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"A STUDY ON IMPACT OF DIGITAL PAYMENTS ON CONSUMER BEHAVIOUR WITH SPECIAL REFERENCE TO TIRUCHIRAPPALLI CITY"

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ABSTRACT:

Consumer behaviour is the study of how people choose which goods and services to purchase with their available resources, including money, time, and effort. It involves knowing what customers buy, why they buy it, when they buy it, and how frequently they buy it. This field looks at how consumer decisions are influenced by both internal (motivation, perception, learning, personality, and attitudes) and external (culture, social influence, family, and marketing activities) factors.

The main objective of this paper is to study the impact of Digital Payments on Consumer Behaviour with special reference to Tiruchirappalli city . A descriptive research was used for the study. The sample size is calculated using a 95% confidence interval. The population proportion is anticipated to be 50% of the actual result with a 5% margin of error. The outcome of the calculation is 385. I used 1/4th of the final results for the current study that is 96. Questionnaire was pilot-tested on a sample of 10 to ensure the validity of the survey instrument.

Questionnaire was used to collect primary data. Likert five point scaling was given to customers for evaluating their Satisfaction towards Talent Management Practices adopted in the institution. IBM SPSS Statistic version 20.0 was used for this analysis and the following tools were administered 1) Reliability Test 2) Factor Analysis and 3) Multiple Regression.

KEYWORDS: *Consumer Behaviour, Digital payments, cashless economy, Trust and security, Internet banking, User experience.*

INTRODUCTION

Consumer behavior is the study of how people choose which goods and services to purchase with their available resources, including money, time, and effort. It entails knowing what customers buy, why they buy it, when they buy it, and how frequently they buy it.

The quick development of digital technology has changed how consumers buy products and services. The emergence of digital payment methods like UPI, contactless cards, mobile wallets, and internet banking is among the biggest shifts. Compared to conventional cash-based systems, these payment methods have made transactions quicker, safer, and more convenient.

Digital payments are having a significant impact on consumer behavior as they proliferate. Consumers today are more inclined to shop online, prefer simple, fast transactions, and have more faith in digital platforms. Because digital payments are so simple to use, consumers are more likely to make impulsive purchases, spend more frequently, and choose different brands or retailers.

NATURE & CHARACTERISTICS OF CONSUMER BEHAVIOUR:

1. **Complex Process:**
   Multiple factors influence buying decisions (motivation, perception, culture, etc.).
2. **Dynamic:**
   Consumer behaviour keeps changing due to trends, income levels, technology, and lifestyle shifts.
3. **Goal-Oriented:**
   Consumers buy products to satisfy specific needs or wants.
4. **Varies from person to person:**
   Every consumer reacts differently to price, brand, product design, and promotions.
5. **Influenced by both internal & external factors**:
   Personal and psychological factors work along with social influences.
6. **Involves decision-making:**
   Consumers go through stages like need recognition, information search, evaluation, purchase, and post-purchase behaviour.

Factors Influencing Consumer Behaviour:

A. Psychological Factors
B. Personal Factors
C. Social Factors
D. Cultural Factors

LITERATURE REVIEW:

Harish Kumar and Rajni Sofat (2023) ,With the increasing popularity of the internet, the market is now flooded with internet-based services; one of the most important amongst all, is digital payment. By investigating the direct and mediated impacts of behavioral intention, the study investigates the function of performance expectancy, awareness and availability of digital payment in consumer behavior. Surveys were used to collect data from Uttarakhand, a Himalayan state in India, to investigate digital payment behavior. SmartPLS-3 was used to test the hypotheses. The findings for the total sample demonstrated that customer behavior was favorably and significantly influenced by performance expectancy, digital payment awareness and availability. The data also demonstrated full mediation between performance expectancy, digital payment awareness and availability and consumer behavior by behavioral intention. The findings of this study may be useful for Fin-Tech companies, banking institutions, payment gateways, and governments to create and design user friendly technological innovations, policy guidelines and framework to boost digital payments.

