E-ISSN: 3048-6041 | Volume- 3, Issue- 2 | February 2026

A Study on Impact of Digital Payment Services on Consumer Satisfaction

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Abstract

In recent years, digital payments have quickly spread throughout the Indian economy. This rapid growth has been attributed to a number of factors, including coordinated efforts by policy makers (RBI & Government), rapid evolution in payment infrastructure from both the supply side (POS Terminals, ATMs, QR Codes, etc.) and demand side (Cards, UPI, Fast Tag, etc.), network infrastructure (Mobile Telephony, 4G, Internet, etc.), and consumer centricity (Frauds, System Uptime, Ease of Use, etc.). When it comes to choosing how to pay for a transaction, consumers have more options than ever before. They have more options now than just cash. Since consumer behavior is evolving quickly, this study attempts to comprehend how digital payments affect Indian consumers' purchasing decisions and consumer satisfaction level. The objective of the study is to study the factors influence to adopt digital payment services among customers and to evaluate customer satisfaction towards digital payment services. The research design was qualitative, quantitative, mixed methods. Researchers use various methods to collect data, such as surveys, interviews, observations, experiments research. Sampling size is 50. To analyze the data and make inferences, the researchers employ statistical or qualitative analysis tools. This could entail manually coding qualitative data or using programs like SPSS.

Keywords: Digital, Payment Services, Consumer, Satisfaction level

Introduction

Digital payments are generally defined as transactions that occur online or through digital means and do not include the actual exchange of money. One of the numerous initiatives implemented by the Indian government to support and encourage digital payments across the nation is the "Digital India" campaign. Promoting inclusive economic development and building a digitally enabled economy are the primary goals in this regard. The economy built on digital technologies is known as the "digital economy." The term "digital economy" refers to economic activity, business transactions, and relationships that take place over a global network made possible by ICT (information and communications technology). Because technology may be utilized to accomplish ordinary work more effectively, the digital economy presents opportunity for enterprises. The three fundamental foundations of the digital economy—digital infrastructure, digital payment systems, and e-commerce regulatory framework—were covered by Cusolito (2022). Over the past three decades, as technology

Published: 18 February 2026
DOI: https://doi.org/10.70558/SPIJSH.2026.v3.i2.45540

has advanced, a new idea of money has emerged in the shape of virtual money, such as funds kept in mobile wallets like PayTM, RUPAY, BHIM, and others, as well as credit and debit cards. The manner that customers conduct business and buy goods and services has been completely transformed by digital payments. Businesses all throughout the world have developed some very unique product offers, such as PayPal, M-Pesa, and UPI, by creatively utilizing developing technologies. It is apparent that there has been a dramatic development in digital payments in a short amount of time, beginning with credit cards and progressing from online banking to mobile banking. Customers' purchasing habits have also changed as a result of this shift.

Review of literature

Prakash (2022), conducted research on usage of different modes of digital payments amongst residents of Ramanagra and Bangalore districts of Karnataka state. They collected primary data from 267 respondents using a questionnaire and secondary data from different websites. Their research concluded that payment systems like digital wallets, UPI, AEPS, USSD, QR Code, BHIM app and credit/debit cards have helped people to adopt digital payments in a big way after demonetization in India. The majority of users were found to be students in the age group of 18 to 25years.They further observed that technological development leading to the use of the mobile Apps for digital transfer of money, enabling people to make banking from anywhere, anytime, and the Government support to the same has positively impacted perception of people for adoption of digital payment system.

Agárdi etal.(2022) conducted a comparison between Generation X and Generation Z on the use of Near Field Communication (NFC) digital payment technologies. The focus of the paper was on examining the generational differences in mobile payments based on the theory of generation a cohorts and technology acceptance. They classified the cohort into Digital Natives (Generation Z) and Digital immigrants (Generation X). An online survey was conducted involving 580 users and their responses analyzed using multi-group structural equation modeling. Their study revealed that Generation X is influenced more by perceived ease of use, subjective norms and financial risks whereas Generation Z is influenced more by perceived compatibility with lifestyle.

Veena et al. (2023) examined how digital payments expanded in India between 2021 and 2022. The COVID-19 epidemic and the availability of contactless payment technologies, which enabled social distancing norms, were cited as the reasons for the rise in the use of digital payments. Real Time Gross Settlement (RTGS), Aadhar Enabled Payment Systems (AEPS), Electronic Clearing System (ECS), Immediate Payment Service (IMPS), and Unified Payment Interface (UPI) are a few of the technologies examined in the article. The Indian government's various initiatives to support and encourage the use of digital payments are credited with these technologies' success. Particularly disruptive, UPI has emerged as the go-to option for large-scale payment transactions.

