

Cashless Convenience: Exploring Young India's Satisfaction with Digital Payment

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Abstract

India has witnessed a remarkable surge in the adoption of digital payments, particularly amongst youngsters. Digital payments involve conducting financial transactions electronically using internet-based platforms. This shift from traditional cash-based transactions to cashless alternatives in India has been driven by various factors, including demonetization, government initiatives like the “Digital India” campaign, the increasing penetration of smartphones and internet connectivity, and the convenience and security offered by digital payment platforms. While the benefits of digital payments are undeniable, understanding the level of satisfaction among young users is crucial for ensuring the continued growth and success of this ecosystem. This research delves into the consumer satisfaction of youngsters in India regarding digital payment options. It aims to explore the factors influencing their satisfaction, identify any potential challenges they face, and provide insights into how digital payment providers can further enhance their services to better cater to this demographic.

Keywords: Digital Payments, Customer Satisfaction, Digital India

Introduction

India, a nation traditionally reliant on cash transactions, is witnessing a remarkable transformation towards a cashless society. This shift is largely driven by the surge in digital payments, particularly among youngsters who readily embrace technological advancements. Digital payments (also known as electronic payments) are transactions that take place via digital or online modes, with no physical exchange of money involved.

In the ever-evolving landscape of financial transactions, the realm of digital payments has emerged as a transformative force, particularly among young adults in India. The fusion of technology and finance has revolutionized the way individuals conduct monetary transactions, offering convenience, security, and efficiency like never before.



Figure 1 Digital Payments in India

The rise of digital payments isn't just about replacing cash for everyday transactions. It is also intricately linked to the booming online economy in India.

According to Statista, the global digital payments market is projected to reach a total transaction value of US\$11.55 trillion in 2024, with an anticipated annual growth rate (CAGR 2024-2028) of 9.52%. Looking at India, the digital payments market is projected to more than triple from \$3 trillion to \$10 trillion by 2026.

Table 1 No. of Digital Payment Transactions During the Last Six Years and Current FY

Financial Year	Volume (in crore)
2017-18	2,071
2018-19	3,134
2019-20	4,572
2020-21	5,554
2021-22	8,839
2022-23	13,462
2023-24 (Till 11th Dec)	11,660

Source: Reserve Bank of India (RBI), National Payments Corporation of India (NPCI) & DIGIDHAN Portal

The total digital payment transactions volume in India increased from 2,071 crore in FY 2017-18 to 13,462 crore in FY 2022-23 at a CAGR of 45%. During the current FY 2023-24, digital payments transactions have reached 11,660 crores till 11.12.2023.

The digital payments ecosystem in India is a complex and dynamic landscape, supported by a robust infrastructure and diverse payment options.

The Digital Payment Revolution in India is a Confluence of Several Factors

- **Smartphone penetration:** The widespread availability of smartphones and reliable internet connectivity has created the perfect breeding ground for mobile-based payment solutions.
- **Government initiatives:** The Digital India campaign actively promotes cashless transactions, further accelerating the shift towards digital payments.
- **Youngsters' tech-savviness:** Young adults, with their inherent comfort with technology and openness to new experiences, have been quick to adapt to these changes.
- **Increased disposable income:** As the Indian economy grows, young people have more disposable income to spend, making them frequent users of online shopping and other digital services that heavily rely on digital payments.
- **Growing online presence:** With the increasing popularity of online shopping, food delivery, and other digital services, young people find digital payments indispensable for seamless transactions.
- **Social media influence:** Social media platforms often promote the use of digital payments, creating a sense of trendiness and peer pressure that further incentivizes adoption among young users.
- **FinTech innovation:** The rise of FinTech companies has introduced innovative solutions, offering users diverse and user-friendly options from mobile wallets to peer-to-peer lending platforms.
- **Government support:** Initiatives like Digital India Campaign, RuPay, a domestic alternative to international card networks, and PMJDY, aimed at financial inclusion, have further supported the growth of digital payments.

Key Modes of Digital Payment Transactions Facilitated by the National Payments Corporation of India (Npci), Reserve Bank of India (Rbi) and Banks Include

- Bharat Interface for Money-Unified Payments Interface (BHIM-UPI): This has emerged as the most popular mode of digital payment among the Indian population, offering a convenient and secure method for instant fund transfers between bank accounts.
- Immediate Payment Service (IMPS): This service facilitates real-time interbank electronic fund transfers, providing an efficient solution for urgent payments.
- Pre-paid payment instruments (PPIs): These instruments, commonly known as mobile wallets, allow users to store and manage funds electronically, enabling cashless transactions at various merchants.
- National Electronic Toll Collection (NETC) system: This system facilitates seamless electronic toll payments on national highways, enhancing the convenience of long-distance travel.

