	2.08	0.8464	0.4069
5	3.52	2.1902	0.6222
4	5.72	2.6584	0.5172
2	1.76	0.0576	0.0327
P.Value = 3.1493			

Source: Primary Data

Interpretation:

The calculated value is less than the table value, therefore the Null hypothesis is accepted. there is no associated between age and Mode of payment system.

6. Conclusion:

In the usage of digital payment apps sheds light on the significant transformation in financial transactions brought about by the increase of mobile payment platforms. The adoption of digital payment systems in India has seen remarkable growth, driven by technological advancements, government initiatives like UPI and BHIM, and changing consumer preferences. As more customers embrace these digital solutions, the landscape of financial transactions is evolving rapidly, offering both users and merchants a seamless and secure way to engage in monetary exchanges. This study underscores the importance of understanding customer usage patterns and satisfaction levels with digital payment apps, highlighting the positive impact of these platforms on the economy and consumer behavior in the digital age.

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