Shah et al. (2023), determined to gauge rural Gujarati users' attitudes on digital payments. Based on data from 392 respondents, the study's researchers discovered that user opinions

regarding digital payments fluctuate significantly depending on age, education, and annual family income. Reliability, perceived security, perceived benefits, and ease of use are all powerful determinants of user opinion that significantly impact it right away.

Dube et al. (2023), investigated the digital financial literacy of Indian millennia's. The three components of financial literacy were risk management, financial awareness, and financial knowledge. In five Indian cities, 265 millennia's participated in the poll. Based on the millennia's place of residence, their investigation showed a statistically significant difference in knowledge, awareness, and risk control about digital financial services. Additionally, they came to the conclusion that digital financial literacy is crucial and that people who lack it are more likely to become victims of financial scams, miss out on chances to boost their personal wealth, and make bad financial choices.

Problem Statement

Understanding how a customer selects from the various payment gateway options is crucial as the digital payment services grows. However, there is a general increase in customer willingness to accept digital payments services. Since Consumers have the most purchasing power and the most technological perspective, the current study aims to comprehend the widespread usage of digital payments services and factors influence to adopt digital payment services.

Research Methodology

Research methodology refers to the systematic process used to conduct research, including the techniques, procedures, and tools employed to gather and analyze data. It encompasses the overall approach and strategy that researchers use to investigate a particular topic or answer a research question. The research process involves several key elements outlined below:

- **Research Design:** This include determining the study's general structure, the research strategy (e.g., experimental, correlation, descriptive), and the type of research (e.g., qualitative, quantitative, mixed methods).
- **Data Collection:** Researchers use various methods to collect data, such as surveys, interviews and observations,
- **Study area:** Research conducted in rural areas of Mysuru District.
- **Sampling method:** Used convenience sampling method.
- **Sample Size:** Data has been collected from 50 respondents.
- **Data Analysis:** After data collection, researchers analyze the data and make inferences using statistical or qualitative analysis techniques. This could entail manually coding qualitative data or using programs like SPSS.
- **Statistical tools:** Chi-Square test used to data analysis and interpretation.

Objectives

1. To study the factors influence to adopt digital payment services among customers.
2. To evaluate customer satisfaction towards digital payment services.

Hypothesis

H_1: There is a significant association between factors influence and digital payment services.

H_0: There is no significant association between factors influence and digital payment services.

Data Analysis and Interpretation

Factors influences to adopt digital payment services	
Sl.No	**Variables**
01	Reduce paper work, not to carry cash and accountability
02	Well known about contactless payments, Buy Now Pay Later, Account to Account payments and Voice-Based Payment.
03	Recognizing the benefits of integrating transactions into business practices.
04	Maintaining transaction records assists in calculating interest on credit loans.
05	Cross border payments help businesses reach global markets.

Table: 01

Age and Reduce paper work, not to carry cash and accountability							
		Reduce Paper Work, not to carry cash and accountability					Total
		Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	
Age	20-30	1	2	0	0	0	3
	30-40	15	0	0	1	0	16
	40-50	8	9	2	2	5	26
	Above 50	0	3	0	2	0	5
Total		24	14	2	5	5	50

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.061[a]	12	.002

Likelihood Ratio	36.810	12	.000
N of Valid Cases	50		
a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .12.			

Interpretation: From the above table, indicate that age has a significant influence on attitudes toward reducing paperwork, avoiding cash, and accountability. The chi-square test confirms a statistically significant association between age and responses (p = 0.002), meaning these differences are unlikely to be due to chance. Overall, the data suggests that younger age groups are more supportive of reducing paperwork and cash handling, while older groups are more divided in their views.

Table: 02

Age and Contactless payments, Buy Now Pay Later, Account to Account payments and Voice-Based Payment.							
Count							
		Contact less payment Buy Now Pay Later, Account to Account payments and Voice-Based Payment.					Total
		Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	
Age	20-30	1	2	0	0	0	3
	30-40	15	0	0	1	0	16
	40-50	8	9	2	0	7	26
	Above 50	0	3	0	0	2	5
Total		24	14	2	1	9	50

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.322[a]	12	.004
Likelihood Ratio	37.824	12	.000

N of Valid Cases	50		
a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .06.			

