

## UNDERSTANDING CONSUMER CONFIDENCE AND ATTITUDES TOWARDS DIGITAL PAYMENTS IN INDIANS

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### ABSTRACT

*The emergence of digital payments has changed how financial transactions are conducted and affected consumer attitudes, confidence, and behavior. This study investigates the complex relationships between customer attitudes and perceptions of digital payment systems. It explores the elements that influence consumer confidence, such as convenience, security, accessibility, and faith in online payment systems. With the use of both qualitative and quantitative research methods, this study attempts to analyze the complex subtleties of consumer behaviours regarding digital payments. It investigates how customers accept and embrace digital payment methods in relation to socioeconomic issues, legal frameworks, and technological breakthroughs. This study aims to reveal the reasons, worries, and preferences of customers when they trade digitally through surveys, interviews, and data analysis. Furthermore, it seeks to identify barriers inhibiting broader acceptance and strategies to enhance consumer trust and confidence in digital payment.*

**Keywords:** Digital Payment, Security, Financial Institutions, Consumer Behavior & Trust.

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### Introduction

Financial transactions are entering a revolutionary period as a result of the digital revolution, with digital payments becoming a vital component of contemporary economies. People's interactions with financial services have been reshaped by the ever-changing technological landscape, leading to a notable transition from payments in cash to digital ones. An extensive investigation of customer confidence and attitudes around digital payments is required in light of this revolutionary shift.

It is becoming more and more important to comprehend the elements that shape consumer views as societies accept the efficiency and convenience that digital payment methods provide. Convenience, security, and trust are the cornerstones of consumer confidence, which is what drives the uptake and ongoing use of digital payment platforms. This study aims to explore the complex network of psychological, sociological, and technological factors that underpin consumer behavior in the digital payment ecosystem.

The present study aims to investigate two key aspects of this technological revolution: firstly, the present state of consumer confidence in digital payments; and secondly, the attitudes that consumers hold regarding these developing financial technologies. Using a mixed-methods approach that combines qualitative interviews with quantitative surveys, this study aims to offer a comprehensive understanding of the complex interactions that occur between digital payment systems and their users.

The knowledge gained from this study is important not just for corporations, financial institutions, and regulators, but it also has wider ramifications for how technology is used in modern society. Untangling

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the nuances of consumer confidence and attitudes toward digital payments becomes not only a scholarly endeavour but also a crucial necessity for guiding the course of financial evolution in the twenty-first century as we navigate the complexities of an increasingly digitalized and interconnected world.

#### Literature Review

Shree, S., Pratap, B., Saroy, R., & Dhal, S. (2021) in their research on “Digital payments and consumer experience in India: a survey based empirical study” revealed that the degree to which past experience with online fraud deters usage of digital payments varies with the purpose of the transaction.

Ranjith, P. V., Kulkarni, S., & Varma, A. J. (2021) in their study on “A literature study of consumer perception towards digital payment mode in India” suggested that banking industry, mobile wallet companies, governments and companies must work together to make digital payment more accessible and thereby more successful.

Lohana, S., & Roy, D. (2023) in their research topic on “Impact of demographic factors on consumer’s usage of digital payments” advocated that the banks and other financial institution should contemplate the three demographic factors of each consumer while providing service, as each customer has individual needs and preference according to his/her demographic characteristics.

Kavitha, K., & Kannan, D. D. (2020) in their study on “Factors influencing consumers' attitude towards mobile payment applications” explained the factors that impact the attitude of the consumers towards mobile payment applications.

Pal, A., Herath, T., & Rao, H. R. (2021) in their research topic on “Why do people use mobile payment technologies and why would they continue? An examination and implications from India” examined the various positive and negative attributes of mobile payments, through an understanding of its affordances and constraints.

#### Research Objectives

- To explore and evaluate the existing levels of consumer confidence in digital payment systems, considering factors such as perceived security, reliability, and overall trustworthiness.
- To investigate the psychological, sociological, and technological factors that contribute to the adoption of digital payment methods.
- To uncover and analyze the perceived barriers and concerns that inhibit individuals from fully embracing digital payments.
- To provide recommendations for enhancing confidence.

#### Scope of this Study

The study will involve a sample of educated people aiming to provide a representative picture of their cashless payment behavior. The sample may include participants from 30-50 age groups, different income levels and geographical regions.

