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USER'S PERCEPTION TOWARDS DIGITAL PAYMENT METHODS: A CASE STUDY OF GENERATION Z USERS

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ABSTRACT

The rise of Generation Z (Gen Z), individuals born between the mid-1990s and early 2010s, has significantly influenced the adoption and evolution of digital payment methods. This demographic, characterized by its digital nativity, exhibits distinct preferences and behaviors towards financial transactions. Gen Z users demonstrate a strong inclination towards digital payment methods due to their convenience, speed, and integration with mobile technology. They prefer contactless payments, mobile wallets, and peer-to-peer(P2P) platforms, driven by a desire for seamless, secure, and instant financial interactions. Additionally, Gen Z values transparency, financial control, and personalized experiences, which digital payment solutions are increasingly addressing through innovations such as budgeting tools and real-time transaction alerts. This abstract explores the factors driving Gen Z's adoption of digital payment methods, the implications for financial institutions, and the potential future trends in digital payments shaped by this tech-savvy generation. For the purpose of study, a convenient sampling survey was conducted among 50 respondents of Sedam taluk. This study aims to investigate the users perception towards digital payment methods of Gen Z.

KEYWORDS-*Digital payments, Generation Z, Mobile Wallets, Internet banking, Mobile banking,*

INTRODUCTION

As Generation Z steps into adulthood, they are navigating a world where technology and digital connectivity are integral to everyday life. Born into an era of smart phones, social media, and instant communication, Gen Z is uniquely positioned to embrace and innovate with digital payment methods. This generation, defined by their comfort with technology and preference for seamless, instant experiences, is reshaping how financial transactions are conducted.

Digital payments are not just a convenience but a natural extension of the tech-savvy lifestyle that defines Gen Z. From mobile wallets and peer-to-peer payment apps to QR codes and biometric authentication, these young adults are at the forefront of a revolution in how money is managed and spent. They value speed, security, and simplicity, and digital payment solutions offer all these benefits in one package.

Ina world where cash is increasingly seen as cumbersome and outdated, digital payments offer a frictionless alternative. Gen Z users are drawn to the ability to complete transactions with just a few taps on their smart phones, manage their finances from anywhere, and explore innovative financial products. With the rise of platforms like UPI (Unified Payments Interface), mobile wallets, and digital banking apps, they have access to a range of tools designed to make financial transactions easier and more integrated into their daily lives.

Meaning of Digital Payment

Digital payments are transactions that take place via digital or online modes, with no physical exchange of money involved. This means that both parties, the payer and the payee, use electronic mediums to exchange money.

Digital Payment Methods in India

Digital payment methods in India have seen tremendous growth, driven by technological advancements, government initiatives, and a shift towards a cashless economy. Here are some of the major digital payment methods widely used in India:

1. **Unified Payments Interface(UPI)**
   - **Description**: A real-time payment system developed by NPCI (National Payments Corporation of India) that allows users to link multiple bank accounts to a single mobile application for easy transactions.
   - **Popular Apps**: PhonePe, GooglePay, Paytm,BHIM, AmazonPay.
2. **Digital Wallets(E-Wallets)**
   - **Description**: Mobile applications that store payment information and allow users to make transactions, pay bills, and transfer money.
   - **Popular Wallets**: Paytm, PhonePe, GooglePay, AmazonPay, Mobikwik.
3. **Net Banking**
   - **Description**: Online banking services provided by banks that allow users to access their accounts, transfer funds, pay bills, and more.
   - **Examples**: HDFC Net Banking, SBI Online, ICICI Net Banking.
4. **Credit and Debit Cards**
   - **Description**: Physical cards issued by banks that can be used for online and offline transactions. Credit cards offer a line of credit, while debit cards draw directly from the user's bank account.
   - **Examples**: Visa, MasterCard, RuPay.

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5. **Direct BankTransfers(NEFT,RTGS, IMPS)**
   - **Description**:
     - **NEFT (National Electronic Funds Transfer)**: Allows for electronic transfer of funds from one bank account to another, usually with a delay.
     - **RTGS(Real Time Gross Settlement)**:Facilitates real-time transfer of large sums of money between bank accounts.
     - **IMPS (Immediate Payment Service)**: Enables instant money transfers between banks, available 24/7.

