



“A Study on Customer Preference towards Digital Payment”

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ABSTRACT

The evolution of digital technologies has significantly transformed the financial services sector, particularly in the domain of payment systems. Digital payments have emerged as an efficient, secure, and convenient alternative to traditional cash-based transactions. This study aims to examine customer preferences towards various digital payment methods, including Unified Payments Interface (UPI), mobile wallets, debit/credit cards, and internet banking.

The research further investigates the key factors influencing adoption, such as convenience, security, ease of use, and incentives. The study is based on primary data collected from 150 respondents using a structured questionnaire, supplemented by secondary data from academic journals, government reports, and institutional publications. Analytical tools such as percentage analysis and graphical representation have been employed for data interpretation.

The findings indicate that UPI is the most preferred digital payment method due to its simplicity, speed, and accessibility. Convenience emerges as the most significant factor influencing adoption, followed by security and ease of use. Although a majority of users express satisfaction with digital payment systems, concerns regarding cybersecurity and technical issues persist. The study concludes that digital payments are increasingly becoming an integral component of

financial transactions and are expected to witness sustained growth with improvements in infrastructure and digital literacy.

Keywords: Digital Payment, UPI, Customer Preference, Financial Technology, Cashless Economy



1. INTRODUCTION

The growth of technology has changed how we do financial transactions. Digital payments are transactions done through platforms, so we do not need cash. In India more people are using payments because there are more smartphones, better internet and the government is supporting it through initiatives like Digital India.

The Unified Payments Interface (UPI) has made a change in digital payments by allowing instant transfers of funds. Mobile wallets and banking apps have also made it easier and more convenient for users.

However, some problems are still slowing down the use of payments, such as worries, about data security people not knowing about digital payments and technical issues. So, it is crucial to understand what customers prefer and what makes them adopt payment systems.

Digital payments are becoming popular.

The UPI is a part of this. Digital India is driving this change. The use of payments is increasing in India. The government supports payments.

Objectives

- Examine the customer's choice of digital modes for payments
- Determine the elements that affect the acceptance of digital payment
- Evaluate the degree of customer satisfaction
- Determine the problems associated with digital payments

Hypothesis

H0: There is no statistically significant correlation between customer preference and the influencing factors.

H1: There is a statistically significant correlation between customer preference and the influencing factors.

2. LITERATURE REVIEW

Previous studies have extensively examined the adoption and usage of digital payment systems.

Author/Year - Major Findings

Singh (2017) - There was a rapid increase in the adoption of digital payments after demonetization.

Sharma (2018) - Ease of use and security concerns were found to be the key factors influencing adoption.

Gupta (2019) - UPI improved transaction efficiency and customer convenience.

Verma (2020) - The coronavirus crisis accelerated the adoption of digital payments.

Khan (2022) - Security fears remain a constant challenge.

Banerjee and Pradhan (2022) - observed that demographic factors such as age, income, and education impact digital payment usage.

Gupta and Prusty (2023) - highlighted that digital literacy and consumer awareness increase adoption of e-payment systems.

Hasan et al. (2024) - found that perceived usefulness, trust, and ease of use significantly influence digital payment adoption.

Srivastava et al. (2024) - concluded that younger users adopt digital payments due to technological familiarity and social influence.



Vishwakarma et al. (2024) - stated that lack of awareness and infrastructure remain key barriers, especially in rural areas.

The literature says that people like to use payment when it is easy, safe and simple to use. Digital payment is liked by customers when it has convenience, security and usability these are the things that customers look for in digital payment, like UPI, which is a digital payment method that is easy to use and safe.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study is going to look at how people like to use payment systems. We want to see what people do when they use these systems and what they like about them. We are using a research plan that looks at what is already happening. This plan is a choice because we just want to watch and understand what people are doing. We do not want to change anything. We want to know how people use digital payment systems and what makes them like one system more, than another. We are talking about payment systems, and we want to understand digital payment systems.

3.2 Data Type

This study uses a mix of Primary and secondary data to get a complete picture.

Primary Data:

We got data straight from the people we asked through a set of questions that we prepared. This data gives us an idea of what customers think and feel about digital payment systems.

