# A STUDY ON CUSTOMER PERCEPTION TOWARDS DIGITAL PAYMENTS IN COIMBATORE CITY

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## ABSTRACT

This study investigates customer perception towards digital payment systems in Coimbatore City, focusing on factors influencing trust, satisfaction, and usage frequency. Through a structured questionnaire administered the research reveals a strong feeling towards mobile wallets and highlights significant concerns regarding security and technical issues. The findings underscore the need for enhanced security measures, improved user experience, and targeted awareness campaigns to foster greater adoption and trust in digital payment methods.

**Keywords:** Brand reputation, Customer perception, Brand awareness, Customer loyalty, Customer satisfaction, marketing strategies.

## I. INTRODUCTION

Customer perception refers to the opinions, feelings, and beliefs that consumers form about a brand based on their interactions and experiences. It plays a crucial role in shaping brand awareness, reputation, and customer loyalty. A positive perception can strengthen customer trust and encourage repeat purchases, while a negative perception may deter potential buyers. Factors such as product quality, brand image, customer service, pricing, and social influence all contribute to how consumers view a brand. Understanding these factors allows businesses to tailor their strategies and create meaningful connections with their target audience.

In today's competitive marketplace, customer perception directly impacts a company's success. Businesses that actively manage and shape consumer perceptions can enhance their brand reputation and foster strong customer relationships. Positive experiences, effective marketing, and consistent messaging help build a favorable image, increasing customer satisfaction and long-term loyalty.

By prioritizing customer perception, companies can differentiate themselves from competitors and drive sustainable growth in an ever-evolving business landscape.

## II. OBJECTIVES OF THE STUDY

- To identify key factors influencing customer perceptions of digital payment systems
- To evaluate the level of trust customers, have in various digital payment methods
- To analyse collective differences in customer perceptions and usage of digital payments
- To study the satisfaction level of using digital payments
- To provide recommendations for improving customer experience in digital payment systems

## III. REVIEW OF LITERATURE

Kevin Foster, Scott Schuh, and Hanbing Zhang (2010) examined consumer payment methods concerning cash holdings and withdrawals, which have been diminishing since 2010.  In 2010, the proliferation of card payment systems relative to 2009 resulted in less dependence on paper currency.  Since 2010, the utilisation of debit and credit cards has risen relative to cash transactions, which have progressively diminished, resulting in an increase in prepaid payments.

Singh et al. (2012) investigated the essential security of internet networks to enable uninterrupted transactions for all stakeholders including merchants.  The solutions are engineered to thwart fraudulent activities, enabling individuals to utilise their cards for transactions safely without data dissemination.  Individuals mostly participate in digital transactions for e-commerce; yet, they regard the internet as insecure for these activities. Therefore, a rigors procedure must be implemented and managed to guarantee transaction security and data protection.

Nitsure (2014) highlighted the challenges faced by developing countries like India in adopting e-payment systems, due to the restricted penetration of internet and technology.  The study focused on critical issues such as security and legislation.  In a nation such as India, there is a considerable risk as the underprivileged are neither informed about such amenities nor given pertinent information.

Rakesh H M and Ramya T J (2014) examined the determinants influencing the adoption of internet banking in the nation. It was concluded that perceived reliability, perceived ease of use, and perceived utility were the principal factors affecting the uptake or usage of internet banking.

Sanghita Roy and Dr. Indrajit Sinha (2014) observed in their article that India has undergone a significant rise in the adoption of digital payment systems. Nonetheless, around 90% of transactions are executed using physical currency. This study utilised the Technology Acceptance Model (TAM) to identify the variables that enhance the e-payment system, including innovation, incentives, regulatory framework, and customer convenience.

Dennehy and Sammon (2015) examined the rising adoption of digital payments in the 21st century. The main goal was to determine the future status of the digital payment system. A plethora of publications has been examined to determine viewpoints on the digital payment system. As time advances, technology has been rapidly evolving to acclimatise individuals to digital payment systems.