Yanxi Zhou (2024) , The changes in payment methods in the e-commerce environment also have an impact on consumer behavior. Therefore, the study investigates the impact of payment methods on consumer behavior in the e-commerce environment. The impact of e-commerce mainly includes factors such as social environment, service methods, and consumer psychology. Payment types include online bank card payment, electronic cash, electronic check, third-party payment platform and mobile payment. The impact of payment methods on consumer behavior from four aspects: purchase decision, purchase intention, consumption motivation, and consumption habits, was analyzed. The example analysis results show that the proportion of consumers choosing electronic payment methods reaches 90%, indicating that electronic payment methods have changed consumers' purchasing decisions.

d Ruhul Amin (2025) , The influence of digital payment methods on consumer behavior was examined in this thesis in Helsinki, Espoo, and Vantaa, three of Finland's most technologically sophisticated and urbanized cities In order to investigate how customer preferences, trust, and behavioral intentions change in reaction to technology improvements in financial services, the study concentrated on three primary digital payment methods: online transactions, contactless card payments, and Mobile Pay .

CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES:-

OBJECTIVES OF THE STUDY:

- To analyze the relationship between the use of digital payments and changes in consumer purchasing frequency and value.
- To assess the level of consumer awareness and trust in various digital payment platforms.
- To evaluate how digital payment systems affect consumer loyalty and satisfaction.
- To identify key factors influencing consumers' adoption of digital payment methods

HYPOTHESES

1. There is no relationship between overall satisfaction and its various components of impact of Digital Payments on Consumer behavior.
2. There is a relationship between overall satisfaction and its various components of impact of Digital Payments on Consumer behavior.

MATERIALS AND METHODS

Descriptive research was used in the study since it involved survey to describe the state affairs as it at present. Descriptive research is essentially at fact finding approach related largely with presenting and abstracting generalization by cross sectional study of this situation. The source of data is Primary Data. Conducting research study where in Impact of Digital Payments on Consumer Behavior at Trichy were given questionnaire type survey to collect primary data because of its extreme flexibility. A pilot study was conducted initially to know about the respondents, a sample size of 10 was given and the study was made.

SAMPLE SIZE

The sample size is calculated using a 95% confidence interval. The population proportion is anticipated to be 50% of the actual result with a 5% margin of error. The outcome of the calculation is 385. I used 1/4th of the final results for the current study that is 96. Questionnaire was pilot-tested on a sample of 10 to ensure the validity of the survey instrument.

SAMPLING TECHNIQUE:

Convenience sampling was used. Preliminary collection of data was selected based on convenience sampling.

STATISTICAL TOOL

IBM SPSS Statistic version 20.0 was used for analysis. Cronbach's alpha test was used for checking the reliability of the data which is collected. Kaiser-Meyer-Olkin test for sampling adequacy and Barlett's test for sphericity is done. Factor analysis is done to identify the dimensions that act as base for several variables which were collected. There may be one or more factors based on the nature of study and total variables included in the study. Varimax rotation is used in factor analysis in order to produce factors that are characterized by large loading on relatively few variables. Multiple regressions are used in analysis since there are more independent variables and one dependent variable. Descriptive study is chosen for research design. This includes literature survey and primary data

collection using questionnaire based on the literature review. Data were collected on the basis of Convenience sampling. 150 respondents were given questionnaire and 134 were found to be fully usable for analysis. The questionnaire had questions based on various components of talent management and likert 5 scale rating was given for customers to rate their experience towards talent management.

STATISTICAL TOOLS USED

Using IBM SPSS Statistic version 20.0 the following tools were administered in this study 1) Reliability Test 2) Factor Analysis and 3) Multiple Regression.

1. Reliability Test:

To check the reliability and consistency of the data, reliability test has been made and the obtained coefficient alpha value (Cronbach's alpha) was 0.877, and data has satisfactory reliability. Cronbach's alpha value above 0.5 can be used as a reasonable value for reliability.

TABLE :- 1

Reliability Statistics	
Cronbach's Alpha	No. of Items
.877	21

2. Factor Analysis:

TABLE :- 2

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.771
Bartlett's Test of Sphericity	Approx. Chi-Square	913.244
	Df	210
	Sig.	.000

INFERENCE:

KMO test is to analyze the appropriateness of factor analysis. Values between 0.5 and 1.0 show that the factor analysis is appropriate and value obtained was 0.771 which shows that the Kaiser – Meyer – Olkin measure of sampling adequacy is appropriate. Bartlett's Test of Sphericity is to examine the hypothesis by correlation of variables in Chi-Square and correlation matrix of determinants. Value obtained in Bartlett's Test of Sphericity Chi-Square is 913.244. This shows that all the statements were correlated and factor analysis is appropriate for the study.

