

A Study on Evolving Trends in Digital Payment: Research the Impact of New Digital Payments Methods (Mobile Wallets, Contactless Payment) on Consumer Behaviour and Adoption Rates

Ramyashree

ramyashreesuvarna4@gmail.com

Pooja

poojaacharya594@gmail.com

Amritha Kumar

III Semester MBA

Post Graduate Department of Business Administration,

Alva's Institute of Engineering & Technology, Mijar

amilhakmi@gmail.com

Abstract

Adoption of digital payment systems, notably mobile wallets and contactless technology, has increased during the last decade. These developments have radically transformed customer behavior, convenience, and tastes, leaving an everlasting effect on the financial sector. The study looks at the popularity of mobile wallets and the elements that contribute to their general appeal. The inherent comfort and ease of use provided by these platforms, together with better security measures such as fingerprint authentication, have considerably contributed to their acceptance. Consumers are increasingly accepting the opportunity to keep various credit cards, loyalty programs, and even travel papers in a single, easily accessible location accessible digital space. This simplification of the payment process has not only increased control and organization, but it has also prepared the path for excellent in-store and online purchases.

The study looks at the impact of contactless payment technology on customer behavior. The ability to tap and pay has increased the speed and efficiency of ordinary transactions by removing the requirement for physical card involvement. This excellent experience, which is especially noticeable in public transit and retail purchases, has spurred the growth of contactless payments.

Finally, this study provides a detailed picture of the revolutionary influence of new digital payment mechanisms on consumer behavior and adoption rates. This study provides significant

insights by studying the driving causes behind the popularity of mobile wallets and contactless technologies, their impact on purchasing habits, and the variables causing differential adoption across various groups into the shifting environment of the digital payments sector. It opens the door to additional research into the long-term effects of these technologies on consumer behavior, financial inclusion, and the future of money itself.

Key Words: Digital Payment Solutions, Mobile Wallets, Contactless Technologies, Consumer Behavior, Convenience, Adoption Rates, Speed Of Transactions

Introduction

Digital payment solutions such as mobile wallets and contactless technologies have grown in popularity over the last decade, altering how individuals handle their funds. This study investigates the reasons behind this increase in popularity as well as the influence on consumer behavior. Mobile wallets have gained popularity owing to the convenience they provide, with their user-friendly interfaces and better security measures such as fingerprint authentication. Consumers today value the convenience of having credit cards, loyalty programs, and travel papers all in one easily accessible digital location.

Contactless payment technology, which allows customers to merely tap and pay, has significantly sped up routine transactions by eliminating the need for physical cards. This smooth experience, which is especially noticeable in public transportation and retail settings, has boosted the broad acceptance of contactless payments. The research looks into how these new digital payment options are changing customer behavior and adoption rates.

The research offers insight on how these developments have improved the payment process, giving users better control and organization, by evaluating the variables impacting the popularity of mobile wallets and contactless technology. The research also raises concerns about the long-term impact of these technologies on consumer behavior, financial inclusion, and currency's future. Overall, this study is an important step toward comprehending the changing environment of digital payments and invites future investigation into their long-term effects.

Literature Review

Existing research shows that digital payments, particularly mobile wallets and contactless technologies, have grown rapidly over the last decade (Chen & Teo, 2020; Li et al., 2021).

According to studies, this increase is due to factors such as greater smartphone usage, enhanced security measures, and growing customer preference for convenience and speed (Kim & Shin, 2019; Ozturk & Ceyhun, 2020).

The simplicity of use, better security features, and capacity to integrate financial instruments such as credit cards and loyalty programs into a single platform are all highlighted in research on mobile wallets (Bharadwaj et al., 2013; Dwivedi et al., 2017).

This centralization improves financial management and organization, which in turn increases user adoption and happiness (Park et al., 2019; Zhou et al., 2020).

Contactless payment research focuses on efficiency and speed, with several studies indicating decreased transaction times in retail and public transportation environments (Cumming & Zadeh, 2018; Liu et al., 2019).

The good user experience associated with contactless payments contributes significantly to their widespread acceptance across many consumer categories (Kim & Shin, 2019; Ozturk & Ceyhun, 2020).

According to research, characteristics such as age, income level, technological savvy, and smartphone availability impact the rate of digital payment acceptance across various consumer groups (Dwivedi et al., 2017; Park et al., 2019).