6. **USSD(Unstructured Supplementary Service Data)**
   - **Description**: A mobile banking service that works without internet access, using simple codes to conduct transactions and check balances.
   - **Example**:*99# service.

7. **Aadhaar-Enabled Payment System(AEPS)**
   - **Description**: A payment system that uses the Aadhaar number (unique identification number) for biometric authentication and financial transactions.
   - **Use**: Cash withdrawals, balance inquiries, and fund transfers at AEPS-enabled kiosks.

8. **POS(Point of Sale)Terminals**
   - **Description**: Physical devices used by merchants to accept card payments. Modern POS systems often support NFC (Near Field Communication) and contactless payments.
   - **Use**: Retail transactions, dining, services.

9. **Mobile Banking Apps**
   - **Description**: Apps provided by banks for managing accounts, making transactions, paying bills, and accessing other banking services.
   - **Examples**: SBI YONO,HDFC Mobile Banking, ICICI iMobile.

LITERATUREREVIEW

S. No	Author	Year	Topic	Objective	Findings
1.	Dr. M Sumathy andVipin KP	2017	Digital payment systems: Perception and concerns among urban consumers	This study aims to explore the factors that influence people's perceptions of safety as well as their attitudes and levels of awareness regarding digital payments.	The study offers insightful suggestions, Cash is no longer being used as a form of payment due to policy changes. The nation must switch from a cash-based payment system to a cashless (digital) one. Numerous benefits will result from this, including lower costs for managingcurrencies, trackingtransactions, preventing tax evasion and other fraud, improving financial inclusion, and progressively integrating the parallel economy with the mainstream. People in these places are adopting new spending habits as a result of the growth of digital payment systems.
2.	Sudiksha Shree, Bhanu Pratap, Rajas Saroy &Sarat Dhal2	2021	Digital payments and consumer experience in India:a survey based empirical study	The overall goal of this study is to comprehend how user perception, payment system confidence, and Online fraud experience affect the form of payment that a user chooses.	This analysis shows that the decline in cash use and the increase in digital payments were both contributing factors. Customers appeared to be prepared to overlook their experience with online fraud in favor of the greater ease that comes with digital payments, despite the common misconception.
3.	Prakash M	2022	A Study on Consumer Perception Towards Digital Payment	This analysis demonstrates that the rise in digital payments and the decrease in cash usage were both significant contributing factors. Contrary to popular belief, customers seemed willing to set aside their experience with online fraud in favor of the increased convenience that comes with digital payments.	The study's conclusions show that participants thought digital payments were crucial to day-to-day living. Demonetization will have an effect on digital payments, suggesting that there will be a rise in their use following Demonetization. This analysis demonstrates that the rise in digital payments and the decrease in cash usage were both significant contributing factors. Contrary to popular belief, customers seemed willing to set aside their experience with online fraud in favor of the increased convenience that comes with digital payments.

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4.	Dr. Ranjith P.V., Dr.Swati Kulkarni, &Dr. AparnaJ Varma	2021	A Literature Study Of Consumer Perception Towards Digital Payment Mode InIndia	The goal of the study is to comprehend how consumers in this era of linked technologies perceive the safety of digital and online payments.	The results show that digital transactions are acceptable in India and that the country's usage of them is growing yearly. The study identifies the benefits and difficulties that consumers encounter while implementing digital payments.
6.	Baljinder Kaur	2022	Perceptions Of Users Of Emerging Digital Payment Methods An Empirical StudyOf Punjab	The purpose of this study is to learn how users perceive the use of digital payment methods.	It has been discovered that a user's characteristics and the kinds of purchases they make have a major impact on the use of digital payment systems.

OBJECTIVES

- To study the awareness level of the digital payment among the respondents.
- To study the perception level towards digital payments among the respondents.
- To know the level of satisfaction with the use of various emerging digital payment methods among the respondents.

METHODOLOGYOFTHESTUDY

Sources of data collected:

Primary data: A study conducted in Sedam Taluk of Kalaburagi District Karnataka. Data collected through Structured Questionnaire. A sample size of 50 was selected using the convenience sampling.

Secondary data has been collected from various websites and journals for the analysis.

Techniques of analysis: The responses from the respondents were analyzed using simple statistical tools like percentage, age, tables, graphs and charts.