Secondary Data:

We found data in trustworthy places like research papers, government reports and records from banks and other financial institutions as well as online libraries. This data helps us understand the theory, behind the study and gives us some background to work with.

3.3 Data Sources

I have gathered data for this study from different places to make sure it is reliable and accurate:

- Survey answers from questionnaires
- Research articles and academic journals that have been published
- Reports from the Reserve Bank of India and other financial institutions
- Government publications about payments and including more people, in finance
- Online resources and industry reports

Using these various sources helps us get a complete picture of how people are adopting digital payments and what they prefer.

3.4 Sample Size

Our study uses a sample of 150 people from cities and towns. We picked individuals from age groups, jobs and income levels to get a mix of opinions.

We think our sample size is good enough to spot trends in what customers like. Still, we know that a bigger sample would give us reliable results.



3.5 Sampling Method

The study uses a convenience sampling method. This means the people who take part in the study are chosen because they are easy to reach and willing to participate. Lots of research uses this method because it is simple and saves time.

Using convenience sampling is good for getting data. It has a problem. The people in the study might not be, like everyone. So, when we look at the results of the convenience sampling method we have to remember that the convenience sampling method has limits. We have to be careful when we think about what the results of the convenience sampling method mean.

3.6 Variables Used

This study looks at the things that affect what customers like. It thinks about the things that are affected and the things that do the affecting.

We want to know what customers like about payment methods. This is what we call the Customer preference towards payment methods.

Then there are the things that affect what customers like. These are called the Independent Variables. They are:

- Convenience
- Security
- Ease of use
- Rewards and incentives
- Frequency of usage

We picked these variables because they are important for people to start using and keep using payment systems. The Customer preference, towards payment methods is what we are trying to understand. We think that Convenience and Security and Ease of use and Rewards and incentives and Frequency of usage all play a role in this.

4. DATA ANALYSIS & INTERPRETATION

4.1 Age-wise Distribution

- 18–25: 40%
- 26–35: 32%
- 36–45: 16%
- 46+: 12%

Interpretation:

When we look at the data we can see that most digital payment users are people.

The age group of 18 to 25 years old makes up forty percent of payment users.

This tells us that younger people are more comfortable using technology like digital payments.

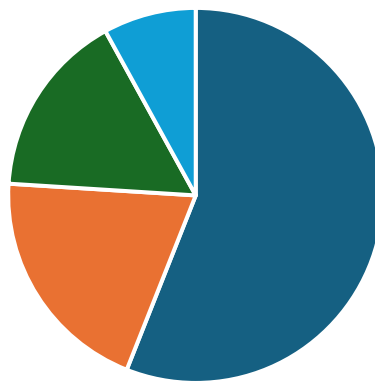
Younger people are the majority of payment users, which says a lot about how easily they adapt to new technology, like digital payments.



4.2 Preferred Payment Method

Method	Percentage
UPI	56%
Mobile Wallet	20%
Debit/Credit Card	16%
Internet Banking	8%

Percentage



■ UPI ■ Mobile Wallet ■ Debit/Credit Card ■ Internet Banking

Interpretation:

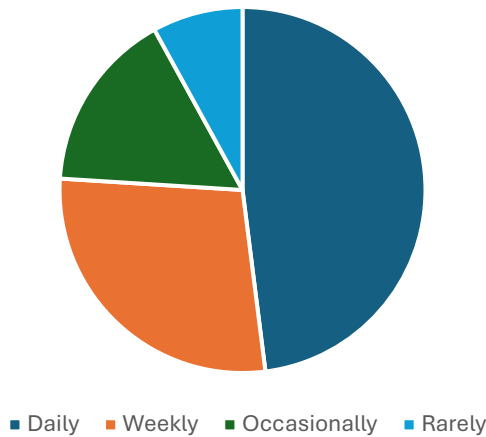
When we look at the numbers UPI is the payment method that people like to use the most. This is because UPI is easy to use and it is very fast. Also, UPI is easy to access. So UPI is the number one payment method that people prefer to use when they are making payments. The fact that UPI is the preferred payment method shows that it is very important in the world of digital payments. People really, like using UPI to make payments.