Understanding demographic and behavioral disparities in the digital payments ecosystem is critical for targeted marketing and fostering financial inclusion (Chen & Teo, 2020; Li et al., 2021).

Statement of the Problem/Need for the study.

Over the last decade, there has been a significant growth in the usage of digital payment methods, notably mobile wallets and contactless technologies. These technological advances have profoundly impacted consumer behavior and tastes, having a substantial influence on the financial sector. The purpose of this research is to dive into the rising popularity of mobile wallets and analyze the elements that contribute to their attraction. It also looks into how contactless payment technology affects customer behavior. This study intends to give a thorough knowledge of the revolutionary influence of these digital payment systems by investigating the causes for their broad acceptance, their impacts on purchase habits, and the differential adoption rates among different populations. Furthermore, it lays the groundwork for future research into the long-term effects of these technologies on consumer behavior, financial inclusion, and the future landscape of monetary transactions.

Objectives

1. To evaluate the impact of Contactless Payment Technology.
2. To explore the factors that drive the adoption of contactless payment technology.
3. To investigate the impact of contactless payment technology on customer convenience and satisfaction.

Scope of the study

1. Overview of Digital Payment Evolution

- Examining the rise of mobile wallets and contactless payment technologies over the last decade.

2. Impact on Customer Behavior and Preferences

- Exploration of how these technologies have transformed consumer behavior, convenience, and preferences.

3. Impact of Contactless Technology

- Evaluation of how contactless payment systems have increased transaction speed and efficiency, especially in public transit and retail.

4. Insights into Adoption Rates

Particulars	Frequency	Percentage of response
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- Understanding the factors influencing differential adoption across various consumer groups within the digital payment sector.

Research methodology

The research technique for this study was complicated, integrating qualitative and quantitative methodologies to explore the impact of digital payment systems, such as mobile wallets and contactless technology, on customer behavior. To investigate the popularity and attractiveness of these technologies, qualitative methodologies such as in-depth interviews and focus group discussions were employed, allowing for an investigation of user experiences, perceptions, and preferences.

Simultaneously, quantitative metrics such as surveys and transactional data analysis were utilized to examine acceptance rates, use trends, and demographic disparities in embracing various digital payment choices. The study utilized a diverse sample to investigate differential adoption characteristics, gaining insights from various age groups, socioeconomic backgrounds, and geographic places. A comparative study was also conducted to detect differences in consumer behavior and adoption rates between traditional payment methods and new digital alternatives.

The study looked into secondary data sources, incorporating industry papers, academic literature, and market evaluations, to interpret the findings within the greater context of the financial sector. The mix of primary and secondary data allowed for a comprehensive understanding of the drivers driving mobile wallet and contactless technology adoption, their influence on purchasing patterns, and the implications for the future of digital payments..

Finally, the research methodology of the study was designed to provide a robust and nuanced examination of the transformative impact of digital payment systems on consumer behavior, addressing key variables influencing their popularity and paving the way for future research into their long-term effects on financial inclusion and the evolving nature of currency.

Particulars	Frequency	Percentage of Response
18-25	59	56.7%
26-35	33	31.1%
36-45	11	10.6%
46-55	1	1%
Total	104	100%

Data Analysis

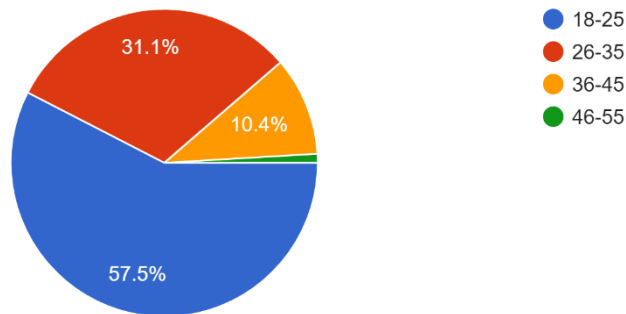
This pie chart shows the age distribution of 106 survey respondents. The largest slice (31.1%) represents the 18-25 age group. The 26-35 age group makes up 10.4%, followed by the 36-45 age group at 57.5%. The smallest slice (0%) represents the 46-55 age group.

