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STUDY OF PREFERENCES AND PERCEPTIONS OF CUSTOMERS REGARDING VARIOUS ONLINE PAYMENT MODES

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ABSTRACT :

This study investigates the preferences and perceptions of customers regarding various online payment modes in Western Uttar Pradesh. With increasing internet usage and digitalization, online transactions have become a vital component of e-commerce. Using a descriptive research design and data collected from 520 respondents through stratified random sampling, the study reveals that most customers prefer digital payment methods due to their convenience, security, and speed. Payment modes offering cashback and rewards are particularly favored. Despite widespread acceptance, a segment of users remains hesitant due to concerns about platform complexity, data security, and limited awareness. The study emphasizes the need for enhanced consumer education and improved security protocols to build greater trust in online payment systems. These findings are essential for businesses and policymakers aiming to expand digital payment adoption and improve customer satisfaction.

Keywords: Online payment, Customer perception, Digital transactions, E-commerce

INTRODUCTION

Over the years, increasing internet penetration has steadily expanded, and the rising number of individuals using the internet for business transactions has elevated e-commerce into a global phenomenon; Joines *et al.* (2003) & Jayawardhena (2004). The growth of the Internet has significantly influenced the global marketing landscape, enabling companies to broaden their business horizons through e-commerce; Alkailani and Kumar (2011). Online shopping offers consumers the added advantage of instantly satisfying their emotional and hedonistic needs. According to Adnan (2014), the shift toward online shopping is driven by factors such as ease, comfort, convenience, cost-effectiveness, time efficiency, and rapid delivery, making it more appealing than traditional shopping methods. With the advancements in e-commerce, consumers are no longer restricted by time or location, as purchasing products is now just a few clicks away.

The rise in online shopping has compelled companies to offer their products and services digitally to maintain a competitive edge in the market. This shift brings numerous advantages for retailers, including the ability to simultaneously reach a global audience, cater to diverse demographic groups, and enhance business efficiency and effectiveness. Numerous companies have turned to the Internet to reduce marketing expenses, allowing them to lower the prices of their products and services to remain competitive in fiercely contested markets. The Internet is also leveraged by businesses to share information, facilitate communication, sell products, gather feedback, and conduct customer satisfaction surveys. On the other hand, customers use the Internet not only to make purchases but also to compare prices, evaluate product features, and assess the after-sales services offered by different stores; Shergill & Chen (2005).

As consumers become more accustomed to making transactions online, the importance of secure payment options and reliable customer service has increased. Online shoppers are more likely to engage with websites that offer secure payment methods, clear return policies, and positive reviews. Furthermore, the ease of returning items and the ability to track deliveries have enhanced consumer confidence in online shopping. These factors, combined with the rise of personalized shopping experiences and targeted advertising, continue to influence and shape how consumers approach online shopping, making it an essential part of modern retail behavior.

REVIEW OF LITERATURE

Jun and Jaafar (2011) focused on identifying key factors that influence consumer attitudes and behaviors toward online shopping, particularly in the context of e-commerce. Their study highlighted five critical determinants: perceived usability, perceived security, perceived privacy, perceived marketing mix, and perceived after-sales services.

Anyanwu *et al.* (2012) observed that parties involved in electronic business and transactions often do not meet in person or exchange physical currency or documents directly. Society generally favors transactions that involve face-to-face interaction, cash, and cheques over those conducted via

telecommunication networks like the Internet. Nevertheless, security, trust, and convenience are key challenges influencing the adoption of electronic transaction systems in Nigeria. This study explores the factors essential for advancing electronic payment systems (EPS) in Nigeria and suggests strategies to promote their adoption among users.

Gurleen (2012) conducted a study analyzing the demographic profiles of 400 respondents to understand patterns in online shopping adoption. The findings revealed that individuals in the 36–45 age group were the most prominent adopters of online shopping.

Mathur (2015) examined the perceived risks associated with online shopping among Indian consumers. The study highlighted three major concerns: the fear of credit card misuse, uncertainty about product quality, and the risk of sharing personal information online. These apprehensions create a sense of insecurity, preventing some consumers from fully embracing e-commerce. The research concluded that despite the growth of online shopping, many people in India continue to face these risks, which affect their confidence and willingness to shop online. Addressing these concerns through enhanced security measures, product guarantees, and transparent privacy policies is crucial to boosting consumer trust in e-commerce.

Sethuraman and Thanigan (2019) noted a significant shift in consumers' perspectives toward online shopping. The study revealed that customers' attitudes have transitioned notably from traditional shopping methods to embracing online shopping. The findings emphasized that perceived product quality plays a crucial role in gaining customer trust. By ensuring that online offerings meet high-quality standards, businesses can build stronger relationships with customers, foster loyalty, and encourage repeat purchases, making quality a key driver in the success of e-commerce platforms.

