



Role of Digital Payment Initiatives on Customer Loyalty and Satisfaction

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ABSTRACT:

This study aims to comprehensively evaluate the digital services provided by public sector banks, focusing on user experiences and satisfaction levels. With the rapid advancement of digital technologies, the banking sector has undergone significant transformation, prompting public sector banks to adopt digital services to meet the evolving needs of their customers. The research begins with an in-depth review of existing literature, covering studies on digital banking, customer behavior, and the impact of technology on finance. This review sets the foundation for understanding the significance and context of digital services in the banking industry. Surveys are then conducted among customers to gather data on their usage patterns, preferences, and overall satisfaction with digital services. The survey results are analyzed to identify trends, challenges, and opportunities for improvement, which can support the growth and adaptation of local businesses. Additionally, the study evaluates the level of trust customers have in these digital services and explores how security concerns may affect their willingness to use them. It also investigates the impact of digital payment initiatives on the performance of local businesses, highlighting key changes, challenges, and opportunities associated with their adoption.

Keywords: Digital services, local business performance, satisfaction levels, customer behavior, customer feedback, technology adoption.

1.INTRODUCTION

In today's world, local businesses have sky-rocketed their performance by adapting themselves to digital payment initiatives. This study is concerned with gaining a better understanding of two contrasting causes when it comes to the popularity of digital payment methods existing literature has as of yet explicitly focused on How this Phenomenon is exhibited on a National level, within the limits of single countries. However, information is Plentiful when it comes to theories trying to explain consumer perception of payment methods from a more general point of view. A comparison such as the one in this paper has not been a central part in previous studies. The chosen research qualities are clear and concise, but at the same time, they are not limiting the study by placing it in too narrow a frame, having said that, they also allow the authors to make a valuable contribution to knowledge.

Cashless society

A Cashless society describes an economic state where financial transactions are not conducted with money in the form of physical banknotes or coins, but rather Through the transfer of digital information (usually an electronic representation of money) between the transacting parties cashless societies have existed, based on barter and other methods of exchange, and cashless transaction have also become possible using digital currency such as bitcoin.

Direct Benefits:

High maintenance costs: The cost of maintaining currency in India is enormous. According to the Reserve Bank of India, the provisional estimates of the amount of currency in circulation (as of June 2010) stands at INR 8,64,333 Crores out of which only 5% of the currency is with the bank, implying that almost the entire volume of currency is transacted every day. Over the period April 2006-June 2010, currency has shown a yearly growth rate of 17%. It is estimated that, for 2009-10, RBI incurred an annual cost of INR 2,800 Crores to just print the currency notes. This is 0.4% of the total currency in circulation. This cost does not include the cost of storage, transportation, security, detection of counterfeits etc. To the printing cost, if we were to add the cost of storage and maintaining these currencies through ATMs alone, the cost of printing and distributing cash constitutes about 0.2% of India's GDP. Given the growth rate in the volume of currency, the cost of printing and disbursing will soon become enormous. In the face of this, a moderate growth of cashless transactions by 5% a year will save more than Rs 500 Crores annually. Therefore, there is a direct benefit (in terms of cost savings) of moving towards cashless transactions in India. However, it is the indirect benefits that are perhaps much more important for India, especially given its objective of inclusive growth.

Indirect Benefits:

There are three distinct yet important indirect benefits from promoting cashless transactions in India. These are:

It will promote financial inclusion;

It will keep records of financial transactions;

It will lower transaction costs involving any two parties engaged in a financial transaction.

However:

This Article discusses and focuses on the term “cashless society” In the sense of a move towards, and implications of, a society where cash is replaced by its digital equivalent – in other words, legal tender currency exists, is recorded, and is exchange only in electronic digital form.

DIGITAL PAYMENTS: Digital Payments means providing banking products and services through electronic delivery channels like ATM, Internet banking, Telephone banking and other electronic delivery channels. Automated Teller Machine (ATM) is electronic computerised telecommunication device that allows a customer to directly use a secured method of communication to access their bank accounts or make cash withdrawals and other services. Internet banking highly useful to the customer one who have computer with internet connection, they need not visit bank branch for their business transactions. Simply they can transact anywhere, anytime if they have internet connection. By dialling the telebanking number customer can get various facilities like cheque book request, balance enquiry etc. Digital banking is the digitization (or moving online) of all the traditional banking activities and programs services that were historically were only available to customers when physically inside of a bank branch. This includes activities like Money Deposits, Withdrawals, and Transfers, Checking/Saving Account Management, Applying for Financial Products, Loan Management, Bill Pay, Account Services.

Online Banking System History: The concept of online banking as we know it today dates back to the early 1980s, when it was first envisioned and experimented with. However, it was only in 1995 (on October 6, to be exact) that Presidential Savings Bank first announced the facility for regular client use. The idea was quickly snapped up by other banks like Wells Fargo, Chase Manhattan and Security First Network Bank. Today, quite a few banks operate only solely via the Internet and have no ‘four walls’ entity at all. In the beginning, its inventors predicted that it would be only a matter of time before online banking completely replaced the conventional kind. Others have opted not to use many of the offered facilities because of bitter experiences with online fraud, and the inability to use online banking services. Be that as it may, it is estimated that a total of 55 million families in America will be active users of online banking by the year 2010. The number of online banking customers has been increasing at an exponential rate. Initially, the main attraction is the elimination of tiresome bureaucratic red tape in registering for an account, and the endless paperwork involved in regular banking. The speed with which this process happens online, as well as the other services possible by these means, has translated into literal boom in the banking industry over the last five years. Nor are there any signs of the boom letting up – in historical terms, online banking has just begun.