TABLE :- 3 (Rotated Component Matrix)

Component Matrix						
	Component					
	1	2	3	4	5	6
The Digital Payments system I use is easy to Understand and operate	0.137	0.138	0.806	0.035	0.025	0.093
Security technologies make me feel safe using Digital payments	0.205	0.316	0.550	0.330	0.186	-0.149
Digital payments are processed quickly and without delays	0.249	0.535	0.346	0.180	0.086	0.144
Technical issues reduce my Trust in Digital Payments	0.098	0.131	0.430	0.084	-0.610	0.406
Digital payments platforms regularly updates their system to improve performance	0.287	0.075	-0.114	0.110	0.007	0.776
I trust that Digital payments are safe for my money and data	0.077	0.763	-0.023	0.068	0.081	0.094
I feel confident while making payment digitally	0.422	0.649	0.124	0.142	-0.138	0.024
I am concerned about risks like fraud or failed transactions	0.243	-0.215	0.497	-0.195	-0.193	-0.032
Using Digital payments makes my life more convenient	0.712	0.410	0.241	-0.003	-0.044	0.236
I use digital payments because my friends and family also use them	0.029	0.522	0.018	0.005	0.328	0.454
I feel encouraged to ues digital payments when more shops and vendors accept them	0.746	0.125	0.004	-0.012	0.173	0.390
My lifestyle and work environment motivate me to use digital payments	0.812	0.023	0.133	0.102	0.154	-0.081
People around me influence my decision to prefer digital payments over cash	0.244	0.174	0.064	-0.057	0.762	0.091
I use digital payments because of discounts, cashback, or reward offers	0.027	-0.034	0.160	0.843	0.031	0.173
I believe digital payments are cost-effective compared to cash handling	0.042	0.284	0.638	0.411	0.245	-0.092
My income level allows me to comfortably adopt digital payments methods	0.319	0.418	0.079	0.511	0.308	-0.095

Government policies and initiatives encourage me to use digital payments	0.094	0.180	-0.029	0.854	-0.098	0.047
Internet connectivity in my area supports smooth digital transactions	-0.035	0.566	0.198	0.114	0.110	0.533
Availability of smartphones encourages me to use digital payments	0.146	0.089	0.285	0.232	0.580	0.325
I find it convenient that most merchants now accept QR codes or card payments	0.633	0.204	0.289	0.317	0.089	0.251
I feel that digital payments services suit my daily financial needs effectively	0.528	0.547	0.271	0.083	0.159	-0.044

INFERENCE:

Six values address to the absolute difference clarified by each factor.

1. My lifestyle and work environment motivate me to use digital payments
2. I trust that Digital payments are safe for my money and data
3. The Digital Payments system I use is easy to Understand and operate
4. Government policies and initiatives encourage me to use digital payments
5. People around me influence my decision to prefer digital payments over cash
6. Digital payments platforms regularly updates their system to improve performance

3. MULTIPLE REGRESSION:

TABLE :- 4

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0.553[a]	0.306	0.260	.70261

a. Predictors: (Constant), Digital payments platforms regularly updates their system to improve performance, The Digital Payments system I use is easy to Understand and operate, Government policies and initiatives encourage me to use digital payments, People around me influence my decision to prefer digital payments over cash, I trust that Digital payments are safe for my money and data, My lifestyle and work environment motivate me to use digital payments

INFERENCE:

The model summary shows the R value as 0.306 and this is the percentage variation in overall satisfaction with the Talent Management Practices adopted in my institution. The R-Value should be greater than 0.5.