Shree et al. (2021) employed a new survey-based dataset to explore how consumer perceptions and trust in digital payments influence payment behavior, particularly in relation to online fraud experiences. Their findings revealed notable variations in the use of digital payments depending on individuals' past experiences, highlighting the critical role of trust and security in either promoting or deterring the adoption of digital payment technologies.

Ekaputri & Widowati (2022) emphasized that when individuals are familiar with a product's features and benefits, they are more inclined to trust the brand's claims. This understanding helps consumers feel more confident in the product's value and effectiveness, leading to a stronger belief in the brand's assertions.

Kabra and Jadhav (2023) stress the importance of understanding consumer behavior for the ongoing growth of payment gateways. They highlight that key factors such as convenience, security, and attractive rewards, including cashback offers, play a crucial role in driving the adoption and continued use of these platforms. By addressing these consumer preferences, payment gateways can not only attract new users but also foster greater loyalty among existing ones, ensuring their long-term success and sustainability in the competitive market.

Parmar and Sheth (2023) conducted an extensive study on the digital payment behavior of consumers in Gujarat, using digital questionnaires for data collection and IBM SPSS software for analysis. Their findings highlighted the critical role of security and privacy features in encouraging consumers to adopt digital payments, especially for transactions beyond routine or small-scale purchases. By exploring consumer preferences and attitudes towards digital payment gateways, the study offers valuable insights into the factors influencing digital payment behavior. The focus on security and privacy emphasizes the need to integrate these elements into digital payment system designs to build consumer trust and drive adoption.

Jabeen *et al.* (2024) explore the growth of digital payment systems in India, focusing on platforms such as Google Pay, Paytm, PhonePe, and Mobikwik. The study highlights several benefits, including ease of use, faster transactions, and user incentives. However, it also identifies challenges like security risks, privacy issues, and high fees. Their survey indicates rising user satisfaction with Amazon Pay, largely due to the increased use of smartphones. To support the development of a secure, transparent, and efficient cashless economy in India, efforts should focus on enhancing digital literacy, especially in rural areas, and improving security measures.

OBJECTIVE OF THE STUDY

- To evaluate the preferences and perceptions of customers regarding various online payment modes.

RESEARCH METHODOLOGY

Research Design: The descriptive research design has been adopted for the present study.

Population: In the present research study the population has been considered from the customers belongs to western Uttar Pradesh.

Method of Sampling: Researcher employed stratified random sampling in the present study to gather data from various respondents.

Sample Size= 520 Respondents

Primary Data: In the present study the primary data has been collected from the selected customers of western Uttar Pradesh.

Research Instrument: For the present study, the well-structured questionnaire has been designed to gather the information from the respondents.

ANALYSIS RELATED TO PREFERENCES AND PERCEPTIONS OF CUSTOMERS REGARDING VARIOUS ONLINE PAYMENT MODES

Table 1: Table showing the response related to preferences and perceptions of customers regarding various online payment modes

S. No.	Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Online payment modes are easy to use and understand.	112 (21.5%)	302 (58%)	44 (8.5%)	49 (9.5%)	13 (2.5%)

2	Do you feel secure using online payment methods for transactions?	83 (16%)	294 (56.5%)	60 (11.5%)	65 (12.5%)	18 (3.5%)
3	Do you trust the reliability of online payment platforms for completing transactions?	125 (24%)	328 (63%)	36 (7%)	23 (4.5%)	8 (1.5%)
4	The availability of multiple payment options (e.g., UPI, credit cards, wallets) makes online payments more convenient.	164 (31.5%)	315 (60.5%)	21 (4%)	15 (3%)	5 (1%)
5	Cashback and reward points influence your preference for specific online payment modes.	68 (13%)	343 (66%)	65 (12.5%)	29 (5.5%)	15 (3%)
6	You are well-informed about the various online payment methods available.	125 (24%)	351 (67.5%)	18 (3.5%)	18 (3.5%)	8 (1.5%)