Role of Digitalization in Local Businesses in India

Digitalization has empowered local businesses in India to adapt to changing consumer preferences, compete in the digital economy, and unlock new growth opportunities. By embracing digital technologies and leveraging digital platforms, local businesses can strengthen their market position, drive innovation, and thrive in an increasingly interconnected and competitive business landscape. Digitalization has significantly expanded the reach and visibility of local businesses in India. Through the establishment of digital platforms such as websites, social media profiles, and listings on online marketplaces, businesses can extend their presence beyond physical storefronts, reaching a wider audience and attracting potential customers who may not have been accessible through traditional marketing channels. The rise of e-commerce platforms has presented local businesses with new opportunities to engage with customers and drive sales. By embracing e-commerce, businesses can transcend geographical boundaries and sell their products or services to customers across India and beyond. Platforms like Amazon, Flipkart, and Shopify provide businesses with the infrastructure and tools needed to set up online stores, manage inventory, process orders, and fulfill deliveries. Digital marketing has revolutionized how local businesses promote their products or services, offering them a multitude of channels and tools to engage with their target audience effectively. Through social media marketing, email campaigns, content marketing, and PPC advertising, businesses can create tailored marketing messages and deliver them to specific demographics or segments. This data-driven approach enables businesses to maximize ROI and drive customer engagement and loyalty. Digital tools and technologies have transformed how local businesses operate and deliver services to their customers, leading to improved efficiency and customer satisfaction. From POS systems and inventory management software to CRM platforms and online booking systems, digitalization streamlines business operations and enhances productivity. Automation frees up time and resources to focus on core activities, while digital communication channels enable real-time engagement with customers, fostering stronger relationships. Digitalization has democratized access to financial services and capital for local businesses, empowering them to manage their finances effectively and access funding for growth. Digital banking services, mobile wallets, and payment gateways enable businesses to send and receive payments securely, manage cash flow, and track transactions in real-time. Fintech innovations provide alternative funding sources, bridging cash flow gaps and fueling growth ambitions. Data analytics is a powerful tool for local businesses, providing valuable insights that inform strategic decision-making and drive operational improvements. Through web analytics, social media metrics, sales reports, and customer feedback, businesses gain deep insights into customer behavior, market trends, and business performance. Advanced analytics tools uncover hidden patterns and predict future trends, helping businesses make informed decisions and gain a competitive edge. In summary, digitalization has emerged as a transformative force for local businesses in India, offering them new avenues for growth, innovation, and competitiveness. By embracing digital technologies and adopting a digital-first mindset, businesses can unlock new opportunities, reach untapped markets, and thrive in an increasingly digital economy.

2.LITERATURE REVIEW:

Gai, A. M., Zakaria, M., Harsono, I., Nurdiani, T. W., & Munir, A. R. (2024) in his paper discussed an understanding of how customer satisfaction is affected by convenience, transaction process, system quality, content reliability, and customer service, as well as how this affects customer complaints and repurchase intentions, these factors will be examined in this study. We employed the descriptive research method in conjunction with conclusive research in this study. For this study, a cross-sectional design was employed. A questionnaire was used in this study's data collection process. Those who have utilized the mobile application and filed complaints with customer support make up the demographic under investigation. With a sample size of 100 participants, judgmental sampling was used in this study. The structural equation model method will be used to examine the data in this study. The data analysis's findings highlight a number of significant conclusions.

Wasiq, M. (2024), in his paper he tried to assess the impact of consumer perception, Satisfaction, and their Environmental Economic concern on adoption of digital payment in India and also assessed their relationships with several observed variables and In order to examine consumer behaviour in the context of digital payment technology, this research use the integrated UTAUT model, which takes into account factors like ease of use, trust, security, self-efficacy, etc. The paper demonstrates why the suggested model is Useful for analyzing consumer behaviour in India. Several factors in the research had a great deal of sway, including a sense of safety, and confidence Satisfaction and adoption of digital payment among North Indian consumers. The study's findings and recommended methodology have important implications for future research and practice using digital payment. Several standardized measures were included in this investigation. The data was analyzed using a variety of statistical methods, including Structural equation modeling and regression, in addition to more basic descriptive statistics. Perception, environmental economic impact and satisfaction data were gathered using three distinct questionnaires. This paper also identifies one more crucial factor i.e., "environmental economic concern of digital payment" which is not discussed extensively in the literature, this study primary keeping mobile wallet in the consider among multiple sources of digital payment. Overall, these results suggest that Perception is the most important predictor of Adoption, followed by Satisfaction and Environmental Economic Impact.

Sudirjo, F., Bororing, G. M. G., Harsono, I., Nurdiani, T. W., & Naim, I. (2024), The purpose of this study is to identify and quantify the factors that affect consumers' satisfaction when they use pay later. This study uses a quantitative methodology. Researchers used questionnaires to get information. To pick 100 respondents from the research population, which was made up of pay later users who were actively using the service, the researchers used purposive selection approaches. The research findings indicated that there was a high degree of goodness and excellence in the data quality and the data outcomes acquired through the outer and inner models. All hypotheses tested in this study were accepted, indicating that the variables measured, such as content, accuracy, format, and ease of use, have a significant effect on the level of end-user satisfaction. Testing of the model structure also confirmed the acceptance of all hypotheses, with accuracy proven to have the greatest influence on ease of use. This research shows that the accuracy aspect of the use of a system or product has the most significant impact on user satisfaction. However, it is important to note that all variables, including content, format, and ease of use, also positively contribute and cannot be ignored. Therefore, even though accuracy has the greatest influence, the presence of all these factors remains an important aspect of analyzing customer satisfaction in this research.