The study aims to provide practical implications and recommendations for enhancing confidence and attitude towards digital payment.

#### Research Methodology

An analytical and descriptive approach is adopted to assess a picture of their cashless payment behavior. The survey will be administered through questionnaires to collect quantitative data.

Total of 200 people were surveyed from 30-50 age groups, different income levels and geographical regions. The survey used to be conducted through a questionnaire. Close-ended questions were used in the questionnaire to measure respondents' views.

#### Data Analysis and Interpretation

The survey results provide a rich tapestry of insights into consumer attitudes and confidence levels regarding digital payments. The varied adoption patterns suggest a diverse user base with distinct preferences, emphasizing the importance of tailored approaches to cater to different segments.

**Table 1: Digital Payment Modes used by Respondents**

Digital Payment Modes	Respondents (out of 200)	Percentage
Credit/Debit Cards	80	40%
Online Bank Transfers	60	30%
Mobile Wallets (e.g. PTM, Apple Pay, Google Pay)	190	95%
Peer-to-peer payment apps (e.g., Venmo, PayPal)	5	2.5 %

Table 1 (Digital Payment Modes)

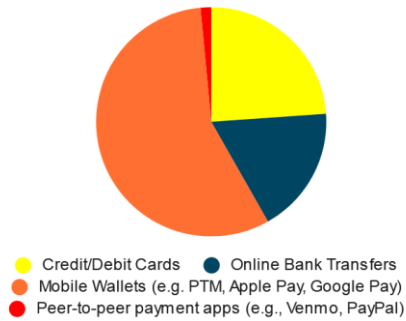


Table 2

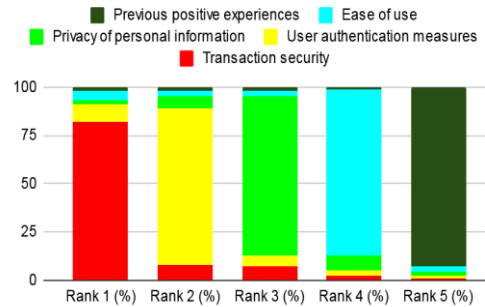


Table 1 reveals a diverse landscape of digital payment method adoption. Traditional methods like credit/debit cards and online bank transfers continue to dominate, while newer forms such as mobile wallets apps are gaining attraction. Peer-to-peer payment apps while showing interest are still in the early stages of widespread adoption. This diversity suggests that users are open to a range of digital payment options with preferences influenced by factors such as convenience, security, and technological familiarity.

Table 2: Factors Contribute Most to Respondents' Confidence in using Digital Payments (Rank in order of importance, with 1 being the most important and 5 being the least)

Factors	Rank 1 (%)	Rank 2 (%)	Rank 3 (%)	Rank 4 (%)	Rank 5 (%)
Transaction security	82	8	7	2	1
User authentication measures	9	81	6	3	1
Privacy of personal information	2	6	82	8	2
Ease of use	5	3	3	86	3
Previous positive experiences	2	2	2	1	93

Table 2 reveals a clear hierarchy of factors influencing user confidence in digital payments. Transaction security and user authentication are paramount, emphasizing the need for robust security measures in digital payment systems to instill and maintain user trust.

The prominent concern for security underscores the critical role it plays in shaping user confidence, indicating a need for continuous innovations in advanced security measures to address apprehensions. The interpretation suggests that users prefer making only a limited number of digital payment sources to avoid potential confusion and enhance security. recommended that government authorities institute a certification process for digital payment companies. This certification would serve as an official endorsement, indicating that a particular digital payment platform adheres to robust safety and security standards established by regulatory bodies. By issuing such certificates, the government can provide consumers with a clear and reliable indicator of the safety measures implemented by digital payment providers. This initiative would not only bolster consumer confidence but also create a benchmark for industry-wide best practices. The certification process should involve rigorous evaluation of security protocols, data protection measures, and adherence to regulatory requirements.

**Challenges and Future Scope**

For further expansion, the digital payments industry must strategically address several issues. The most important of these issues is constant concern about security, with people voicing concerns about the protection of their personal information when transacting online. To increase user trust, it is crucial to mitigate changing cybersecurity threats and make sure that strong data protection mechanisms are in place. Additionally, barriers to wider adoption include demographics' lack of knowledge and comprehension of digital payment systems. Targeted educational efforts are required to close this knowledge gap and encourage a better awareness of the advantages and security precautions of digital payments.

