



A STUDY ON CONSUMER PAYMENT PREFERENCES IN COIMBATORE CITY: UPI VS CREDIT/DEBIT CARDS VS CASH

Mrs. Jincy D ¹, Samyuktha R ²

¹ Sri Krishna Adithya College of Arts and Science, Coimbatore.

² department/ faculty, Sri Krishna Adithya college of arts and science, India

ABSTRACT :

This study analyses consumer payment preferences in Coimbatore city, focusing on three major modes of payment: Unified Payments Interface (UPI), credit/debit cards, and cash. UPI has revolutionized digital transactions, gaining preference due to convenience and speed, while cards remain popular for higher-value purchases. Cash usage persists, particularly in specific demographics and informal sectors. The research employs a descriptive quantitative approach with data from 126 respondents using surveys. Key factors assessed include transaction convenience, security, speed, and merchant acceptance. The findings indicate a shift toward digital payments, especially UPI, while identifying barriers to full adoption. The study offers insights valuable to policymakers, financial institutions, and businesses promoting cashless economies.

Keywords: UPI, digital payments, consumer preferences, Coimbatore, cashless economy

INTRODUCTION

The consumer payment landscape in India has undergone substantial transformation driven by digital innovations, with Coimbatore city reflecting these national shifts. Traditionally cash-dominant, the emergence of credit/debit cards and the introduction of UPI have redefined transactional behaviors. UPI, launched by NPCI in 2016, has simplified digital payments, offering real-time fund transfers with high convenience and low transaction costs. Despite increasing digital adoption, cash retains significance among certain groups. This study explores consumer preferences among UPI, cards, and cash, examining the demographic and experiential factors influencing payment choices.

LITERATURE REVIEW

Prakash and Venkatesh (2022) reported a rise in UPI use in Coimbatore for daily transactions. Pillai and Nair (2021) emphasized the role of digital literacy, with younger consumers favoring UPI. Srinivasan (2021) urged the need for expanding digital access. Karthikeyan and Chitra (2020) noted credit card preference in higher-income groups and debit card prevalence in the middle class. Reddy and Srinivasan (2020) credited UPI's success to its simplicity and integration with banking apps. Gupta (2019) discussed the shift from cash to mobile platforms driven by government policy.

METHODOLOGY

Research Design

The study adopts a descriptive research design using a quantitative approach.

Population and Sampling

- Population: Residents of Coimbatore
- Sample Size: 126 respondents
- Sampling Technique: Convenience sampling

Data Collection

- Primary data: Structured questionnaire
- Secondary data: Reports, journals, prior research

Tools Used

- Percentage analysis
- Rank analysis

TABLE NO 4.3
EDUCATIONAL QUALIFICATIONS

Educational qualifications	No. of. Respondents	Percentage
Below 10 th	3	2.4
Below 12 th	2	1.6
Undergraduate	88	69.8
Postgraduate	29	23
Doctorate	2	1.6
work	2	1.6
Total	126	100

INTERPRETATION:

The table represents the educational qualifications of the respondents. It shows that the majority (69.8%) are undergraduate students. Postgraduate respondents account for (23%), while those with a doctorate constitute only 1.6%. A very small percentage (1.6%) have completed education only up to the 12th grade, and the respondents below the 10th grade is only (2.4%)

TABLE 4.8
FOR WHICH TYPE OF PURCHASES DO YOU PREFER UPI?

Type of purchase do you prefer UPI?	No. of. Respondents	Percentage
Small transactions (below ₹500)	55	43.7
Online shopping	55	43.7
Bill payments (electricity, water, etc)	9	7.1
Peer to peer transactions	7	5.6
Total	126	100

INTERPRETATION:

The table shows that UPI is mostly preferred for small transactions (43.7%) and online shopping (43.7%). Bill payments (7.1%) and peer-to-peer transactions (5.6%) have lower usage. This indicates that UPI is widely used for everyday purchases but less for recurring bills and direct transfers.

RESULTS AND DISCUSSION

Demographic Profile of Respondents

- 52.4% male; 47.6% female
- 69% aged between 18–25
- 69.8% undergraduates
- 59.5% earn less than ₹10,000/month

Preferred Payment Method

- 77.8% use UPI most frequently
- 11.9% prefer cards
- 10.3% prefer cash

Use Cases

- Cash: Daily essentials (52.4%)
- UPI: Small transactions and online shopping (43.7% each)
- Cards: High-value purchases (68.3%)

Frequency of Use

- UPI: 67.5% use daily
- Cards: 44.4% use rarely
- Cash: 33.3% use a few times a month

Digital Payment Issues

- 91.3% faced issues with UPI/cards
- Main issues: Transaction failures (75.4%), network problems (59.5%)

Factors Influencing Choice (Ranked by Importance)

1. Speed of transaction
2. Merchant acceptance
3. Convenience
4. Security
5. Cashback offers

Shifting Preferences

- 76.2% reported increased UPI use in the past 2 years
- 88.1% believe digital payments will grow in the next 5 years

CONCLUSION

The study reveals a strong shift toward digital payments in Coimbatore, with UPI emerging as the dominant mode due to its ease of use and widespread adoption. Credit/debit cards remain relevant for large-value transactions, while cash usage continues in specific sectors and demographics. Despite the popularity of digital payments, technical challenges and trust issues persist. The study recommends enhancing digital infrastructure, increasing security, and promoting awareness to reduce dependency on cash and further strengthen digital adoption.

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