Wardhani, R. A., Arkeman, Y., & Ermawati, W. J. (2023), discussed that COVID-19 and digitalization trends have brought changes to the way producers and consumers interact, especially in payment transactions. In Indonesia, one method of using digital payments is using a QR code standard known as the Quick Response Code Indonesian Standard (QRIS). In accepting technology, the Technology Acceptance Model (TAM) can help predict one's acceptance of technology. The purpose of this research is to see the effect of adopting QR codes for payment on the financial performance of MSMEs in Indonesia and identify the factors and indicators that influence MSMEs in adopting QRIS. There were 296 respondents, who are users and non-users of QRIS from micro businesses throughout Indonesia. Questionnaires were distributed online, and data processing used the Structural Equation Model (SEM). The results show that the intention to adopt QRIS can significantly affect the financial performance of MSMEs, which in this case relates to an increase in the number and nominal transactions, sales turnover, business cash flow, and sales records. Perceived convenience, social influence, perceived usefulness, and perceived cost have a significant effect on influencing micro businesses to use QRIS. On the other hand, perceived compatibility, trust, personal innovativeness, and moderation variable such as length of business and experience of using digital payment does not significantly affect the micro business intention of using QRIS.

Sahi, A. M., Khalid, H., Abbas, A. F., & Khatib, S. F. (2021), the author aims to address this gap by providing a comprehensive review of the related literature retrieved from Scopus and Web of Science databases. Following a systematic method, a final sample of 193 research articles was identified and analyzed. The results highlight that a single theory has failed to comprehensively explain the complex nature of electronic payment adoption. The key limitation of the existing theories is their inability to consider the role of social and cultural facets in the adoption of new technology. While literature reviews are a widespread practice in [business studies](#), there are scant reviews that use the [systematic review](#) methodology that aggregates knowledge using clearly defined processes and criteria. This is the first [systematic review](#) on electronic payment adoption, which structures the existing knowledge and provides directions for future research.

Chaveesuk, S., Khalid, B., & Chaiyasoonthorn, W. (2021), in this paper they empirically investigated the marketing perspectives of behavioral intention and the actual use of digital payment solutions as electronic innovation for retail purchases in Thailand. This is important as leveraging digital innovation can be applied to minimize physical contact between retailers and customers, especially in the COVID-19 era. The UTAUT model was used and extended to include attitude, social distancing, and perceived risk variables. The study was conducted using primary data collected from 467 Thai respondents who used digital payment systems as a means of payment in retail purchases. The study data were collected employing a structured questionnaire. Techniques used in data analysis include Confirmatory Factor Analysis and Structural Equation Modeling. The results from the data analysis highlighted that behavioral intention to use digital payment innovation in Thailand was influenced by Perceived Risk (PR), Facilitating Condition

(FC), Performance Expectancy (PE), and Attitudes (AT) of people. The study also revealed that exploring the marketing perspectives, Behavioral Intention (BI) significantly influenced the Actual Use (AU) of digital payment systems.

Davies, M. (2021). Davies analyzed the role of contactless payments in improving customer experience and business performance during the COVID-19 pandemic. The study found that businesses using contactless payment options experienced higher customer satisfaction and increased sales, highlighting the importance of digital payment solutions in crisis situations.

Usman, M., & Zafar, A. (2021). The authors investigated the role of digital payment systems in improving customer satisfaction in local markets of Pakistan. Their research indicated that digital payments increased customer satisfaction by offering secure, quick, and convenient payment options, which also boosted business performance.

Anderson, C. (2021). Anderson's study examines the role of digital payment systems in improving customer satisfaction in local hardware stores. The research found that digital payments enhance customer experience by offering convenient and secure payment options, leading to higher customer satisfaction and sales.

Wisnu, H., Afif, M., & Ruldevyani, Y. (2020), sentiment analysis and opinion mining is conducted to see public satisfaction towards the digital payment service in Indonesia (OVO, GO-PAY and LinkAja). The research uses Twitter data and has several stages, which are data crawling from Twitter, data cleaning, feature selection and classification using two machine learning approach (Naïve bayes classifier and K-Nearest Neighbour or KNN). The raw data is processed to get the clean data, and to get the appropriate feature for classification algorithm and then perform classification and validation to the model. As for the classification algorithm, this research finds out that KNN has better accuracy than Naive Bayes. The result of this research also shows that LinkAja and GO-PAY has more neutral sentiment or customers nearly satisfied of the services provided, and OVO has more negative sentiment than neutral sentiment.

Wadesango, N., & Magaya, B. (2020), the authors have focused on The integration of digitalization in the banking sector in Zimbabwe is expected to affect the way in which banks come up with financial products and services and consequently customer satisfaction and the performance of these banks. To accomplish this, this study made an attempt to investigate the effect of digital banking on financial performance of commercial banks in Zimbabwe. Quantitative research methodology was adopted. The target population for the study was one commercial bank. Data collection sheet was used in data collection Pearson correlation coefficient helped evaluate the effect of digital banking on the banks' financial performance. The other inferential test multiple regression analysis was used to analyse the effects of digital banking on financial performance. The study revealed that ROA in CBZ a commercial bank in Zimbabwe increased in upwards trends due to an increase in online customer deposits through DIGITAL banking platforms. The study established that online bank transaction to total asset ratio increased in an upwards trend over the specified study period. Further increase in ICT expenses, fees and commissions to total asset ratio increased. The study concluded that online banking transaction significantly and positively predicted ROA and that an increase online banking transactions led to increase in ROA. The study recommends that bank management should enhance digital banking to improve financial performance in commercial banks.