TABLE :- 5 (Coefficients)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.389	.665		.585	.560
	My lifestyle and work environment motivate me to use digital payments	.298	.102	.295	2.937	.004
	I trust that Digital payments are safe for my money and data	.212	.105	.196	2.023	.046
	The Digital Payments system I use is easy to Understand and operate	.200	.108	.172	1.849	.068
	Government policies and initiatives encourage me to use digital payments	.028	.075	.034	.369	.713
	People around me influence my decision to prefer digital payments over cash	.125	.088	.138	1.417	.160
	Digital payments platforms regularly updates their system to improve performance	.067	.101	.062	.667	.506

a. Dependent Variable: I feel that digital payments services suit my daily financial needs effectively

INFERENCE:

From the above table it is inferred that the value given under the column B against Constant is he a-value (0.000). To determine if one or more of the independent variables are significant predicators of overall satisfaction with the Consumer behaviour on online payment Practices adopted in my institution, we examine the information provided in the coefficient table.

Out of six independent statements 2 statements are statistically significant.The Statements are:

1. My lifestyle and work environment motivate me to use digital payments has a Beta Co-efficient (0.295) at Significant(0.004)
2. I trust that Digital payments are safe for my money and data has a Beta Co-efficient (0.196) at Significant(0.046)

FINDINGS:

1. The Cronbach's Alpha value of 0.877 indicates excellent reliability and consistency of the responses collected in the study.
2. The Kaiser-Meyer-Olkin (KMO) measure of 0.771 and Bartlett's Test significance value of 0.000 confirm that the data is suitable for factor analysis and the variables are correlated.
3. Six major factors were found to significantly influence consumer behavior towards digital payments, they are Lifestyle and work environment motivation,Trust in safety of digital payments, Ease of understanding and operation, Government policies and initiatives, Social influence (friends/family), System updates and technological performance of platforms.
4. Regression analysis revealed that two factors have a statistically significant impact on consumer behavior they are *Lifestyle and work environment* (β = 0.295, Sig = 0.004), *Trust in digital payment safety* (β = 0.196, Sig = 0.046)
5. The R Square value of 0.306 shows that about 30.6% of the variation in consumer satisfaction or behavior towards digital payments is explained by these independent variables.

SUGGESTION:-

To enhance the growth and efficiency of digital payments, it is important to increase awareness and digital literacy among consumers, especially in rural and semi-urban areas, through campaigns and training programs. Strengthening security measures such as biometric authentication and fraud alerts can build trust and confidence in using digital payment platforms. Applications should be designed to be more user-friendly and available in regional languages to ensure accessibility for all age groups. Offering attractive incentives like cashback, discounts, and reward points can further encourage consumers to adopt digital payments. Reliable internet connectivity and reduced transaction failures are also essential for a smooth user experience, which can be achieved through better coordination between the government, telecom providers, and financial institutions. Consumers should be encouraged to manage their finances responsibly and use budgeting tools to avoid overspending due to the convenience of digital transactions. Small merchants must be supported with affordable digital payment tools and proper training to increase acceptance of cashless payments. Finally, the government should implement strong policies and regulations to prevent fraud, protect consumer rights, and promote a safe, transparent, and inclusive digital payment ecosystem.

CONCLUSION:

The study concludes that digital payments have significantly transformed consumer behavior by making financial transactions faster, easier, and more convenient. Most consumers prefer digital payment methods due to their accessibility, security, and efficiency. However, challenges such as lack of awareness, technical issues, and security concerns still prevent complete adoption, especially in rural areas. The findings highlight that while digital payments encourage ease of spending and improve financial tracking, they can also lead to impulsive buying if not used responsibly. Therefore, increasing digital literacy, enhancing security, and improving infrastructure are crucial for ensuring safe and inclusive digital payment usage. Overall, digital payments have a positive impact on consumer behavior and contribute greatly to the growth of a modern, cashless economy

SCOPE FOR FURTHER RESEARCH:-

This study provides valuable insights into how digital payments influence consumer behavior, but it also opens several avenues for further exploration. Future research can be conducted with a larger and more diverse sample to compare consumer attitudes across different regions, age groups, and income levels. Studies can also focus on the long-term behavioral changes caused by frequent use of digital payment systems and their effects on financial management and savings patterns. Moreover, the impact of emerging technologies such as artificial intelligence, blockchain, and contactless payments on

consumer trust and adoption can be investigated. Comparative studies between rural and urban users or among various digital payment platforms can also provide deeper understanding. Continued research in this area will help policymakers, businesses, and financial institutions design more inclusive, secure, and user-friendly digital payment systems that align with evolving consumer needs.

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