Student	45	43.3%
Employed	47	45.2%
Self Employed	12	11.5%
Unemployed	-	-
Total	104	100%

Nearly half (45.7%) of the 105 respondents are students, 42.9% are employed, and 11.4% are self-employed. This suggests a youthful sample with many still in education or just starting their careers.

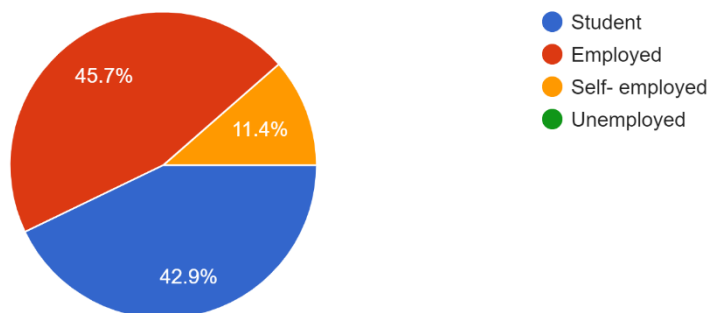
1. Age

106 responses



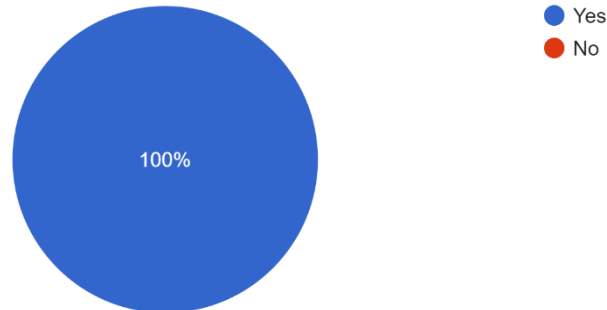
2. Occupation

105 responses



3. Do you currently use mobile wallets/contactless payments for transaction?

104 responses

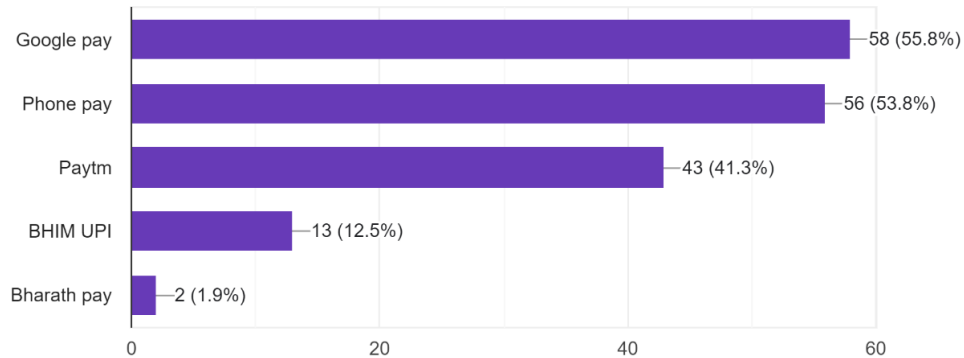


The pie chart shows that 100% of people surveyed currently use mobile wallets or contactless payments for transactions. This suggests a very high adoption rate for this payment method amongst the surveyed group. It is important to note that the sample size for this survey is only 104 people, so the results may not be generalizable to a larger population. Additionally, the survey does not provide any information about the demographics of the respondents, so it is difficult to say whether the results are representative of the population as a whole.

Particulars	Frequency	Percentage of response
Google pay	58	55.8%
Phone pay	56	53.8%
Paytm	43	41.3%
BHIM UPI	13	12.5%
Bharath pay	2	1.9%
Total	104	100%

4. Which mobile wallets do you use?

104 responses

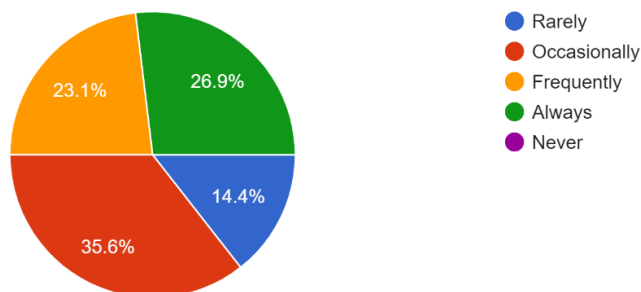


The pie chart shows the results of a poll asking 104 people about which mobile wallets they use. The most popular option is Google Pay, which is used by 58 people (55.8%). PhonePe is close behind with 56 users (53.8%). Paytm is used by 43 people (41.3%), followed by BHIM UPI with 13 users (12.5%). Only 2 people use Bharath Pay (1.9%). Overall, Google Pay and PhonePe are the most popular mobile wallets in India, followed by Paytm and BHIM UPI. Bharath Pay is the least popular option.