Zhang, L. L., & Kim, H. (2020), in this paper the writer dicusses that the world's ICT technology develops, the application of new technology will facilitate the change and development of the financial industry as it moves into universal, microfinance and wisdom financing by providing services to niche markets. After reviewing previous studies on financial service characteristics, customer satisfaction and use intentions, an empirical study was conducted. Financial services are characterized by convenience, profitability, security and flexibility. The study aims to analyze what factors influence the intent of users to manage personal assets based on Fintech-based Alipay. This study used SPSS 22.0 for basic statistics and structural equations analyzed with Smart PLS 2.0 (partial least squares). The findings are as follows. First, the characteristics of financial services (convenience, benefits, security, and flexibility) give major influence on the increasing of customer satisfaction. Second, the increasing of customer satisfaction gives significant influence on use intentions. This means that in order to settle in the market, it is essential to establish differentiated financial services in a rapidly changing business market. In order to draw clients in the mobile market, it is necessary to actively use the characteristics of financial services.

Baker, T. (2020). Baker's research focuses on small enterprises in urban areas and their adoption of digital payment methods. The findings reveal a direct correlation between digital payment adoption and enhanced business efficiency. Customers reported higher satisfaction due to the convenience and security of digital payments, leading to increased repeat business.

Hernandez, R. (2020). Hernandez's research on Latin American small businesses reveals that digital payment systems can significantly enhance business performance by streamlining transactions and reducing cash handling risks. The study underscores the role of government and financial institutions in supporting digital payment adoption.

3. RESEARCH METHODOLOGY:

OBJECTIVES

- To analyze the efficiency and operational benefits of digital payments
- To measure the overall impact on customer loyalty and satisfaction
- To evaluate the enhancement of customer experience through digital payments.

HYPOTHESIS

H1: The adoption of digital payments is positively influenced by the perceived ease of use and convenience offered by the technology.

H2: Customers who frequently use digital payment methods exhibit higher levels of loyalty to the service provider due to enhanced user experience and satisfaction.

H3: The satisfaction level of customers using digital payments is significantly higher compared to those using traditional payment methods, driven by factors such as speed, security, and ease of transaction.

SOURCES OF DATA

The data was collected through both Primary and Secondary sources.

- PRIMARY SOURCE OF DATA: Primary data was collected by administering a Questionnaire.
- SECONDARY SOURCE OF DATA: Secondary data refers to data that was collected by someone other than the user. Secondary data was collected from Journals, Magazines, Websites, and various textbooks.

SAMPLE SIZE

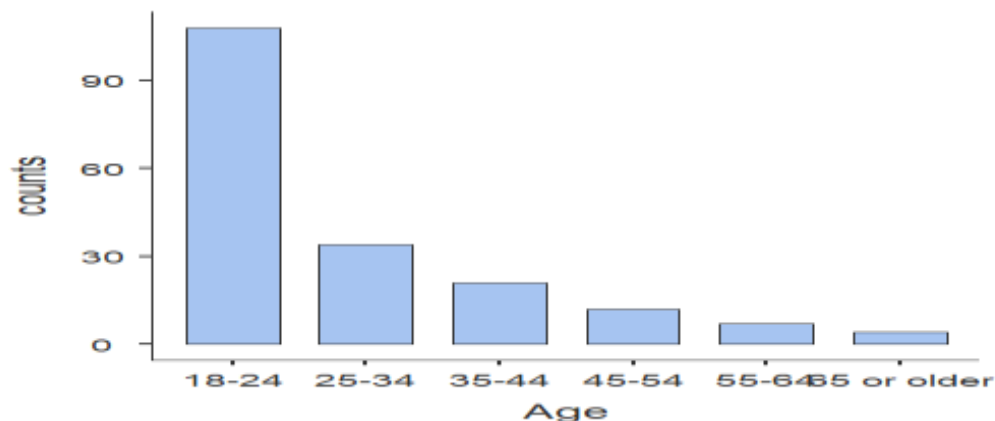
- The sample size of the present study is 186.

TOOLS FOR ANALYSIS

- Reliability Analysis
- Linear Regression
- Correlation Matrix

4.DATA ANALYSIS:

PART-A DEMOGRAPHIC INFORMATION



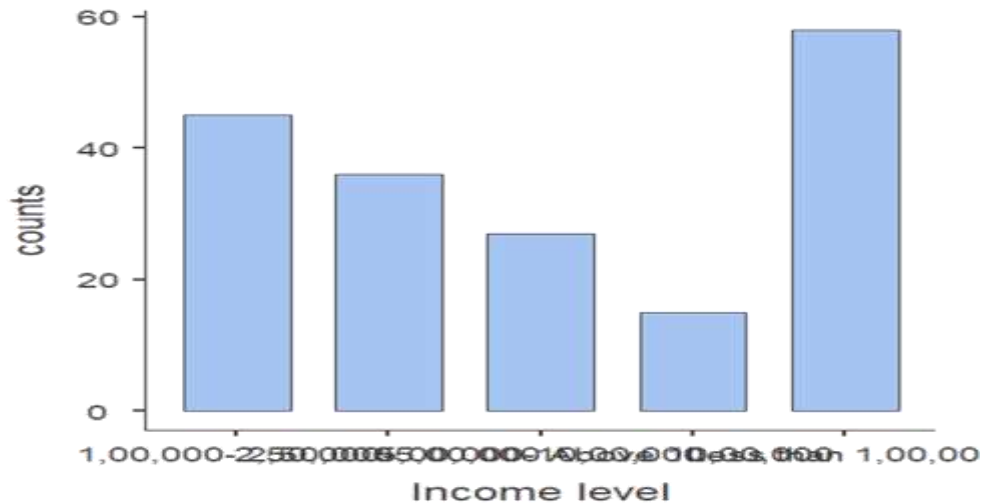
INTERPRETATION: The data presented in Figure 5.1 outlines the age distribution of respondents in a certain survey. The majority, comprising 58.1% of the total respondents, fall within the 18-24 age bracket. Following this, there is a noticeable decrease in the percentage of respondents as age increases, with 18.3% falling within the 25-34 age group, 11.3% within the 35-44 age group, and progressively smaller percentages in older age brackets. Notably, the percentage of respondents diminishes steadily with each older age category, indicating a trend of decreasing participation from older demographics. Overall, the data highlights a skew towards younger respondents, with nearly three-quarters (76.3%) of respondents being under the age of 35. This suggests that the survey may be more representative of younger age groups and may not fully capture the perspectives of older demographics. While the majority of respondents are indeed from the 18-25 age group, it's crucial to acknowledge the smaller but still significant presence of respondents in older age brackets, emphasizing the importance of considering a diverse range of perspectives when interpreting the survey results.

2. Income Level

Table 5.2 Showing Frequencies of Income Level

Income level	Counts	% of Total	Cumulative %
1,00,000- 2,50,000	45	24.9 %	24.9 %
2,50,000-5,00,000	36	19.9 %	44.8 %

5,00,000-10,00,000	27	14.9 %	59.7 %
Above 10,00,000	15	8.3 %	68.0 %
Less than 1,00,000	58	32.0 %	100.0 %

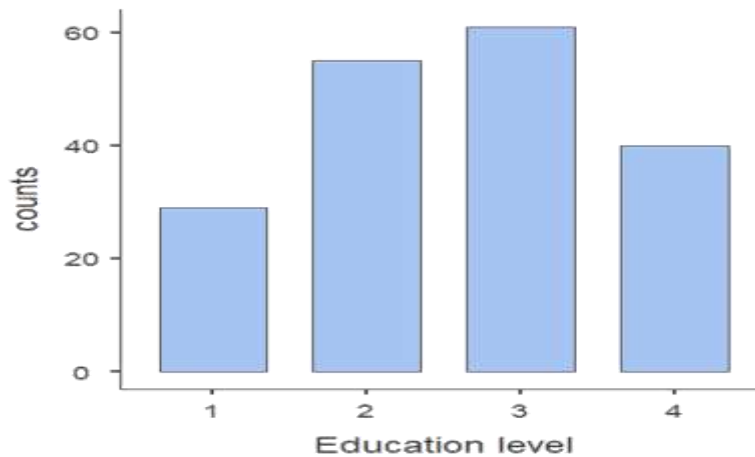


INTERPRETATION: The data depicted in Figure 5.2 provides insights into the income distribution among respondents in a certain demographic. Notably, the largest segment of the population, comprising 32%, falls within the income bracket of less than ₹1,00,000. This suggests that a significant portion of the surveyed population belongs to lower-income categories. Following this, 24.9% of respondents earn between ₹1,00,000 and ₹2,50,000, indicating a substantial presence in the lower-middle income bracket. As income levels increase, the percentage of respondents decreases gradually. For instance, 19.9% of respondents fall within the ₹2,50,000-₹5,00,000 income range, while smaller proportions earn higher incomes, such as 14.9% in the ₹5,00,000-₹10,00,000 bracket and 8.3% earning above ₹10,00,000. This distribution highlights a trend of income inequality within the surveyed population, with the majority concentrated in the lower to middle-income brackets. Understanding the income distribution of respondents is crucial for various analyses, such as consumer behavior, economic policy-making, and social welfare planning.

3. Level of Education

Table 5.3 Showing Frequencies of Education Level

Education level	Counts	% of Total	Cumulative %
1	29	15.7 %	15.7 %
2	55	29.7 %	45.4 %
3	61	33.0 %	78.4 %
4	40	21.6 %	100.0 %

