

A Study on Digital Payment Usage with Reference to Rural and Urban People in Mysore

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ABSTRACT

India's digital payment system has grown quickly, mainly because of initiatives like the Unified Payments Interface (UPI) and Aadhaar-enabled services. This growth has changed how financial transactions happen across the country. However, the adoption of these digital payments is uneven, especially between urban and rural areas. In this particular study that is carried out in Mysore, which happens to be one of the districts in the state of Karnataka, the focus is on the behavior, infrastructure and socio-economic aspects that determine the adoption of digital payments in both rural and urban areas. In this particular study, descriptive and comparative approaches have been adopted and data collected through interviews and questionnaires with stratified random sampling techniques. From the findings obtained, it becomes apparent that those who are below the age of 30 years are the ones who adopt digital payments. They consider the use of apps easy to use and prefer the use of apps even for very small amounts. While urban users appear mature in the use of all the functionalities of the apps, including payment of bills, topping up the accounts and transferring money to their peers, rural users face difficulties like poor connectivity, lack of digital skills and issues related to security, using mainly intermediaries for carrying out transactions.

INTRODUCTION

The world of money is changing fast. We are moving away from using cash to digital transactions that happen instantly. This change has been possible because of advancements in security, mobile internet and online banking. Historically our economy was based on physical exchange networks. Now data has become the medium of exchange. In India there is a difference between cities and villages when it comes to using digital payments. In cities like areas of Karnataka people use digital payment systems a lot. They use contactless payments, internet banking and digital commerce apps for purchases. In villages it's a different story. People know about mobile payment platforms. They don't use them often. This is because of problems like network connectivity, lack of knowledge about digital finance, language barriers and fear of cyber fraud. Mysore is a place to study this difference. It's a city with a cultural heritage and good educational institutions. Its also growing as an urban center with a lot of digital infrastructure.. It also has many rural areas with agricultural communities, small industries and local governments. Because of the existence of mixed types of rural areas in this district, it becomes the ideal place to study how income level, education and infrastructure affect the use of digital finance services. Moreover, there is no past research done which is aimed at studying the differences between the rural people in their use of digital payment services. Many villagers rely on other individuals to help them complete their transactions. This clearly shows the difference between the knowledge and use of technology services by the villagers. The objective of this research, "A study on payment usage with reference to rural and urban people in Mysore" is to investigate the use of digital payments by rural and urban people. It wants to find out the problems that prevent people from using payments and provide solutions for banks, fintech companies and policymakers to make financial inclusion better. In cities digital payment systems are very common. People use them because they are fast, secure and convenient. They also use financial services like digital loans and utility bill management. In villages the situation is different. People know about wallets but they don't use them often. This is because of problems like infrastructure, lack of knowledge and fear of cyber fraud. The Mysore District is a place to study this difference. The city has a digital infrastructure but the rural areas have many challenges. The study wants to understand these challenges and find solutions to make digital payments more accessible to everyone. The urban core of Mysore managed by the Mysore City Corporation (MCC) is a growing center for education tourism and IT services. Residents in areas like Gokulam, Kuvempunagar and Vijayanagar

have access, to advanced digital banking infrastructure. They also have commercial QR code setups and high-speed fiber internet.