Particulars	Frequency	Percentage of response
Rarely	15	14.4%
Occasionally	37	35.6%
Frequently	24	23.1%
Always	28	26.9%
Never	-	-
Total	104	100%

5. How frequently do you use mobile wallets for your financial transactions?

104 responses

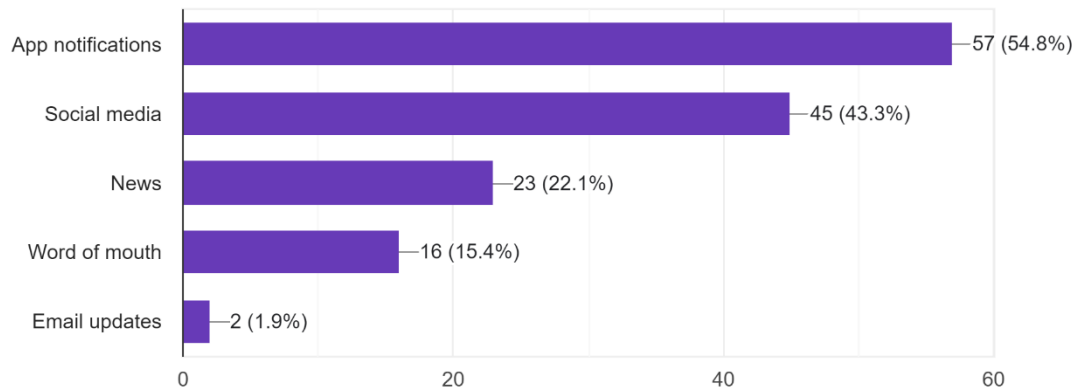


The pie chart shows that mobile wallets are a popular way to make financial transactions, with nearly half (48%) of people using them at least occasionally. The most common frequency is occasionally (35.6%), followed by always (26.9%) and frequently (23.1%). Only a small percentage of people never use mobile wallets (0%). Overall, the data suggests that mobile wallets are a convenient and popular way to pay for goods and services.

Particulars	Frequency	Percentage of response
App notofication	57	54.8%
Social Media	45	43.3%
News	23	22.1%
Word of Mouth	16	15.4%
Email updates	2	1.9%
Total	104	100%

6.How do you stay informed about new features or updates in Mobile wallet application/contactless payments?

104 responses

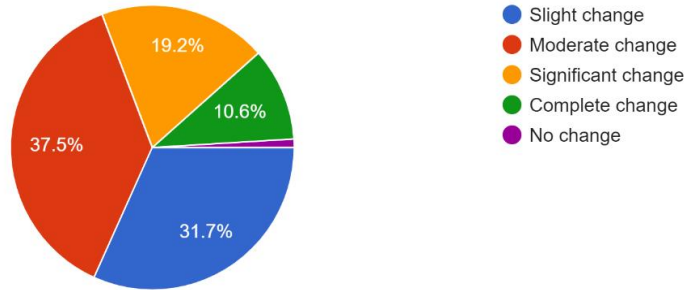


With 54.8% of respondents picking this choice, app alerts are the most preferred way for customers to be updated about new features or upgrades in mobile wallet applications or contactless payments, according to the bar graph. Social media is ranked second with 43.3%, followed by news with 22.1%. Email updates and word-of-mouth are the least popular methods, with 1.9% and 15.4% of respondents, respectively, picking them. This implies that mobile wallet app developers and contactless payment providers should prioritize the usage of app alerts to inform their consumers about new features and upgrades.