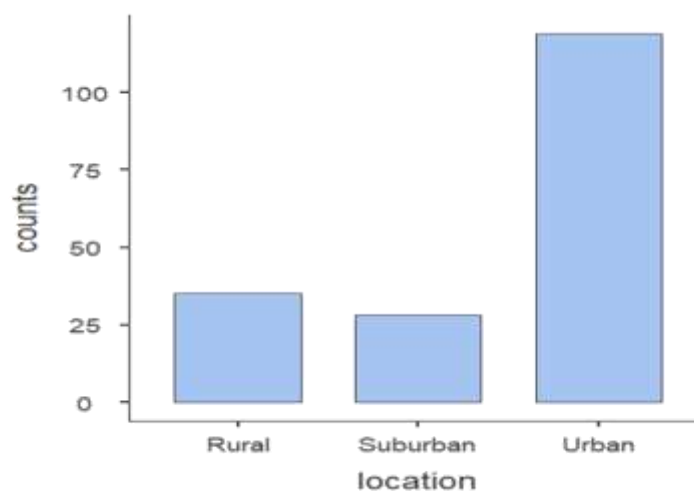


INTERPRETATION: The data presented in Figure 4.3 sheds light on the education level distribution among respondents in a particular demographic. Notably, the largest proportion of the population, constituting 33%, has achieved level 3 education. This indicates a significant portion of individuals with a moderate to high level of educational attainment, likely corresponding to tertiary education or its equivalent. Following closely, 29.7% of respondents have attained level 2 education, suggesting a substantial presence of individuals with secondary education qualifications. Additionally, 21.6% of respondents have reached level 4 education, indicating further specialization or advanced degrees beyond the tertiary level. Conversely, the smallest group comprises 15.7% of respondents with level 1 education, likely representing individuals with primary or basic education qualifications. Cumulatively, the data demonstrates that 78.4% of the population has achieved at least level 2 education, underscoring a majority with moderate to high educational attainment. This suggests a strong investment in education within the surveyed population, with a notable presence in higher education levels, which could have implications for employment opportunities, social mobility, and overall socioeconomic development.

4. Frequencies of location

Table 5.4 Showing Frequencies of Location

location	Counts	% of Total	Cumulative %
Rural	35	19.2 %	19.2 %
Suburban	28	15.4 %	34.6 %
Urban	119	65.4 %	100.0 %



INTERPRETATION: The data presented in Figure 4.4 illustrates the distribution of respondents based on their location, delineated into rural, suburban, and urban areas. Notably, the majority of the surveyed population, constituting 65.4%, resides in urban areas. This robust urban presence suggests a concentration of population and possibly greater access to urban amenities, employment opportunities, and social infrastructure. Suburban areas accommodate 15.4% of the population, representing a middle ground between the urban and rural lifestyles. Suburbs often offer a blend of urban conveniences and more spacious living environments, appealing to those seeking a balance between city amenities and suburban tranquility. Rural areas, though comprising the smallest percentage at 19.2%, still reflect a substantial portion of the surveyed population. This demographic might be engaged in

agriculture, traditional livelihoods, or simply prefer the slower pace and close-knit communities characteristic of rural living. Overall, the data suggests a trend towards urbanization, with over half of the population residing in urban settings.

PART B- RESEARCH ANALYSIS

Reliability Analysis

Table 5.5 Showing Scale Reliability Statistics- Digital payments

Cronbach's α	
Scale	0.816

INTERPRETATION: The Cronbach's α coefficient for the digital payments scale is 0.816, demonstrating strong internal consistency among the items. This high value suggests that the scale is a reliable measure of the concept of digital payments, with a significant correlation between the items included. A Cronbach's α value above 0.8 is generally considered to indicate good reliability, implying that the scale consistently produces dependable results. Given this high reliability, researchers can confidently utilize this scale to evaluate various aspects of digital payment behaviors and attitudes within the population. The robust internal consistency means that the items on the scale are well-aligned in measuring the same underlying construct, which enhances the credibility and trustworthiness of the findings derived from its use. Consequently, the high reliability of the scale also suggests that the results are likely to be valid and reproducible, making it a valuable tool for research. Such reliability is crucial for making informed decisions and recommendations regarding digital payment adoption and usage strategies. It ensures that stakeholders, including businesses and policymakers, can base their strategies on solid and dependable data, ultimately contributing to more effective and targeted approaches in promoting and implementing digital payment systems.

Table 5.6 Showing Scale Reliability Statistics- Customer Loyalty

Cronbach's α	
Scale	0.876

INTERPRETATION: The Cronbach's α coefficients for the scales measuring customer loyalty and customer satisfaction are 0.876 and 0.865, respectively, indicating very high internal consistency among their items. These values suggest that both scales are highly reliable measures of their respective constructs, with strong correlations between the items. A Cronbach's α value above 0.8 is generally considered excellent, ensuring that the scales provide consistent and dependable results across different samples and settings. Given their high reliability, researchers and businesses can confidently use these scales to assess various dimensions of customer loyalty and satisfaction. For customer loyalty, this includes aspects such as satisfaction, retention, and advocacy, while for customer satisfaction, it encompasses evaluating service quality, identifying improvement areas, and measuring the impact of customer experience initiatives. The robustness of these scales is crucial for making informed decisions and developing effective strategies to enhance customer relationships, loyalty programs, and overall satisfaction. The descriptive statistics show that the mean values for digital payments, customer loyalty, and customer satisfaction are approximately 2.19 and 2.18, with standard deviations ranging from 0.822 to 0.878. This indicates that the data points are centered around these mean values with moderate variability, suggesting stability and clustering around the central values. These consistent means and close standard deviations provide a clear overview of the central tendency and spread of the data, facilitating further analysis and interpretation. The stability of the data enhances the reliability of any subsequent analyses or conclusions drawn from these scales.

Table 5.7 Showing Scale Reliability Statistics- Customer Satisfaction

Cronbach's α	
scale	0.865

INTERPRETATION: The Cronbach's α coefficient for the customer satisfaction reliability scale is 0.865, indicating high internal consistency among its items. This level suggests that the scale is highly effective in measuring customer satisfaction, with a strong correlation between the items. In general, a Cronbach's α value above 0.8 is considered excellent, ensuring that the scale produces consistent and dependable results across various samples and settings. This high reliability means that researchers and businesses can confidently use this scale to assess customer satisfaction levels. It is a robust tool for identifying areas for improvement in customer service, evaluating the impact of customer experience initiatives, and tracking changes in satisfaction over time. The reliability of the scale ensures that the measurements are accurate and reflective of true customer sentiments, rather than being influenced by random errors or inconsistencies. By employing this reliable scale, businesses can gain valuable insights into customer satisfaction, supporting informed

decision-making and strategy development. Overall, the high Cronbach's α value underscores the scale's utility in providing actionable data for driving customer-centric improvements and achieving business objectives.