REVIEW OF LITERATURE

Singh and Rana (2020) evaluated the macro-level factors driving digital infrastructure growth following national modernization programs. Utilizing the Technology Acceptance Model (TAM) as their core framework, they determined that *Perceived Usefulness* was heavily saturated in urban tier-1 and tier-2 markets due to widespread smartphone availability. However, their research highlighted that macro data often overlooks deep regional splits, particularly because rural entry points are heavily limited by low initial technology confidence. **Gupta and Arora (2020)** focused their research specifically on the relationship between demographic profiles and consumer trust levels. Collecting survey data from 450 retail consumers, they observed that age and formal education levels act as significant indicators of digital banking usage. **Kumari et al. (2021)** investigated the growth rate and operational frequency of digital transaction tools among micro-retailers across developing regional markets. Their time-series analysis revealed that while the absolute volume of transactions has risen significantly nationwide, the average transaction value remains vastly unequal. **Smriti Anand (2022)** published a comprehensive comparative study focusing on the structural division between urban and rural citizens in emerging economies. The empirical results showed that urban payment networks have achieved operational maturity, where consumers routinely use advanced features like automated billing and digital insurance payments. Conversely, rural users face ongoing entry-level challenges, showing an adoption lag caused by a lack of tailored, localized user guides. **Nelamangala and Bidadi Field Survey (Scribd Documentation, 2019/2020)** examined the post-demonetization technical infrastructure and electronic payment adoption rates across rural communities in southern Karnataka. The researchers observed that while telecom coverage was mathematically acceptable to over 50% of the rural population, the actual independent usage rate remained depressed. **Chatterjee and Das (2023)** analyzed the concept of "assisted digital literacy" across semi-urban clusters in South India. Their findings revealed an important structural issue: over 40% of rural card or mobile wallet holders do not operate their accounts independently. **Comparative Regional Analysis (TIJER, 2025)** explicitly quantified the urban-rural adoption gap within secondary tier-2 economic zones. Utilizing a balanced sampling technique, the study revealed that digital adoption stood at 87.5% within urban samples compared to just 12.5% in corresponding rural peripheries. **Micro-Business UPI Evaluation in Mysore City (JIER Research, 2024)** explored the operational integration of UPI applications among 214 micro-enterprises inside Mysore's urban center—focusing on local street vendors, stationery shops near educational hubs, and *Kirana* stores. Using descriptive statistics and Chi-Square analysis, the study confirmed that urban micro-merchants have widely adopted QR-code payments to manage daily cash flow and increase transaction speed. **Rural Vendor Awareness Study in Mysuru District (ResearchGate, 2026)** flipped the analytical lens to focus on 221 small-scale suppliers operating in rural regions of Mysore. Using simple random sampling followed by Chi-Square and ANOVA testing, the research assessed local awareness levels. **Financial Inclusion Impact Study in Rural Mysore (IJNRD, 2025)** examined the direct socio-economic impacts of platforms like Aadhaar-enabled payment systems (AePS) and mobile wallets across selected villages in Mysore District. Based on a sample of 150 rural respondents, the research found a strong positive correlation between digital payment access and improved formal financial inclusion.

STATEMENT OF THE PROBLEM

Indias payment system has grown rapidly thanks to the National Payments Corporation of India (NPCI) and the Unified Payments Interface (UPI). This growth has changed the countrys landscape. However behind the numbers of real-time transactions there is a big problem. Many people in areas still struggle to use digital payments. In the Mysore district the urban areas are highly digitized. The rural areas, like H.D. Kote, T. Narasipura and K.R. Nagar still rely heavily on cash. The main problem is that there are barriers to using digital payments and these barriers affect people in urban and rural areas differently.

NEED FOR THE STUDY

Studying payment adoption in Mysore District is important. As India becomes a first economy how people in tier-2 cities and rural areas use digital payments will greatly impact the regional economy. By looking at what influences or restricts payment usage this study will help several key groups.

OBJECTIVE OF STUDY

1. We want to understand who uses payments in rural and urban areas of Mysuru district.
2. We will examine what factors influence peoples decision to use payments, such as how easy they are to use, trust and accessibility.
3. We will compare how often and how much rural and urban populations use payments.

HYPOTHESIS

This tests whether people living in the city center actually use digital payments more often than those living in the villages.

Null Hypothesis (H_0): There is no significant difference in the frequency of digital payment usage between rural and urban residents in Mysore district.

Alternative Hypothesis (H_a): There is a significant difference in the frequency of digital payment usage between rural and urban residents in Mysore district.

RESEARCH METHODOLOGY

1. Research Design

- Type: We are doing a study that describes and compares things.
- Approach: We are using numbers (from surveys). Talking to people (in interviews) to get a better understanding.
- Purpose: We want to see how people in urban areas of Mysore use and think about digital payments.