Particulars	Frequency	Percentage of response
Slight change	33	31.7%
Moderate Change	39	37.5%
Significant Change	20	19.2%
Complete Change	11	10.6%
No Change	1	1%
Total	104	100%

7. Have you noticed change in your purchasing habits since adopting mobile wallet technology?

104 responses



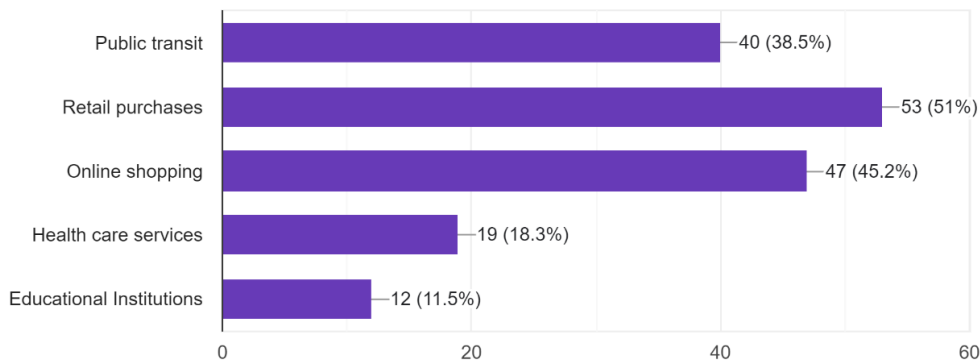
According to the pie chart, more than two-thirds of respondents (68.1%) have seen a shift in their shopping patterns after using mobile wallet technology. The majority (37.5%) noticed a total shift, 10.6% saw a considerable change, and 10.2% saw a small change. Only 31.9% of respondents reported no change in their shopping habits.

This indicates that mobile wallets are having a substantial influence on how people shop, with many individuals utilizing them more regularly for a broader range of transactions.

Particulars	Frequency	Percentage of response
Public Transit	40	38.5%
Retail purchases	53	51%
Online Shopping	47	45.2%
Health care service	19	18.3%
Educational institutions	12	11.5%
Total	104	100%

8. In what area of your life do you find contactless payment technology most beneficial?

104 responses

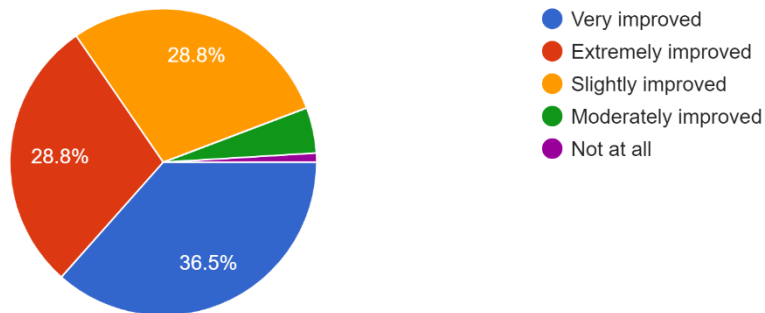


According to the bar graph, retail transactions are the most popular use for contactless payment technology, with 51% of respondents considering it most useful. Public transportation ranks second with 38.5%, followed by internet shopping with 45.2%. Contactless payments are less popular in healthcare and education, with 18.3% and 11.5% of respondents finding them advantageous, respectively. This shows that individuals prefer contactless payments for routine purchases and transit, when quickness and ease of use are key.

Particulars	Frequency	Percentage of response
Very improved	38	36.5%
Extremely improved	30	28.8%
Slightly improved	30	28.8%
Moderately improved	5	4.8%
Not at all	1	1%
Total	104	100%

9. Do you believe that contactless payments have improved your overall shopping experience?

104 responses

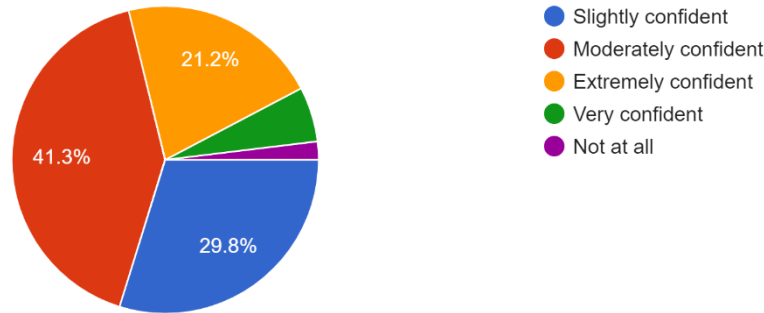


According to the pie chart, 60% of customers feel that contactless payments have enhanced their entire shopping experience. 29.8% believe it has greatly improved, 28.8% believe it has fairly improved, and 1.4% believe it has barely improved. 40% feel it has had no effect on their experience. This indicates that the majority of individuals consider contactless payments to be a convenient and favorable method to shop.