Table 5.8 Showing Descriptives

	Mean	SD
DP	2.19	0.822
CL	2.19	0.878
CS	2.18	0.830

INTERPRETATION: The Cronbach's α coefficients for the scales measuring customer loyalty and customer satisfaction are 0.876 and 0.865, respectively, indicating very high internal consistency among their items. These values suggest that both scales are highly reliable measures of their respective constructs, with strong correlations between the items. A Cronbach's α value above 0.8 is generally considered excellent, ensuring that the scales provide consistent and dependable results across different samples and settings. Given their high reliability, researchers and businesses can confidently use these scales to assess various dimensions of customer loyalty and satisfaction. For customer loyalty, this includes aspects such as satisfaction, retention, and advocacy, while for customer satisfaction, it encompasses evaluating service quality, identifying improvement areas, and measuring the impact of customer experience initiatives. The robustness of these scales is crucial for making informed decisions and developing effective strategies to enhance customer relationships, loyalty programs, and overall satisfaction. The descriptive statistics show that the mean values for digital payments, customer loyalty, and customer satisfaction are approximately 2.19 and 2.18, with standard deviations ranging from 0.822 to 0.878. This indicates that the data points are centered around these mean values with moderate variability, suggesting stability and clustering around the central values. These consistent means and close standard deviations provide a clear overview of the central tendency and spread of the data, facilitating further analysis and interpretation. The stability of the data enhances the reliability of any subsequent analyses or conclusions drawn from these scales.

Table 5.9 Showing Correlation Matrix

	DP		CL		CS
DP	—				
CL	0.728	***	—		
CS	0.685	***	0.799	***	—

Note. * $p < .05$, ** $p < .01$, *** $p < .001$

INTERPRETATION: The correlation matrix reveals significant and strong relationships between Digital Payments (DP), Customer Loyalty (CL), and Customer Satisfaction (CS). Specifically, the data shows that Digital Payments are positively correlated with both Customer Loyalty ($r = 0.728$, $p < .001$) and Customer Satisfaction ($r = 0.685$, $p < .001$). This indicates that as the use of digital payments increases, both customer loyalty and satisfaction tend to increase as well. Additionally, there is a very strong positive correlation between Customer Loyalty and Customer Satisfaction ($r = 0.799$, $p < .001$), suggesting that customers who exhibit higher loyalty are also more likely to be satisfied. These findings imply a potentially synergistic relationship between loyalty and satisfaction, where improvements in one aspect may reinforce and amplify improvements in the other. The strong correlations underscore the importance of digital payment systems in fostering customer loyalty and satisfaction. This synergy between customer loyalty and satisfaction also highlights the need for integrated strategies that simultaneously address both aspects to maximize customer retention and positive experiences.

Linear Regression

Table 5.10 Showing Model Fit Measures

Model	R	R ²
1	0.728	0.530

Table 5.11 Showing Model Coefficients – CL

Predictor	Estimate	SE	t	p
Intercept	0.482	0.1264	3.81	< .001
DP	0.778	0.0540	14.40	< .001

INTERPRETATION: The linear regression analysis reveals that Digital Payments (DP) significantly predict Customer Loyalty (CL). The model fit measures indicate that the model explains 53% ($R^2 = 0.530$) of the variance in Customer Loyalty, suggesting a moderately strong relationship between digital payments and customer loyalty. This means that over half of the variation in customer loyalty can be attributed to the variation in digital

payments. The coefficients table further supports the significance of this relationship. The predictor, DP, has a positive and statistically significant effect on CL, with a beta coefficient (β) of 0.778 ($p < .001$). This indicates that for every unit increase in digital payments, customer loyalty increases by 0.778 units, highlighting the substantial impact of digital payments on fostering customer loyalty. The intercept of 0.482 ($p < .001$) suggests that there is a baseline level of customer loyalty even when digital payments are at zero, indicating other factors also contribute to loyalty, but digital payments play a significant role. These findings underscore the importance of incorporating digital payment strategies to enhance customer loyalty. Businesses can leverage digital payment options to improve customer retention and loyalty, making it a critical area for strategic focus. The strong predictive power of digital payments on customer loyalty provides valuable insights for businesses aiming to optimize customer engagement and loyalty through effective digital payment solutions.

