

A STUDY OF DIGITAL PAYMENT SYSTEMS ON FINANCIAL BEHAVIOUR OF CONSUMERS AMONG PUNE REGION

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ABSTRACT –

This Study analyzes the effect of Online payment methods on the financial behaviour of customers in the Pune region. With the rapid growth of UPI, Online banking, mobile wallets, digital transactions have become a common part of everyday life. The study mainly focuses on understanding their effect on spending habits, saving behaviour, and financial decision – making. Information was gathered from one hundred respondents through a structured questionnaire and evaluated using basic statistical methods such as percentage analysis and chi square tests.

The results indicate that convenience and user-friendliness are the primary reasons for utilizing digital payments. Reward and cashback offer encourage higher spending, while digital records help users track expenses and manage their finance better. However, concerns related to security still affect user trust. The analysis concludes that electronic payment methods have both positive and negative effects on financial behaviour, and can be improved further in the future.

KEYWORDS -

Digital Payments, UPI, Consumer Behaviour, Financial Behaviour, Cashless Economy

1. INTRODUCTION

Digital payment systems are now a crucial component of daily financial transactions. With the expansion of smartphones and internet services, people are gradually shifting away from cash-based transactions to digital systems like internet banking, mobile wallets, and UPI. These systems make payments faster, easier, and more convenient, leading to their rapid adoption in India.

Digital payments are commonly used in the Pune area by students, professionals, and businesses for activities such as shopping, bill payments, and money transfers. While these systems improve convenience and help in tracking expenses, they may also influence spending behaviour due to quick transactions and reward offers. This research aims to understand how online payment systems affect the financial behaviour of consumers, including their spending, saving, and money management habits.

2. REVIEW OF LITERATURE

Earlier research shows that internet payment methods are expanding quickly in India because of the increasing use of Online banking, UPI, and mobile wallets, supported by technology and government initiative. Studies show that these systems simplify transactions, this could result in

higher spending and changes in saving behaviour. UPI has significantly contributed to the growth digital transactions between various age groups because of its simplicity and low cost. But some research also emphasizes challenges such as network issues such as network problems, transaction failures, and security risks, which may reduce user confidence.

Reports by RBI (2021) Declare that online payments are growing rapidly in India due to strong government support and technological development, encouraging a move toward a cashless economy.

Sharma & Singh (2020) - The study explains that digital payments rise expenditure since they are fast and easy to use. Consumers tend to make quick purchase decisions. It also shows changes in saving behaviour.

Kaur & Arora (2019) - This research highlights that UPI has increased digital transactions across every age groups. People prefer it since it is fast, low-cost, and easy. It is essential to digital payment growth.

Patil & Deshmukh (2021) - The study identifies problems like network issues, transaction failures, and security concerns. These challenges reduce user trust. It suggests improving technology and awareness.

3. OBJECTIVES OF THE STUDY

1. To study the awareness and usage level of digital payment systems in the Pune Region among consumers.
2. To examine how online payment affect spending behaviour and financial decisions.
3. To analyze the effects of digital payments on saving habits and budgeting patterns.

4. To identify the key elements affecting the use of digital payment such as convenience, security, rewards, and ease of use.
5. To evaluate the overall effect of digital payment methods on financial discipline and money management.

4. RESEARCH METHODOLOGY

Research Design:

This study uses a descriptive research approach to understand the awareness, usages, and Digital payments system's effect on consumers financial behaviour. A quantitative approach is used, where data is gathered using a structured questionnaire and analyzed numerically.

Source of Data:

Primary Data - Primary data was gathered straight from respondents using a questionnaire covering awareness, frequency of usage, spending habits, preferences.

Secondary Data - Secondary data was came from journals, research papers RBI reports, and other reliable sources.

Sampling Method:

Convenience sampling is used in the study, and participants are chosen based on their availability and desire to take part. This approach is efficient and suitable for obtaining data from Pune's digital payments consumers.

Sample Size:

The total sample size consists of 100 respondents, including students, working professionals, business owners, and general consumers.

Data Analysis Tools & Techniques:

The data is analyzed using percentage analysis to show response distribution. Tables and charts like bar and pie charts are being used for clear presentation.

Scope of the Study:

This study focuses on consumers of digital payments in Pune, analysing their spending, saving, and adoption factors like convenience, security, and rewards based on primary data.