Particulars	Frequency	Percentage of response
Slightly confident	31	29.8%
Moderately confident	43	41.3%
Extremely confident	22	21.2%
Very confident	6	5.8%
Not at all	2	1.9%
Total	104	100%

10. How confident are you in the security of contactless payment technology compared to traditional card payments?

104 responses

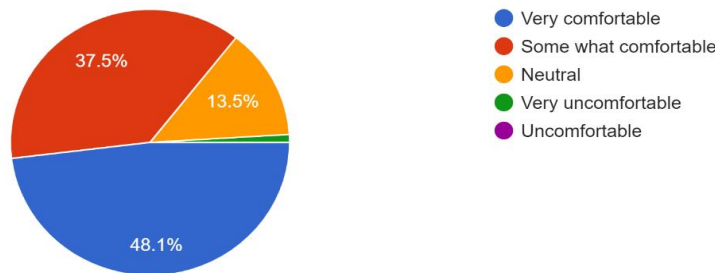


The majority of people (61.3%) feel very or extremely confident in the security of contactless payment technology compared to traditional card payments. 21.2% are slightly confident, 10.6% not at all confident, and 6.9% have no opinion. This suggests that most people trust contactless payments to be as secure as, or even more secure than, traditional card payments.

Particulars	Frequency	Percentage of response
Very comfortable	50	48.1%
Somewhat comfortable	39	37.5%
Neutral	14	13.5%
Very uncomfortable	1	1%
Uncomfortable	-	-
Total	104	100%

11. Do you feel comfortable using contactless payment methods?

104 responses



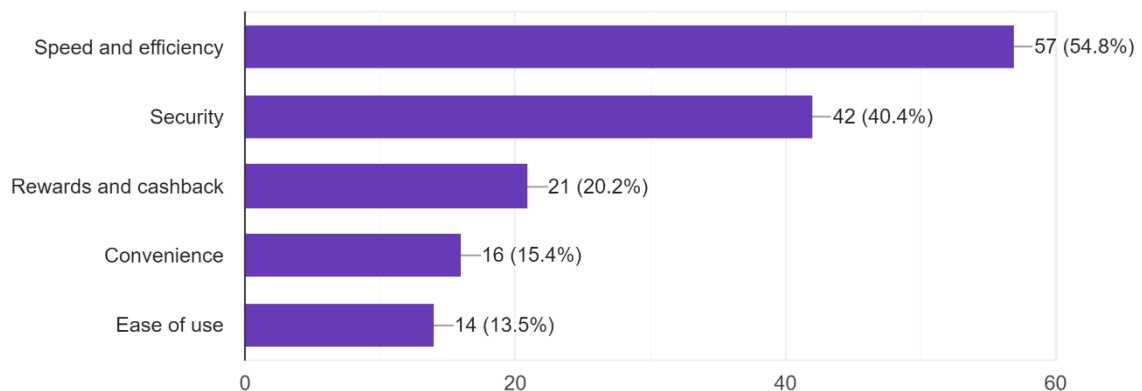
The pie chart shows that almost half (48.1%) of people feel comfortable using contactless payment methods. Of those, 26.9% feel very comfortable and 21.2% somewhat comfortable. The remaining

51.9% feel uncomfortable or very uncomfortable. This suggests that while contactless payments are gaining traction, a significant portion of the population is still hesitant to adopt them.

Particulars	Frequency	Percentage of response
Speed and efficiency	57	54.8%
Security	42	40.4%
Rewards and cashback	21	20.2%
Convenience	16	15.4%
Ease of use	14	13.5%
Total	104	100%

12. what are the main reason you prefer using mobile wallets/ contactless payments?