## IV. RESEARCH GAP

- There is a significant research gap regarding customer perceptions of digital payments specifically in Coimbatore City, as existing studies often lack localized insights and fail to explore demographic-specific attitudes.
- Additionally, the influence of security concerns, the effectiveness of awareness campaigns, and the psychological factors affecting adoption remain underexplored. Addressing these gaps is essential for developing targeted strategies to enhance the acceptance of digital payment systems in the region.

## V. RESEARCH DESIGN

- *Descriptive Research:* This study is based on descriptive research. Descriptive research is suitable for understanding the characteristics of a population and exploring the perceptions, attitudes, and behaviours of consumers regarding digital payment systems. This design allows for a comprehensive analysis of customer perceptions, identifying trends and patterns in the data.
- *Area of the study***:** The study was conducted within Coimbatore city.
- *Population:* The target population for this study consists of consumers in Coimbatore City who use or have experience with digital payment systems. This includes users of mobile wallets, online banking, UPI, and credit/debit cards.

### SAMPLE SIZE AND SAMPLING TECHNIQUE

- *Sample size:* Keeping in mind all the constraints 132 respondents were selected.
- *Sampling Technique:* A convenient sampling method was employed to ensure representation across different demographic groups, such as age, gender, income level, and educational background.

### DATA COLLECTION METHOD

Structured questionnaire was used to collect the primary data.
The questionnaire consists of a mix of closed-ended questions, Likert scale items, and demographic questions.

### TOOLS FOR DATA ANALYSIS

Data analysis is a crucial step in the research process, as it involves interpreting the collected data to draw meaningful conclusions and insights.
The following tools were used for the data analysis
- Simple percentage analysis
- Likert scale
- Rank analysis

## VI. DATA ANALYSIS AND INTERPRETATION

### SIMPLE PERCENTAGE ANAYSIS

**TABLE 6.1**

**RESPONDENTS OPINION ABOUT ENCOUNTERING ISSUES WITH DIGITAL PAYMENT METHODS**

| S.NO. | PARTICULARS | NO. OF RESONDENTS | PERCENTAGE |
|-------|-------------|-------------------|------------|
| **1.** | Technical issues | 62 | 47 |
| **2.** | Payment failures | 56 | 42 |

| | | | |
|---|---|---|---|
| **3.** | Customer support issues | 12 | 9 |
| **4** | Others | 2 | 2 |
| **TOTAL** | | **132** | **100%** |

**Source: Primary Data**

**INTERPRETATION:**

The survey reveals that technical issues (47%) and payment failures (42%) are the most common problems faced by respondents when using digital payment methods. A smaller percentage (9%) reported customer support issues, while only 2% cited other problems.

Majority (47%) of the respondents face technical issues in digital payment methods.

**LIKERT SCALE**

**TABLE 6.2**

**RESPONDNENTS OPINION ABOUT EASY USE OF DIGITAL PAYMENT METHODS**

| S.NO. | PARTICULARS | NO. OF RESPONDENTS | LIKERT SCALE | TOTAL SCORE |
|---|---|---|---|---|
| 1. | Very easy | **51** | **5** | **255** |
| **2.** | Somewhat easy | **33** | **4** | **132** |
| **3.** | Neutral | **30** | **3** | **901** |
| **4.** | Somewhat difficult | **8** | **2** | **16** |
| 5 | Very difficult | **10** | **1** | **10** |
| **TOTAL** | | **132** | | **503** |

**LIKERT SCALE VALUE = $\Sigma f$ (x)/ no. of respondents.**

**503 /132**

**= 3.81**

**INTERPRETATION:**

From the analysis, the Likert Scale score of (3.81) is greater than the mean value of 3, so the respondents are agreeing with Very easy about easy use of digital payment methods.