LIMITATIONSOFTHESTUDY

- The study is limited to Sedam Taluk.
- Sample size used for the study is small

DATA ANALYSIS and INTERPRETATION

Table1.RespondentsDemographicProfile.

Variable	Characteristics	Frequency	Percentage
Gender	Female	33	66%
	Male	17	34%
	Others	0	0%
Age	18-20	8	16%
	21-23	21	42%
	24-27	21	42%
Taluk	Sedam	23	46%
	Adki	11	22%
	Mudhol	8	16%
	Kodla	8	16%
Level of Education	PUC	2	4%
	UG	25	50%
	PG	14	28%
	Working	7	14%
	Others	2	4%

Source: Primary data

From the above table we can see that major users are female(66%)and male(34%)and are of 21 to 27 age group and they are majorly undergraduate

Table2.Awarenesslevelofthedigitalpaymentsystemamong the respondents.

Digital Payment Method	Aware		Not Aware	
	No.	Percentage	No.	Percentage
Debit Card	41	82%	3	6%
Credit Card	38	76%	6	12%
Mobile Banking	36	72%	6	12%
Internet Banking	35	70%	8	16%
Mobile Wallets	40	80%	5	10%
UPI	43	86%	3	6%

Source: Primary data

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The study shows that the majority of the respondents are aware about UPI(86%), Debit card(82%) followed by Mobile wallets(80%),Credit cards(76%),Mobile banking(72%)and Internet banking(70%).

Table3.Perception level towards digital payments.

Particulars	Strongly agree		Agree		Neutral		Disagree		Strongly Disagree	
	No.	%	No.	%	No.	%	No.	%	No.	%
User-friendly-Very easy to use	35	70%	12	24%	1	2%	0	0%	2	4%
Saves time as faster way to make payments	34	68%	10	20%	0	0%	0	0%	2	4%
Shopkeepers acceptance of different digital payment methods	23	46%	13	26%	8	16%	0	0%	2	4%
Usefulness	26	52%	16	32%	0	0%	1	2%	2	4%
No need to carry cash	19	38%	14	28%	5	10%	4	16%	3	9%
Suitable for making payments	26	52%	13	26%	3	6%	0	0%	2	4%
Cost-effective	20	40%	12	24%	6	12%	3	9%	2	4%
The payment system ensures that payment is always executed and completed successfully	15	30%	16	32%	9	18%	1	2%	2	4%
Secured transactions through OTP generation	23	46%	15	30%	2	4%	0	0%	3	9%
Promptly receive alerts sent on mobile phone	18	36%	20	40%	3	9%	1	2%	2	4%
The payment system is very reliable	19	38%	19	38%	4	16%	0	0%	2	4%

Source: Primary data

The above table shows the different perception levels of respondents, major of the respondents (70%) strongly agree that digital payment methods are User-friendly-Very easy to use, (68%) of the respondents strongly agreed that digital payment saves times as faster way to make payments, (46%) of the respondents strongly agreed that Shopkeepers acceptance of different digital payment methods, 52% of respondents strongly agreed upon the usefulness of digital payments. 40% of respondents strongly agreed that digital payments are cost effective, 32% of respondents agreed that the payment system ensures that payment is always executed and completed successfully, 46% users strongly agreed that digital payments are done through the secured transactions through OTP generation, 40%users promptly receive alerts sent on mobile and most of users agreed that digital payment system is very reliable.

Table3.The level of satisfaction with the use of various emerging Digital Payment Methods.

Credit card		
Satisfaction Level	**Frequency**	**Percentage**
Very Satisfied	13	26%
Satisfied	12	24%
Neutral	15	30%
Dis-satisfied	3	6%
Very Dis-satisfied	7	14%
Total	50	100%
Debit card		
Very Satisfied	21	42%
Satisfied	15	30%
Neutral	8	16%
Dis-satisfied	3	6%
Very Dis-satisfied	3	6%
Total	50	100%
Mobile Banking		