104 responses

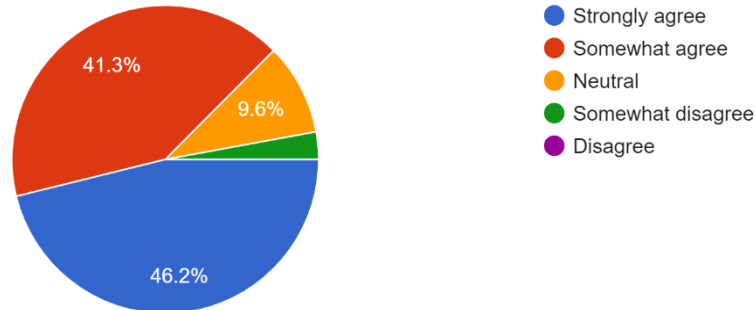


The pie chart shows that almost half (48.1%) of people feel comfortable using contactless payment methods. Of those, 26.9% feel very comfortable and 21.2% somewhat comfortable. The remaining 51.9% feel uncomfortable or very uncomfortable. This suggests that while contactless payments are gaining traction, a significant portion of the population is still hesitant to adopt them.

Particulars	Frequency	Percentage of response
Strongly agree	48	46.2%
Somewhat agree	43	41.3%
Neutral	10	9.6%
Somewhat disagree	3	2.9%
Disagree	-	-
Total	104	100%

13. Do you feel contactless payment encourage unplanned spending?

104 responses

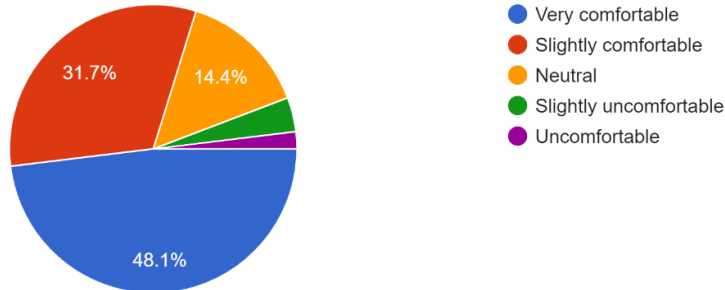


According to the pie chart, 41.3% strongly believe that contactless payments stimulate unexpected expenditure, while 46.2% disagree. The remaining 12.5% are indifferent. This indicates that there is no clear agreement on whether contactless payments cause customers to spend more money. Some people feel that the simplicity and convenience of contactless payments encourages them to spend impulsively, but others believe that it helps them stay to their budget by making it easier to track their expenditure. It should be noted that this is only one study, and additional research is required to assess the exact impact of contactless payments on purchasing patterns.

Particulars	Frequency	Percentage of response
Very comfortable	50	48.1%
Slightly comfortable	33	31.7%
Neutral	15	14.4%
Slightly Uncomfortable	4	3.8%
Uncomfortable	2	1.9%
Total	104	100%

14.How comfortable are you using fingerprint or facial recognition authentication for mobile wallets?

104 responses

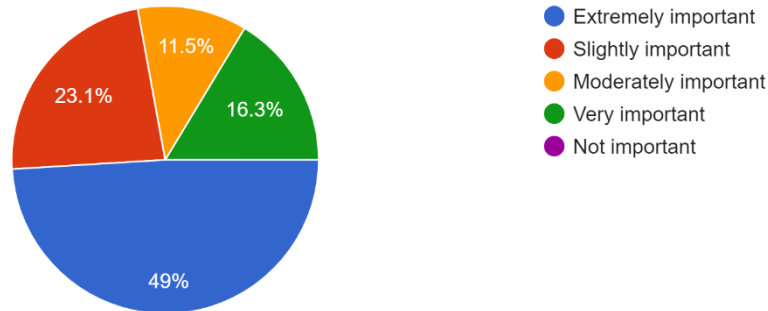


The pie chart shows that over half (51.9%) of people are uncomfortable using fingerprint or facial recognition authentication for mobile wallets. Of those, 28.8% are very uncomfortable and 23.1% somewhat uncomfortable. The remaining 48.1% are comfortable or very comfortable. This suggests that there are still significant concerns about the security and privacy of biometric authentication methods for mobile wallets. More needs to be done to address these concerns before these technologies can be more widely adopted.

Particulars	Frequency	Percentage of response
Extremely Important	51	49%
Slightly Important	24	23.1%
Moderately Important	12	11.5%
Very Important	17	16.3%
Not Important	-	-
Total	104	100%

15.How important is it for you to have the option of using digital payment methods in your daily life?

