

A Study on Consumer Attitude towards Digital Payment Systems in Virudhunagar District

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Abstract

The rapid expansion of digital technologies has transformed the financial services sector, changing the way individuals conduct transactions. Digital payment systems have brought convenience, speed, and efficiency into both personal and professional activities. In India, the demand for secure and simplified electronic transactions is steadily increasing. Services such as UPI, mobile wallets, and online banking have reshaped consumer behavior and altered banking practices. This study examines consumer perceptions in Virudhunagar District, focusing on awareness, frequency of usage, satisfaction, and key challenges. The findings suggest that digital payment adoption is a significant step toward building a cashless economy.

Keywords: mobile wallets, UPI, Virudhunagar

Introduction

Digital banking involves accessing and managing financial services through online platforms using devices such as smartphones and computers. Customers can perform tasks including fund transfers, bill payments, and account inquiries at their convenience. Unlike conventional banking, digital platforms reduce dependency on physical branches and allow continuous access to services. As digital tools gain importance, they have become an essential component of modern banking and a driver of financial inclusion.

Digital Payment Systems

The Digital India initiative emphasizes the creation of a technology-driven economy by promoting cashless transactions. Various modes of payment have been introduced to facilitate this shift, including:

1. Banking Cards (Debit/Credit/Travel Cards)
2. Unstructured Supplementary Service Data (USSD)
3. Aadhaar Enabled Payment System (AEPS)
4. Unified Payments Interface (UPI)
5. Mobile Wallets
6. Internet Banking
7. National Electronic Fund Transfer (NEFT)
8. Real Time Gross Settlement (RTGS)
9. Electronic Clearing System (ECS)
10. Immediate Payment Service (IMPS)
11. Mobile Banking
12. Micro ATMs

These alternatives ensure that consumers have multiple choices to complete transactions securely and efficiently.

Review of Literature

Scholars have widely studied the role of digital tools in improving banking services. Stevens (2002) emphasized the importance of information technology in enhancing competitiveness within the banking sector. Kannabiran and Narayan (2005) observed that digital platforms improve operational efficiency and help banks retain customers by delivering quality services. Chang (2003) highlighted the role of ATMs and internet banking in revolutionizing customer-bank interactions. Mohammed et al. (2009) noted that digital solutions simplified tasks such as fund transfers and bill payments. Gonzalez (2008) and Malhotra & Singh (2007) argued that the adoption of internet banking has led to a paradigm shift, boosting productivity and service delivery. Christopher et al. (2006) further asserted that digital banking has moved from being optional to becoming essential for competitiveness.

Statement of the Problem

Banking plays a vital role in economic and social development. Since the liberalization era of the 1990s, advances in technology have dramatically reshaped the sector. Traditional practices involving manual work and long queues have shifted toward technology-enabled banking. While digital payment systems provide 24/7 services and greater efficiency, challenges such as security risks, lack of awareness, and limited internet connectivity continue to hinder full adoption. This study seeks to evaluate consumer experiences, satisfaction, and obstacles in using digital payments within Virudhunagar District.

Objectives of the Study

The specific objectives include:

1. To explore the primary reasons for adopting digital payment services.
2. To measure satisfaction levels among consumers.
3. To assess the awareness and frequency of usage of digital payment modes.

Scope of the Study

Virudhunagar District, known for its commercial and industrial activities, provides an ideal setting for this study. The research encompasses a cross-section of students, professionals, entrepreneurs, and other consumers. Since digital literacy levels vary across semi-urban areas, the study highlights both opportunities and barriers to adopting digital payments, and their role in shaping everyday financial practices.

Research Methodology

This study employed both primary and secondary data sources. Primary data was collected through structured questionnaires administered to 100 respondents across different occupational groups. Secondary data was compiled from journals, books, official reports, newspapers, and reliable websites. A descriptive research design was adopted to ensure comprehensive analysis.

Table – 1 Gender wise Classification

S. No	Gender	No of Respondent	Percentage
1	Male	70	70%
2	Female	30	30%
	Total	100	100%

Source: Primary data

From the above table 1, 70% are male respondents and the remaining 30% are female respondents.

Table – 2 Occupation wise Classifications

S. No	Occupation	No of Respondent	Percentage
1	Business	30	30 %
2	Govt Employee	10	10 %
3	Retired	10	10 %
4	Private Sector	10	10 %
5	Student	40	40 %
	Total	100	100 %

Source: Primary Data

Table 2 shows 30% respondents are business class, 10% respondents are government employees, 10% respondents are retired persons, 10% respondents are working in private sectors and the remaining 40% are student respondents.