Youngsters, who are often more tech-savvy and early adopters of new technologies, have embraced these changes with open arms. The convenience of being able to make payments from anywhere, at any time, has been a game-changer for this demographic. The shift towards digital payments among youngsters in India is not only a reflection of their changing preferences but also a sign of the country's growing digital economy. As more youngsters adopt digital payment methods, it is crucial to understand their satisfaction levels and identify areas for improvement to ensure a smooth and seamless transition to a cashless society.

Need for the Study

- Youngsters are a key driver of digital payment adoption in India. Thus, understanding their preferences and satisfaction levels is crucial for the sustainable growth of the cashless economy.
- Identifying areas for improvement can help digital payment platforms enhance their user experience and address any specific concerns or challenges faced by young users.
- Also, this study can contribute to informing policy decisions and initiatives aimed at promoting wider adoption and responsible use of digital payments among young people.

Objectives for the Study

- To explore the relationship between demographic characteristics and satisfaction levels with digital payment services among youngsters.
- Identify the most preferred digital payment platforms and applications.
- To measure the level of satisfaction of youngsters with digital payments

Review of Literature

Ayush Tyagi, Anam Kan (2023) in the research study discuss the impact of digital payment technologies on customer satisfaction in India. It explores variables affecting Indian consumers' satisfaction with specific platforms like Paytm, PhonePe, and Google Pay. It finds that these platforms are generally well-received, with a majority of users being young and frequent users. While Paytm is perceived as the most secure, Google Pay is rated highest in user experience. Transaction failure and security concerns are the top challenges users face. The study aims to enhance understanding, guide service providers, and inform policymakers to promote financial inclusion and improve digital payment services.

Saurabh V. Singh, Pratik Suthar, and Dr. Aashka Thakkar (2023) in the research article investigates consumer satisfaction and perceptions related to digital payment adoption in India. With the exponential growth of digital payment methods driven by mobile phone usage and government initiatives like Digital India, understanding consumer views becomes crucial. The

study collected primary data from 120 respondents in Gujarat using a structured questionnaire. It explores factors influencing satisfaction, demographic parameters, and the impact of education on digital payment usage.

Mrs M. Banurekha and Mr. R. Pragadeesweran (2023) in the research study discusses the factors influencing customer adoption of digital payments. It examines consumer satisfaction and perceptions of digital payment adoption in Coimbatore city, India. The study collected primary data from 120 respondents using a structured questionnaire. It explores factors influencing digital payment usage, payment habits, and the impact of age, usage, and income levels on satisfaction. Lastly, it was found that perceived ease of use, perceived usefulness, perceived risk, and trust are important factors influencing digital payment adoption.

Shree, S., Pratap, B., Saroy, R., et al (2021) in the study explore how factors like perception, trust, and experience with online fraud influence the payment behavior of consumers in India's digital payment system. It also considers demographic factors such as age, gender, and income. The research sheds light on the success story of India's digital payment system while acknowledging the continued usage of cash.

Sunayna Khurana, Baljinder Kaur, and Jaswinder Singh (2019) in the study investigated users' satisfaction levels with digital payment methods in Amritsar, Punjab, India. The study moves beyond adoption factors, examining users' current satisfaction levels. It also explores the influence of demographic factors (such as gender, age, education, occupation, marital status, and income) on users' satisfaction with various digital payment methods. Data collected from 163 users through a structured questionnaire were analyzed statistically. The results highlight significant effects of demographic factors on users' satisfaction.

Hypothesis for the Study

- H0: There is no difference in user interface and ease of use satisfaction ratings between genders.
- H1: There is a significant difference in user interface and ease of use satisfaction ratings between genders.
- H0: There is no association between age and satisfaction levels.
- H1: There is a significant association between age and satisfaction levels.

Research Methodology

Table 2 Research Methodology

Research Design	Descriptive
Population/ Universe	Youngster in Chennai
Sample Size	35
Sampling Technique	Convenience
Project Approach	Survey Method
Instrument Used	Structured Questionnaire
Data Type	Primary
Statistical Tools Employed	

Discussion & Analysis

Descriptive Statistics					
Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-22	11	31.4	31.4	31.4
	23-26	13	37.1	37.1	68.6
	27-30	11	31.4	31.4	100
	Total	35	100	100	
Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	18	51.4	51.4	51.4
	Male	17	48.6	48.6	100
	Total	35	100	100	
Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School	3	8.6	8.6	8.6
	Undergraduate	21	60	60	68.6
	Postgraduate	11	31.4	31.4	100
	Total	35	100	100	
Occupation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	13	37.1	37.1	37.1
	Employed	19	54.3	54.3	91.4
	Unemployed	3	8.6	8.6	100
	Total	35	100	100	

The descriptive statistics for age, gender, education, and occupation among the surveyed individuals are presented in Table 3 and the following can be interpreted from Table 3

Age: The respondents were categorized into three age groups. The majority of respondents fell into the age range of 23-26 years (37.1%), followed by the age range of 18-22 years (31.4%), and 27-30 years (31.4%). **Gender:** The respondents were divided into two categories based on gender. The analysis revealed that 51.4% of the respondents identified as female, while 48.6% identified as male. **Education:** Respondents' education levels were divided into three categories. The highest proportion of respondents were undergraduates (60%), followed by postgraduates (31.4%), and individuals with a high school education (8.6%). **Occupation:** Respondents' occupations were classified into three categories. The majority of respondents were employed (54.3%), followed by students (37.1%), and unemployed individuals (8.6%).