Limitations:

This study is restricted to the Pune region, so the findings may not be applied to other areas. The dimensions of the sample is small (100 respondents) and based on convenience sampling, which was unable to accurately reflect the whole population. Furthermore, the outcomes are based on a specific time period and many change in the future.

5. DATA ANALYSIS AND INTERPRETATION

#Analysis 1: How frequently do you use digital payment?

Options	Frequency	Percentage
Daily	52	52%
Weekly	23	23%
Monthly	19	19%
Rarely	6	6%
Total	100	100%

Interpretation: The majority of respondents (52%) utilize digital payments on a regular basis, demonstrating how widely used they have grown. Fewer respondents use it weekly or monthly, and only a small percentage rarely use it. This shows

a high level of dependence on electronic payment methods.

#Analysis 2: Which digital payment method do you use?

Options	Frequency	Percentage
UPI	61	61%
Mobile Wallets	10	10%
Debit Card	23	23%
Credit Card	3	3%
Net Banking	3	3%
Total	100	100%

Interpretation: A large number of responders (61%) prefer UPI for digital payments, making it the most popular method. Debit cards are the second most used option (23%), while mobile wallets are used by 10% of respondents. Very few people use credit cards and net banking (3% each). This indicates that UPI is popular because of its simplicity and convenience.

#Analysis 3: Digital payments increase my spending.

Options	Frequency	Percentage
Strongly Agree	31	31%
Agree	47	47%
Neutral	19	19%
Disagree	3	3%
Strongly Disagree	0	0%
Total	100	100%

Interpretation: A large number of respondents concur that electronic payments increase their spending, with 31% strongly agreeing and 47% agreeing. A moderate number (19%) are neutral, many users feel that easy and quick transactions encourage higher and sometimes unplanned expenses.

#Analysis 4: Convenience is the main reason I use digital payments.

Options	Frequency	Percentage
Strongly Agree	30	30%
Agree	58	58%
Neutral	10	10%
Disagree	1	1%
Strongly Disagree	1	1%
Total	100	100%

Interpretation: Convenience is identified like the most significant factor influencing using electronic payments. Most users prefer these systems because they are easy to use and save time. This highlights that simplicity has a significant part in increasing adoption.

#Analysis 5: Security concerns affect my use of digital payments

Options	Frequency	Percentage
Strongly Agree	29	29%
Agree	46	46%
Neutral	23	23%
Disagree	1	1%
Strongly Disagree	1	1%
Total	100	100%

Interpretation: Many respondents believe that security concern affects their use of digital payments, while a significant number agree with this, some remain neutral, and only a few disagree. This suggests that safety issues still impact user trust.

#Analysis 6: Cashback and rewards influence my spending decisions.

Options	Frequency	Percentage
Strongly Agree	26	26%
Agree	41	41%
Neutral	28	28%
Disagree	5	5%
Strongly Disagree	0	0%
Total	100	100%

Interpretation: Most respondents agree that cashback offers and rewards influence the spending decisions, A large portion of respondents agree that such incentives encourage them to spend more, showing that promotional benefits play a crucial part in user behaviour.

6. FINDINGS

- High utilization of Digital Payments:** The prevalence of digital payments, especially on a regular basis, suggests that they have evolved into regular and essential part of everyday financial transactions.
- UPI is the Most preferred method:** Most users prefer UPI due to its speed, ease of use, and convenience when compared to other digital payment options.
- Increase in Spending Behaviour:** A huge number of users believe that digital payment lead to increased spending. The ease and quick nature of transactions often result in unplanned or impulsive purchase
- Convenience Drives Adoption but Security Concerns Remain:** Convenience is a key factor encouraging the use of digital payment. However, concern related to security continue to influence user confidence and overall usage.

7. CONCLUSION

As stated by the study, digital payment methods have evolved into a crucial part of daily financial activities, particularly in the Pune region. Users prefer digital these systems because they are fast, easy to use, and convenient, with UPI emerging the most commonly used method. Additionally, the results imply that digital payments have an impact on consumers spending patterns, as users tend to spend more due to ease of transactions.

While digital payments help in tracking expenses and improving financial management. However, they might not always prevent unnecessary spending. Additionally, security concerns remain a significant factor, as they affect user confidence and influence the continuous usage of digital payment systems.

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