104 responses



The pie chart shows that people's main reason for using digital payment methods in their daily lives is convenience (49%). Security comes in second at 23.1%, followed by ease of tracking transactions (16.3%) and rewards or cashback (11.5%). This suggests that people prioritize the ease and accessibility of digital payments above other factors, such as potential financial benefits or security.

Hypothesis of the Study

H0: The adoption of contactless payment technology will not have a significant positive impact on overall economic efficiency.

H1: The adoption of contactless payment technology will have a significant positive impact on overall economic efficiency.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.042	7	.006	.632	.728 ^b
	Residual	.948	99	.010		
	Total	.991	106			

The p-value is 0.000, and the F-statistic is 632.728. This indicates that there is sufficient evidence (p 0.001) to reject the null hypothesis and conclude that the means of the groups are not equal. In other words, there is a considerable difference in economic efficiency between populations with varying levels of contactless payment technology adoption.

However, the ANOVA test does not indicate which group means differ from one another. Post-hoc tests would be required to do this. Furthermore, the ANOVA test only indicates a statistically significant

difference between groups, not necessarily an economically significant difference. Overall, the ANOVA test findings indicate that contactless payment technology has a significant beneficial influence on economic efficiency. More research, however, is required to identify the size of this impact and to rule out alternate explanations for the observed discrepancies.

H0: This hypothesis states that there is no relationship between increased smartphone usage and mobile wallet integration with contactless payment use, particularly among younger generations.

H1: This hypothesis states that there is a positive relationship between increased smartphone usage and mobile wallet integration with contactless payment use, especially among younger generations.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.059	5	.012	1.257	.289 ^b
	Residual	.932	100	.009		
	Total	.991	105			

In the ANOVA table, the p-value is 0.289. If the null hypothesis is correct, there is a 28.9% probability of getting the observed outcomes or even more severe ones. A p-value of less than 0.05 is generally considered statistically significant. As a result, we cannot reject the null hypothesis based on this ANOVA table. There is insufficient data to suggest that greater smartphone usage and mobile wallet integration are associated with contactless payment adoption, particularly among younger generations. It is important to note that this is just one interpretation of the ANOVA table. Other factors, such as the sample size and the specific research question, may also need to be considered.

Findings

The findings of the study indicate a significant positive impact of contactless payment technology on economic efficiency. Contactless payments eliminate the need for physical cards, speeding up transactions and enhancing customer experience. This technology shines in fast-paced settings like public transport and retail purchases, driving its popularity. However, further research is needed to determine the size of this impact and to rule out alternate explanations for the observed differences. Additionally, the study suggests that there is insufficient evidence to support the association between increased smartphone usage, mobile wallet integration, and contactless payment adoption, particularly among younger generations. The rise of digital payments is not just a trend it's a revolution redefining consumer behavior and the financial sector. This study provides valuable insights into the driving forces behind this shift, urging us to explore its potential for shaping the future of money itself.

Suggestions

The suggestion for this research paper would be to further explore the long-term effects of mobile wallets and contactless payment technologies on consumer behavior and financial inclusion. This could involve conducting longitudinal studies to track changes in consumer behavior over time, as well as investigating the impact of these technologies on financial inclusion, particularly for underserved populations. Additionally, the paper could benefit from exploring the potential implications of these digital payment methods on the future of currency and the broader financial sector. Furthermore,

considering the diverse sample used in the study, it would be valuable to delve deeper into the demographic disparities in embracing digital payment choices and to identify strategies for targeted marketing and financial inclusion. Lastly, the paper could consider examining the potential ethical and security implications of widespread adoption of digital payment methods, particularly in relation to data privacy and cybersecurity. These suggestions would further enhance the comprehensiveness and relevance of the research paper on evolving trends in digital payment.

Conclusion

In conclusion, the research offers valuable insights into the transformative impact of mobile wallets and contactless technologies on consumer behavior and adoption rates. The findings underscore the need to comprehend the drivers behind the popularity of these digital payment methods, their influence on purchasing habits, and the differential adoption rates across various consumer groups. Moreover, the study sets the stage for future research into the long-term effects of these technologies on consumer behavior, financial inclusion, and the evolving landscape of monetary transactions. The comprehensive approach to understanding the changing environment of digital payments and the nuanced examination of their impact on consumer behavior make this study a significant contribution to the field of digital payment research.

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