Interpretation: From the above table, shows a clear relationship between age and attitudes toward modern payment methods such as contactless payments, Buy Now Pay Later, account-to-account transfers, and voice-based payments. The chi-square test confirms that these differences are statistically significant (Pearson Chi-Square = 29.322, p = 0.004), meaning age is an important factor in shaping attitudes toward these payment innovations. Overall, younger age groups are highly supportive of adopting new payment technologies, while middle-aged and older respondents show more varied and cautious attitudes.

Table: 03

Age and Benefits of integrating transactions into business practices							
Count							
		Benefits of integrating transactions into business practices.					Total
		Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	
Age	20-30	1	2	0	0	0	3
	30-40	15	0	0	1	0	16
	40-50	8	9	2	2	5	26
	Above 50	0	3	0	2	0	5
Total		24	14	2	5	5	50

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.061[a]	12	.002
Likelihood Ratio	36.810	12	.000
N of Valid Cases	50		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .12.

Interpretation: From the above table, shows age significantly influences perceptions of the benefits of integrating transactions into business practices. The chi-square test confirms that these differences are statistically significant (Pearson Chi-Square = 31.061, p = 0.002), meaning age is an important factor in shaping attitudes toward integrating transactions into business practices. Overall, younger age groups are highly supportive of integration, while middle-aged and older respondents show more varied and cautious attitudes.

Table: 04

Age and Maintaining transaction records assists in Calculating interest on loans							
Count							
		Maintaining transaction records assists in Calculating interest on loans					Total
		Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	
Age	20-30	1	2	0	0	0	3
	30-40	15	0	0	1	0	16
	40-50	8	9	2	2	5	26
	Above 50	0	3	0	2	0	5
Total		24	14	2	5	5	50

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.061[a]	12	.002
Likelihood Ratio	36.810	12	.000
N of Valid Cases	50		
a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .12.			

Interpretation: From the above table, age significantly affects perceptions of whether maintaining transaction records assists in calculating interest on loans. The chi-square test confirms that these differences are statistically significant (Pearson Chi-Square = 31.061, p = 0.002), indicating that age is an important factor in shaping attitudes toward the usefulness of transaction records in loan interest calculations. Overall, younger age groups are highly supportive, while middle-aged and older respondents show more varied and cautious views.

Table-05

Age and Cross border payments help businesses reach global markets.							
Count							
		Cross border payments help businesses reach global markets.					Total
		Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	
Age	20-30	1	2	0	0	0	3
	30-40	15	0	0	1	0	16
	40-50	8	8	3	2	5	26
	Above 50	0	3	0	2	0	5
Total		24	13	3	5	5	50

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	32.186[a]	12	.001
Likelihood Ratio	37.736	12	.000
N of Valid Cases	50		
a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .18.			

Interpretation: From the above table age significantly influences perceptions of whether cross-border payments help businesses reach global markets. The chi-square test confirms that these differences are statistically significant (Pearson Chi-Square = 32.186, p = 0.001),

indicating that age is an important factor in shaping attitudes toward the role of cross-border payments in expanding global market reach. Overall, younger age groups are highly supportive of cross-border payments as a tool for global business expansion, while middle-aged and older respondents show more varied and cautious views.

1. **Findings**

- Age significantly influences perceptions of whether cross-border payments help businesses reach global markets.
- Age significantly affects perceptions of whether maintaining transaction records assists in calculating interest on loans.
- Age significantly influences perceptions of the benefits of integrating transactions into business practices.
- A clear relationship between age and attitudes toward modern payment methods such as contactless payments, Buy Now Pay Later, account-to-account transfers, and voice-based payments.
- Age has a significant influence on attitudes toward reducing paperwork, avoiding cash, and accountability.
- Middle-aged and older respondents show more varied and cautious views.
- Younger age groups are highly supportive, while middle-aged and older respondents show more varied and cautious views.

Conclusion

The study concludes that Digital Payment Services, impact on Consumer Satisfaction highlights that age plays a significant role in shaping consumer attitudes toward digital payment adoption. Younger consumers (20–40 years) consistently show strong support for innovations such as reducing paperwork, contactless payments, Buy Now Pay Later, account-to-account transfers, voice-based payments, and cross-border transactions. They perceive these services as convenient, efficient, and beneficial for both personal use and business practices. In contrast, middle-aged consumers (40–50 years) exhibit more mixed responses, with some strongly supportive but others expressing skepticism or resistance, reflecting diverse priorities and concerns. Older consumers (50+) tend to be moderately supportive but remain cautious, likely due to familiarity with traditional methods and lower comfort with new technologies. Overall, the findings suggest that digital payment services positively influence consumer satisfaction, especially among younger demographics, while businesses and policymakers must address the concerns of older age groups to ensure inclusive adoption and maximize satisfaction across all segments.

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