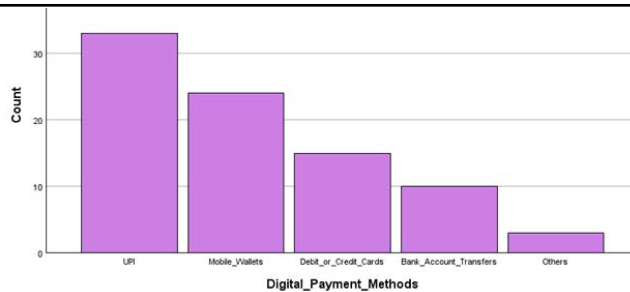


Figure 2 Simple Bar Chart for the Most Preferred Digital Payment Platform

Based on the results of the SPSS analysis, it was found that among the respondents, the most frequently used digital payment method was Unified Payments Interface (UPI), accounting for 38.8% of the responses. Following UPI, Mobile Wallets were the next most commonly used method, representing 28.2% of the responses. Bank Account Transfers were utilized by 11.8% of the respondents, while Debit or Credit Cards were used by 17.6% of them. Other digital payment methods, which were specified by the respondents, accounted for 3.5% of the responses. Overall, it is evident that UPI is the predominant digital payment method among the surveyed youngsters in India, with Mobile Wallets being the next popular choice.

Table 4 ANOVA Test

ANOVA					
User_Interface_and_ease_of_use by Gender					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.6	1	1.6	3.2	0.08
Within Groups	13.733	33	0.416		
Total	15.333	34			

A one-way analysis of variance (ANOVA) was conducted to assess the relationship between gender and satisfaction ratings for user interface and ease of use (Table 4). The results revealed a marginally significant difference in satisfaction ratings between genders, $F(1, 33) = 3.200$, $p = 0.080$. Thus, the null hypothesis, which stated no difference in satisfaction ratings between genders, was not entirely supported.

Table 5 CHI-Square Test

Chi-Square Test of Independence				
Satisfaction Levels				
Age	Highly Satisfied	Satisfied	Neutral	Dissatisfied
18-22	10	10	5	5
23-26	11	12	6	7
27-30	10	11	7	6
	Value	df	Asymp.Sig (2-sided)	
Chi-Square	2.482	6	0.863	

A chi-square test of independence was conducted to examine the association between age and satisfaction levels. The results revealed no significant association between age and satisfaction levels, $\chi^2(6) = 2.482$, $p = 0.863$. Thus, the null hypothesis, which stated no association between age and satisfaction levels, was supported.

The chi-square test results show that there is no significant association between age and satisfaction levels, as indicated by the chi-square statistic ($\chi^2(6) = 2.482$, $p = 0.863$).

For Young Adults in India, the Appeal of Digital Payments Goes Far Beyond Mere Convenience. Some Other Key Factors Contributing to its Widespread Adoption According to this Study

- Simplicity and ease of use: Digital wallets and UPI platforms offer an intuitive and user-friendly experience, making it easier than ever to make and receive payments.
- Enhanced security: Concerns about carrying cash and the risk of theft are significantly reduced with digital payments. Secure transaction methods and multi-factor authentication provide peace of mind for young users.
- Reward programs and cashback offers: Many digital payment platforms offer attractive incentives like cashback and reward points, making them a financially rewarding choice for young adults.
- Integration with everyday life: From online shopping and bill payments to peer-to-peer transfers, digital payments seamlessly integrate into various aspects of young adults' daily lives.

Research Gap

- With only 30 respondents, the findings cannot be confidently generalized to the entire young Indian population.
- The research solely focuses on young individuals, neglecting the potential usage and satisfaction levels of other age demographics.
- While the research aims to identify preferred platforms, it doesn't explore the reasons behind those choices.

Conclusion

As India continues its digital transformation journey, the future of digital payments appears promising. Digital payments act as the bridge, enabling them to participate in the digital economy and enjoy the convenience of online services without any hassle. With continuous improvements in technology, infrastructure, and financial literacy initiatives, we can expect even greater adoption and satisfaction among young adults. While convenience is a major driver, security remains a crucial concern for any payment method. However, young adults in India are increasingly showing trust in the security features of digital wallets and UPI platforms.

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