*RANK ANAYSIS*

**TABLE 6.3**

**RANKING RESPONDENTS PREFERENCE FOR DIGITAL PAYMENT**

| S.NO | FACTORS | I | II | III | IV | SCORE | RANK |
|---|---|---|---|---|---|---|---|
| 1. | Online banking | 23(92) | 49(147) | 24(48) | 36(36) | 323 | **III** |
| 2. | UPI (Unified Payments Interface) | 24(96) | 28(84) | 38(76) | 42(42) | 298 | **IV** |
| 3. | Mobile wallets | 63(252) | 29(37) | 22(44) | 18(18) | 351 | **I** |
| 4. | Credit/Debit cards | 35(140) | 28(84) | 45(90) | 24(24) | 338 | **II** |

**Source: Primary Data**

**INTERPRETATION:**

The data indicates a strong preference for Mobile Wallets, which ranked first with a score of 351, reflecting a shift towards convenient digital payment solutions. Credit/Debit Cards followed closely in second place with a score of 338, showcasing their continued relevance. Online Banking and UPI ranked third and fourth, respectively, suggesting that while they are still used, they are less favored compared to the leading options.

## VII. FINDINGS

- Majority (37%) of the respondents use digital payment methods daily.
- Majority (37%) of respondents have trustworthiness of digital payment methods.
- Majority (68%) of the respondents have experienced security issues with digital payments.
- Majority (37%) of the respondents prefer to transact below ₹5000 in a month.
- Majority (47%) of the respondents face technical issues in digital payment methods

### *LIKERT SCALE*

- From the analysis, the Likert Scale score of (3.94) is greater than the mean value of 3, so the respondents are agreeing with Very satisfied about over all digital payments' methods.
- From the analysis, the Likert Scale score of (3.81) is greater than the mean value of 3, so the respondents are agreeing with Very easy use of digital payment methods.
- From the analysis, the Likert Scale score of (4.32) is greater than the mean value of 3, so the respondents are strongly agreeing about their security when using an Electronic Payment system.
- From the analysis, the Likert Scale score of (4.54) is greater than the mean value of 3, so the respondents are agreeing about matters of security have significant influence on using an electronic payment system.
- From the analysis, the Likert Scale score of (2.34) is lower than the mean value of 3, so the respondents are Disagreeing that an electronic payment system is better than traditional payment channels.
- From the analysis, the Likert Scale score of (2.21) is lower than the mean value of 3, so the respondents are strongly disagreeing that electronic payment system not user-friendly.

### *RANK ANALYSIS*

- Respondents find digital payments most beneficial for their ease of use and time-saving capabilities, ranking first, followed by security in transactions at second. Tracking expenses and Eliminating cash carry are important but rank third and fourth, respectively, while increased user trust is considered the least significant, ranking fifth.
- The data indicates a strong preference for Mobile Wallets, which ranked first with a score of 351, reflecting a shift towards convenient digital payment solutions. Credit/Debit Cards followed closely in second place with a score of 338, showcasing their continued relevance. Online Banking and UPI ranked third and fourth, respectively, suggesting that while they are still used, they are less favored compared to the leading options.

## VIII. SUGGESTIONS

- Enhance Security Features to prioritize the implementation of advanced security measures, such as two-factor authentication and end-to-end encryption, the significant concerns regarding security issues experienced by users.
- Improve Technical Support to robust customer support system that offers 24/7 assistance can help users resolve technical issues promptly, thereby increasing their confidence in using digital payment methods.
- Simplify User Experience that focus on creating more user-friendly interfaces and efficient processes to enhance usability.
- Conduct Awareness Campaigns in educational initiatives to inform users about the benefits, functionalities, and security of digital payment systems, which can help clarify the technology and encourage broader adoption.
- Promote Trust and Transparency that measures in place and how user data is protected the trustworthiness and safety of digital payment systems.

## IX. CONCLUSION

The study highlights the key factors influencing customer perception of digital payment systems, with security and convenience playing a crucial role. Findings indicate that a majority of respondents (58%) are 20 years old, and most prefer mobile wallets for digital transactions. A high Likert Scale score of 4.32 suggests strong user confidence in the security of electronic payments. Enhancing security features, increasing awareness, and promoting transparency can further improve digital payment adoption. Overall, prioritizing user trust and accessibility will drive sustainable growth in the digital payment landscape.

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