Linear Regression

Table 5.12 Showing Model Fit Measures

Model	R	R ²
1	0.685	0.470

Table 5.13 Showing Model Coefficients – CS

Predictor	Estimate	SE	t	p
Intercept	0.658	0.1269	5.19	< .001
DP	0.692	0.0542	12.77	< .001

INTERPRETATION: The linear regression analysis demonstrates that Digital Payments (DP) significantly predict Customer Satisfaction (CS). The model fit measures indicate that DP accounts for 47% ($R^2 = 0.470$) of the variance in CS, indicating a moderate relationship between digital payments and customer satisfaction. This implies that nearly half of the variation in customer satisfaction can be explained by changes in digital payments. The coefficients table supports the significance of this relationship, showing that DP has a positive and highly statistically significant effect on CS, with a beta coefficient (β) of 0.692 ($p < .001$). This suggests that for every unit increase in digital payments, customer satisfaction increases by 0.692 units. The strong effect of digital payments on customer satisfaction highlights the critical role that these payments play in enhancing the customer experience. Additionally, the intercept of 0.658 ($p < .001$) indicates a baseline level of customer satisfaction even when digital payments are zero, suggesting that other factors also contribute to satisfaction. However, the substantial impact of digital payments cannot be overlooked. These findings emphasize the importance of digital payment strategies in boosting customer satisfaction. Businesses can leverage digital payment solutions to enhance the overall customer experience, making it a crucial area for strategic development. The moderate yet significant predictive power of digital payments on customer satisfaction provides valuable insights for businesses seeking to improve customer experience and satisfaction through effective digital payment initiatives.

5.FINDINGS

- The model fit shows that DP explains 47% of the variance in CS ($R^2 = 0.470$).
- Digital Payments (DP) have a strong positive correlation with Customer Satisfaction (CS) ($r = 0.685$, $p < .001$).
- The coefficient for DP predicting CS is $\beta = 0.692$ ($p < .001$), indicating a significant positive effect.
- The intercept for CS is 0.658 ($p < .001$), suggesting a baseline level of satisfaction when DP is zero.
- Higher levels of digital payments are associated with higher levels of customer satisfaction.
- Businesses can use digital payment strategies to potentially improve customer satisfaction.
- This relationship highlights the importance of digital payment systems in customer experience.
- Customers are likely to be more satisfied when digital payment options are available and efficient.
- The model underscores the impact of digital transformation on customer satisfaction.
- The findings support investing in digital payment infrastructure to enhance customer satisfaction.
- Digital payment improvements can lead to better customer retention and loyalty.
- Customer satisfaction can be a key metric for assessing the success of digital payment implementations.
- Businesses should prioritize improving digital payment processes to enhance satisfaction.
- Enhanced digital payment experiences could contribute positively to brand reputation.

- The analysis suggests a positive feedback loop between digital payments and customer satisfaction.
- Digital payment options may increase convenience, thereby enhancing customer satisfaction.
- These findings suggest a strategic advantage for businesses that prioritize digital payment innovations.
- Digital payment systems are critical for meeting evolving customer expectations.
- The research highlights the competitive advantage of superior digital payment systems.
- The findings are relevant for industries seeking to modernize payment options.
- Higher satisfaction with digital payments may lead to increased customer spending.
- The results underscore the need for businesses to adapt to digital payment trends.
- Digital payment solutions can play a significant role in customer relationship management.
- The findings emphasize the potential of digital payments to drive customer loyalty.

6.CONCLUSION:

In conclusion, the analysis of the relationship between Digital Payments (DP) and Customer Satisfaction (CS) reveals several key insights that are crucial for businesses aiming to enhance customer experience through digital payment systems. Here are the main findings and conclusions: **Strong Positive Relationship** : The analysis indicates a strong and significant positive correlation between Digital Payments (DP) and Customer Satisfaction (CS) ($r = 0.685$, $p < .001$). This suggests that higher levels of digital payments are associated with higher levels of customer satisfaction. Digital Payments (DP) explain 47% of the variance in Customer Satisfaction (CS) ($R^2 = 0.470$), highlighting the substantial impact of digital payment systems on overall customer satisfaction levels. **Statistical Significance** : The coefficient for DP predicting CS is $\beta = 0.692$ ($p < .001$), indicating a significant positive effect. This underscores the importance of investing in and improving digital payment infrastructures to boost customer satisfaction. **Implications for Businesses** : Businesses should prioritize enhancing digital payment options and experiences to meet customer expectations and improve satisfaction levels. This includes improving user interfaces, security measures, and transaction speeds. **Customer-Centric Approach** : Adopting a customer-centric approach to digital payment solutions, such as offering personalized options, integrating with loyalty programs, and providing real-time support, can further enhance satisfaction.

7.RECOMMENDATIONS:

- **Expand Payment Options:** Increase the variety of digital payment methods available to customers, such as mobile wallets, online payment gateways, and contactless payments.
- **Improve User Experience:** Ensure that the digital payment interfaces are intuitive, user-friendly, and accessible across different devices.
- **Enhance Security Measures:** Implement robust security protocols to protect customer data and prevent fraud, building trust in digital payment systems.
- **Offer Incentives for Digital Payments:** Provide discounts, cashback, or loyalty points for customers who use digital payment methods, encouraging adoption.
- **Educate Customers:** Conduct awareness campaigns to educate customers about the benefits and safety of using digital payment methods.
- **Optimize Transaction Speed:** Minimize transaction processing times to provide a seamless and efficient payment experience.
- **Personalize Payment Options:** Offer personalized payment options based on customer preferences and behavior, enhancing convenience.
- **Integrate with Loyalty Programs:** Integrate digital payments with existing customer loyalty programs to enhance customer engagement and retention.
- **Provide Real-Time Customer Support:** Offer 24/7 customer support for digital payment issues, ensuring prompt resolution of any concerns.
- **Enable Recurring Payments:** Facilitate recurring payments for subscriptions and regular bills, improving convenience for customers.
- **Ensure Compatibility Across Platforms:** Ensure that digital payment systems are compatible with various operating systems and devices.
- **Monitor and Analyze Customer Feedback:** Regularly monitor customer feedback and analytics to identify areas for improvement in digital payment services.

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