Table – 3 Frequency of Using Digital Payment Systems services

S. No	Usage	No of Respondent	Percentage
1	Daily	25	35 %
2	Weekly Twice	15	5 %
3	Weekly Once	10	10 %
4	Fortnight	25	25 %
5	Monthly Once	20	20 %
6	Rarely	5	5 %
	Total	100	100 %

Source: Primary Data

Among all 100 respondents 25% are daily doing their banking activities through internet. 15% respondents access their account twice in a week. 10% are accessing weekly once, 25% & 20% respondents make their activity once in a fortnight & month and 5% respondents rarely visit their account through Digital Payment Systems services.

Table – 4 Purpose of Using Digital Payment Systems services

S. No	Particulars	No of Respondent in percentage	Rank
1	Money Transfer	36%	I
2	Balance Enquiry	8%	V
3	Mobile Recharge	19%	III
4	Online Shopping	24%	II
5	Ticket Booking	13%	IV
	Total	100%	

Source: Primary Data

Table 4 analyses the purpose of using Digital Payment Systems services. Money transfer is the primary objective for most of the respondents followed by online shopping. Mobile recharge and

Ticket booking comes next. Balance enquiry is the least the consumers use Digital Payment Systems for their transaction.

Table – 5 Reasons for Preferring Digital Payment Systems services

S. No	Particulars	Strongly Agree	Agree	No Opinion	Dis Agree	Strongly Disagree	Total
1	Round the clock Service	78%	22%	-	-	-	100%
2	Saves time and energy	46%	32%	6%	16%	-	100%
3	No need to Carry cash	33%	6%	10%	24%	27%	100%
4	Convenient Mode of payment	29%	24%	12%	19%	16 %	100%
5	Cost Saving	35%	18%	2%	27%	18%	100%
6	Environment Friendly	28%	26%	25%	21%	-	100%

Source: Primary Data

Table – 5 shows various reasons, why the people are interested in using e- banking services. From the 100 respondents 78% respondents prefer round the clock services as the primary reason why they use Digital banking. They can transact at their own leisure and convenience without the time schedule that we have in regular banks. 46 respondents think that it saves time as it has become redundant to wait for hours in long queues. 33% respondents are convenient with not carrying cash. It augers well for the safety and security of every individual.

Table – 6 Drawbacks in Digital Payment Systems services

S.no	Drawbacks	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Total
1	Low internet Penetration	37%	16%	4%	16%	27%	100
2	Safety and Security	28%	46%	6%	4%	16%	100
3	Network Problem	33%	21%	14%	15%	17%	100
4	Hacking And phishing	22%	30%	18%	12%	18%	100
5	Language Problem	48%	28%	8%	7%	9%	100

Table -6 shows the major lacuna that customers face in Digital Payment Systems services. One of the major impediments to Digital Payment Systems is the lack of infrastructure and low internet penetration. The findings show that poor internet connection is the biggest problem with rural and semi-urban areas. Another important concern for the respondents is the safety and security aspect of the Digital Payment Systems environment. Respondents want their hard earned money in safe hands. Phishing, data theft, keyboard logging are a cause of concern and the security infrastructure should be strengthened. Network problem quiet often interrupt your transaction and cause great hardships for the respondents.

Findings

Key findings from the study include:

- Round-the-clock availability is the most valued feature of digital payment systems.
- Time-saving and convenience are strong motivators for usage.
- Consumers perceive digital transactions as safer compared to carrying physical cash.
- Online shopping and mobile recharge are common purposes of use.
- Younger respondents, particularly students, demonstrated higher adoption rates.

Limitations and Suggestions

Despite the benefits, certain challenges persist. Limited internet penetration and poor network quality create barriers for consumers in semi-urban and rural areas. Security concerns such as phishing, hacking, and data theft reduce consumer trust. In addition, digital illiteracy among older populations limits wider adoption. To address these issues, banks and policymakers should enhance cybersecurity frameworks, expand internet access, and conduct digital literacy programs to improve consumer confidence.

Conclusion

Digital payment systems have revolutionized modern banking by enhancing convenience, efficiency, and accessibility. The study shows that most consumers are satisfied with these services, though challenges such as infrastructure gaps and security threats remain. Addressing these barriers will help achieve greater adoption, supporting India's long-term vision of building a cashless economy.

Despite its benefits, the study identifies several challenges:

- Poor internet penetration and low connectivity in semi-urban areas hinder smooth adoption.
- Concerns about data theft, hacking, and phishing discourage some customers.
- Limited digital literacy restricts usage among older age groups.

Suggestions:

- Banks and policymakers should strengthen cybersecurity frameworks to build trust.
- Expanding internet infrastructure in rural and semi-urban areas is essential.
- Awareness campaigns and digital literacy programs should be conducted to educate users.

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