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Very Satisfied	13	26%
Satisfied	20	40%
Neutral	10	20%
Dis-satisfied	3	6%
Very Dis-satisfied	4	8%
Total	50	100%
Internet Banking		
Very Satisfied	17	34%
Satisfied	21	42%
Neutral	7	14%
Dis-satisfied	2	4%
Very Dis-satisfied	3	6%
Total	50	100%
Mobile Wallets		
Very Satisfied	20	40%
Satisfied	15	30%
Neutral	12	24%
Dis-satisfied	0	0%
Very Dis-satisfied	3	6%
Total	50	100%
UPI		
Very Satisfied	33	66%
Satisfied	13	26%
Neutral	2	4%
Dis-satisfied	0	0%
Very Dis-satisfied	2	4%
Total	50	100%

Source: Primary data

A majority of the respondents are satisfied with the digital payment methods selected for the present study. The respondents expressed their high satisfaction with UPI(66%) and Debit card(42%) followed by Mobile wallets(40%), Internet banking(34%), Credit cards(26%) and Mobile banking(26%). Dissatisfaction has been observed to a negligible extent with UPI(0%), Mobile banking(0%), Internet banking (4%), Credit card(6%), Debit card(6%) and Mobile banking(6%).

FINDINGS

In India, Now we see every small sub-district and banks even installed near villages to provide best possible digital payment service to India peoples. Digital payments are not just through ATMs but also through online banking and UPI.

Our study found following findings:

- From the study it is clear that major digital payment users are female(66%)and male are (34%) and users of 21 to 27 age group and they are majorly undergraduates.
- The study shows that the majority of the respondents are aware about UPI(86%), Debit card(82%)followedbyMobilewallets(80%),Creditcards(76%),Mobilebanking(72%) and Internet banking(70%).
- From the study we can see the different perception levels of respondents, major of the respondents 70% strongly agreed that digital payment methods are User-friendly-Very easy to use, 68% of the respondents strongly agreed that digital payment saves times as faster way to make payments, 46% of the respondents strongly agreed that Shopkeepers acceptance of different digital payment methods, 52% of respondents strongly agreed upon the usefulness of digital payments. 40% of respondents strongly agreed that digital payments are cost effective, 32% of respondents agreed that the payment system ensures that payment is always executed and completed successfully,46%users strongly agreed that digital payments are done through the secured transactions through OTP generation, 40% users promptly receive alerts sent on mobile and most of users agreed that digital payment system is very reliable.
- A majority of the respondents are satisfied with the digital payment methods selected for the present study. The respondents expressed their high satisfaction with UPI(66%) and Debit card(42%) followed by Mobile wallets(40%), Internet banking(34%), Credit cards(26%) and Mobile banking(26%). Dissatisfaction has been observed to a negligible extent with UPI(0%), Mobile banking(0%), Internet banking (4%), Credit card(6%), Debit card(6%) and Mobile banking(6%).
- In the study it is found that major respondents use smart phone for the execution of digital payments.
- It found that major of users have public bank sector bank account followed by Private sector bank accounts.
- Major respondents strongly agreed that in the future, they will continue to use digital payment methods, they will recommend digital payment methods to other people and they prefer to assist parents/elders in adopting the digital payments

RECOMMENDATIONS and CONCLUSION

Positively influence Generation Z's perceptions towards digital payment methods and encourage greater adoption, the following recommendations should be considered:

1. Strengthen Security and Privacy Protections: Gen Z values security and privacy, making it essential for digital payment platforms to implement strong security measures, such as multi-factor authentication and biometric verification. Transparent communication about how user data is protected, as well as regular updates on security enhancements, will help build trust among Gen Z users.
2. Promote Financial Literacy and Safe Digital Practices: Providing educational resources tailored to Gen Z, such as guides on managing digital finances and protecting personal information online, can empower this group to use digital payment methods more confidently. Interactive tutorials, tips, and easy-to-access customer support can also address common concerns and improve overall satisfaction.
3. Offer Incentives and Rewards: Gen Z responds well to incentives, such as cash back, discounts, and rewards programs. Offering promotions or gamified elements within the payment app can attract and retain Gen Z users, making digital payments more appealing and engaging.
4. Ensure Compatibility with Latest Technologies: Gen Z users are early adopters of new technologies, so digital payment platforms should ensure compatibility with the latest devices and features, such as wearable tech and voice-activated payments. Keeping up with tech trends can keep Gen Z engaged and enthusiastic about using digital payments.

By addressing these recommendations, digital payment providers can better align with Generation Z's expectations, foster trust, and encourage the continued adoption of digital payment methods among this tech-savvy generation.

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