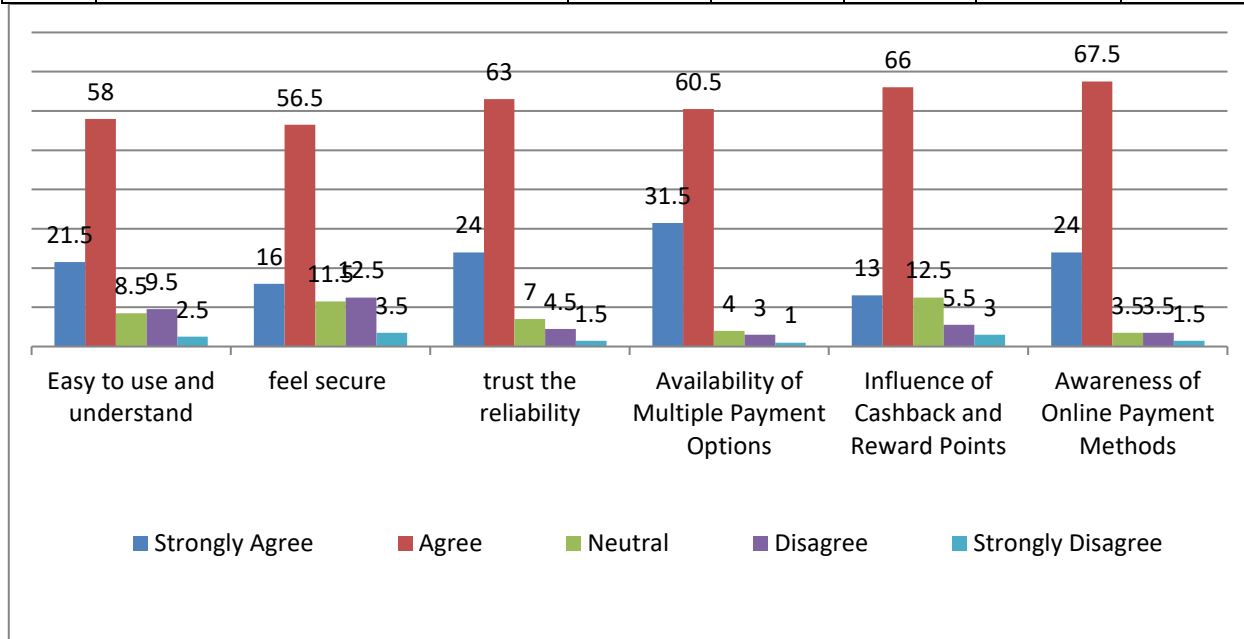


Figure 1: Figure showing the response related to preferences and perceptions of customers regarding various online payment modes

Analysis:

1. A majority of respondents (79.5%) agree that online payment modes are easy to use and understand, with 21.5% strongly agreeing and 58% agreeing. This suggests that the process is generally perceived as user-friendly and accessible, contributing to a seamless shopping experience. However, a combined 12% (9.5% disagree and 2.5% strongly disagree) indicate that there are still challenges faced by some users, which could be related to platform complexity or user unfamiliarity.
2. A total of 72.5% of respondents feel secure using online payment methods, with 16% strongly agreeing and 56.5% agreeing. This highlights that a large portion of consumers trusts the security measures in place for online transactions. However, 16% (12.5% disagree and 3.5% strongly disagree) express concerns about security, reflecting ongoing apprehensions about data safety or previous negative experiences. The relatively high level of disagreement suggests that platforms must continue to strengthen security features to build and maintain trust.
3. An overwhelming 87% of respondents trust the reliability of online payment platforms, with 24% strongly agreeing and 63% agreeing. This indicates strong consumer confidence in the consistency and functionality of payment systems. However, 6% (4.5% disagree and 1.5% strongly disagree) are less confident, which may suggest occasional issues with transaction failures or technical glitches. Ensuring reliable service remains essential to maintaining consumer trust.
4. A combined 92% of respondents find the availability of multiple payment options (like UPI, credit cards, wallets) beneficial, with 31.5% strongly agreeing and 60.5% agreeing. This shows that the convenience of having various payment choices is highly valued by consumers, as it allows flexibility and caters to individual preferences. Only 4% remain neutral, and a small 4% (3% disagree and 1% strongly disagree) do not share the same level of enthusiasm, suggesting that for some, the availability of options may not be a significant factor in their choice of payment method.
5. A majority of 79% of respondents agree that cashback and reward points influence their preference for specific online payment modes, with 13% strongly agreeing and 66% agreeing. This indicates that promotional offers, such as cashback and rewards, are powerful incentives that drive consumer choice. However, 9% (5.5% disagree and 3% strongly disagree) do not find these rewards motivating, which suggests that for some, other factors like convenience, security, or product offerings take precedence over incentives.

6. A combined 91.5% of respondents are well-informed about the various online payment methods available, with 24% strongly agreeing and 67.5% agreeing. This reflects a high level of consumer knowledge about payment options, which is essential for making informed choices. Only 7% (3.5% disagree and 3.5% strongly disagree) are not well-informed, which could indicate that there is a small segment of the population that may not fully understand or be aware of all available payment methods, highlighting an area for further consumer education.

CONCLUSION

The result indicate that online payment modes are widely accepted and preferred due to their ease of use, security, reliability, and availability of multiple options. Consumers appreciate the flexibility offered by various payment methods, with a strong preference for those providing cashback and rewards. While most respondents feel secure and well-informed, a small segment still faces challenges related to security concerns, platform complexity, or lack of awareness. Strengthening security measures and enhancing consumer education can further improve trust and adoption of digital payment systems.

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