4.3 Frequency of Usage

Frequency	Percentage
Daily	48%
Weekly	28%
Occasionally	16%
Rarely	8%



Percentage



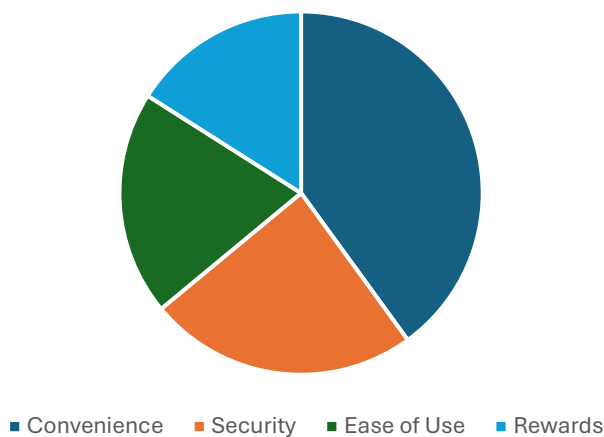
Interpretation:

When we look at digital payments we see that a lot of people use them every day. This shows that digital payments are a part of our daily financial activities. People use payments daily which is around forty eight percent of the time. Digital payments are used by people on a basis, for digital payments, which is a pretty big deal.

4.4 Factors Influencing Usage

Factor	Percentage
Convenience	40%
Security	24%
Ease of Use	20%
Rewards	16%

Percentage



Interpretation:

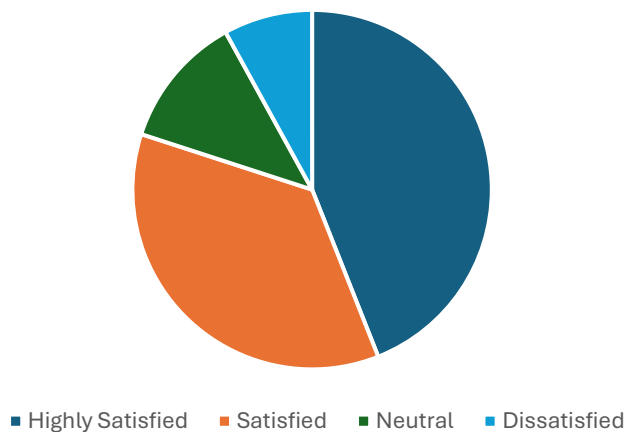
Convenience is identified as the primary factor influencing digital payment adoption, followed by security and ease of use.



4.5 Satisfaction Level

Level	Percentage
Highly Satisfied	44%
Satisfied	36%
Neutral	12%
Dissatisfied	8%

Percentage



Interpretation:

Most people are happy with payment systems. They say it is good. 44 Percent of people are highly satisfied and 36 percent are satisfied. There are some people who do not care either way that is 12 percent. 8 Percent of people are not happy. Digital payment systems seem to be working for most users. People like using payment systems. The numbers show that most respondents are satisfied with payment systems. They have an experience with digital payment systems. Most users are happy, with how digital payment systems work.

Findings Summary

- The Universal Payment Interface is what people like to use the most when it comes to payments.
- The Universal Payment Interface is very popular among people.
- What makes the Universal Payment Interface so popular is that it is very easy to use.
- Most people who use the Universal Payment Interface are happy with it.
- However people are still worried, about the safety of the Universal Payment Interface.

5. CONCLUSION

The study reveals that digital payment systems are crucial parts of financial transactions in today's world. Smartphones and internet facilities have helped in making the use of digital payments very common. Digital payment methods like UPI are used widely because of their convenience.

But some difficulties such as problems with cybersecurity and technical issues, along with poor awareness, are creating problems. Overcoming these problems through better security and awareness will improve digital payments.



6. LIMITATIONS OF THE STUDY

- This research study was conducted using a sample size of 150 participants
- Geographically, the study was confined to urban and semi-urban regions
- Convenience sampling might result in biased responses
- Subjective perceptions form the basis of the study

7. FUTURE SCOPE OF THE RESEARCH

- Inclusion of a wider range of sample population
- Study conducted in rural areas and underprivileged sections
- Impact of new technological innovations such as blockchain technology
- Comparison study among various regions

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