Digital payments have a bright future ahead of them, full with opportunities for growth and innovation. Blockchain technology and other advanced security technologies, including biometric authentication, have the potential to completely change the expectations for digital transaction safety.

Financial inclusion initiatives will be essential in removing technological obstacles and expanding the usage of digital payment instruments to underprivileged communities. A seamless and practical digital payment environment will be facilitated by the development of novel payment technologies, such as contactless payments and integrated financial apps.

Furthermore, the development of transparent and flexible regulatory frameworks is essential to the establishment of a safe and orderly digital payment ecosystem. Future developments will be fueled by cooperative efforts among financial institutions, technology suppliers, and regulatory agencies. This will result in integrated solutions that fully solve problems and improve the whole digital payment experience. By overcoming these obstacles and seizing new chances, the digital payments sector is well-positioned to significantly influence how financial transactions are conducted in the future by providing safe, convenient, and extensively used digital payment solutions.

### **Conclusion and Suggestions**

In conclusion, our comprehensive survey results about consumer trust in digital payments offer a detailed picture of the situation as it is today and provide insight into the opinions of users in this quickly changing financial sector. The survey showcased diverse adoption patterns among respondents, emphasizing the necessity for tailored strategies that resonate with varying user preferences. Security emerged as a paramount concern, underscoring the imperative for continual investment in robust security measures to assuage user apprehensions. Trust in institutions providing digital payment services was identified as a pivotal factor influencing user confidence, emphasizing the importance of transparent communication and reliable service provision. It was made clear that focused efforts in education and awareness were required by perceived obstacles and worries, which ranged from information gaps to security fears. Positive user experiences, characterized by user-friendly interfaces and responsive customer support were identified as key drivers for building and maintaining confidence. Although there is scope for development in the digital payment landscape, despite the wide range of satisfaction levels, attention must be paid to user feedback and keeping up with emerging trends. In the end, these insights offer a strong basis for strategic decision-making, enabling stakeholders to overcome obstacles, seize chances, and work together to create a future in which digital payments are widely recognized as a symbol of security, reliability, and easy integration into regular financial transactions.

### **Recommendations for Enhancing Confidence and Attitude**

- **Robust Security Measures**  
To keep ahead of new threats, security processes should be updated and improved on a regular basis. Inform users of the security measures put in place to give them trust in the digital payment system.
- **Transparent Communication**  
Provide clear and transparent information about how user data is collected, stored, and used. Communicate security measures and updates to users in a simple and understandable manner.
- **User-Friendly Interface Design**  
Prioritize intuitive and user-friendly interface design to enhance the overall user experience. Conduct usability testing to identify and address any pain points in the digital payment process.
- **Continuous User Education**  
Develop educational campaigns to raise awareness about the benefits and safety of digital payments. Address common misconceptions and concerns through informative content.
- **Enhanced Customer Support**  
Establish responsive customer support channels to address user queries and concerns promptly. Implement real-time assistance through chat support and helplines for immediate problem resolution.
- **Incentivize Safe Practices**  
Introduce loyalty programs or rewards for users who consistently practice secure digital payment behaviors. Encourage users to enable multi-factor authentication and other security features through incentives.
- **Collaboration with Regulatory Bodies**  
Collaborate on initiatives to enhance consumer protection measures in the digital payment space. Engage in transparent communication with regulators to build a foundation of trust.

- **Investment in Advanced Technologies**

Explore and invest in emerging technologies such as biometric authentication and blockchain for heightened security. Communicate to users how these advanced technologies contribute to a safer digital payment environment.

- **Cross-Industry Collaboration**

Foster collaboration with other industries, such as cybersecurity and fintech, to share best practices.

- **Regular User Feedback Surveys**

Conduct regular surveys to gather user feedback on their digital payment experiences. Use feedback to identify areas for improvement and address any emerging concerns.

By implementing these recommendations, digital payment providers can enhance user confidence, mitigate concerns, and foster a positive attitude towards digital payments, contributing to the continued growth and adoption of secure and convenient digital financial transactions.

- **Implementation of E-Rupees**

The implementation of E-Rupees can become a transformative step towards a more inclusive, secure, and technologically advanced financial landscape.

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