2. Population & Sampling

- Population: We are looking at people who live in Mysore district both in urban areas.
- Sampling Technique: We are picking people randomly making sure we have a mix of rural and urban folks.
- Sample Size: We plan to talk to around 200–400 people like 100–150 from areas and 100–150 from urban areas.

3. Data Collection Methods

• Primary Data:

- o We will ask people questions using a set list (about knowing payments using them and what they like).
- o We will also have in-depth talks to understand problems people face (like trusting payments knowing how to use them and internet issues).

SECONDARY DATA:

- o We will look at reports from the government (like RBI and NPCI).
- o We will also read studies done on digital payments in India.

LIMITATIONS

Sample Size Constraint: The study was based on a relatively small sample (61 valid respondents), which may not fully represent the diverse population of Mysore district.

Self-Reported Data Bias: Responses were collected through questionnaires and interviews, which are subject to recall errors and social desirability bias.

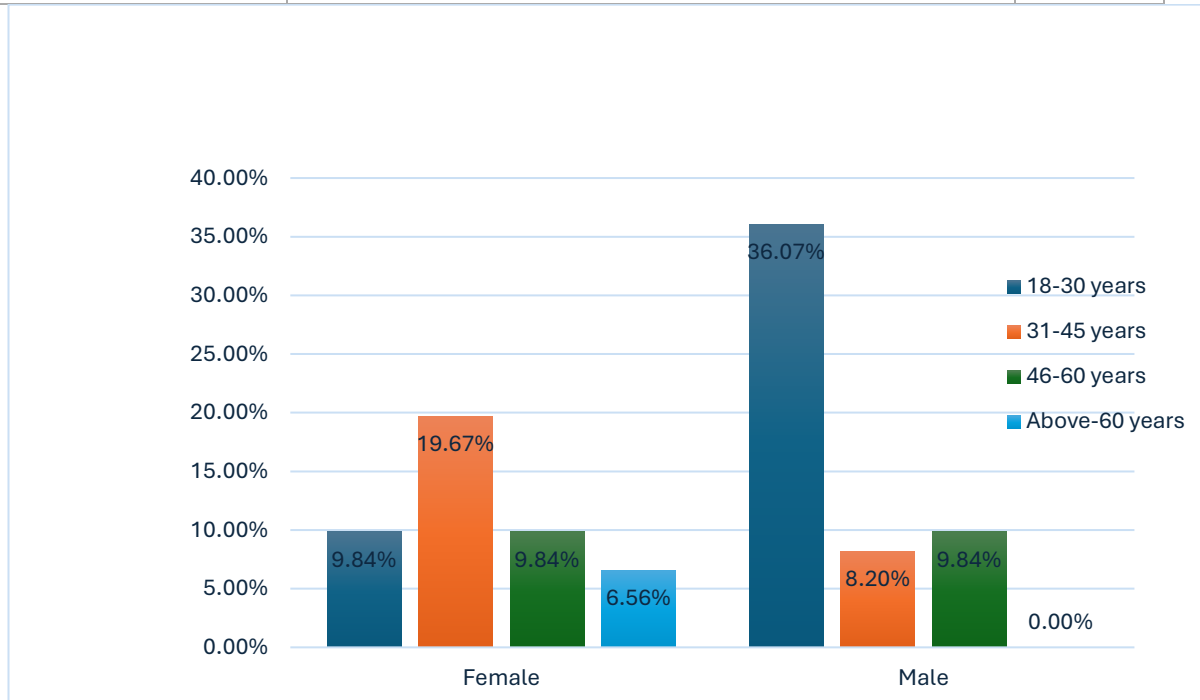
Time-Sensitive Findings: The digital payment ecosystem in India is rapidly evolving; new policies, fintech innovations, and infrastructure upgrades may quickly change adoption patterns.

Limited Scope of Variables: The study focused mainly on demographic and behavioral aspects, without deeply analyzing institutional or policy-level influences such as banking regulations or cybersecurity frameworks.

Data analysis

1. Age group

Gender	18-30 years	31-45 years	46-60 years	Above-60 years	Grand Total
Female	9.84%	19.67%	9.84%	6.56%	45.90%
Male	36.07%	8.20%	9.84%	0.00%	54.10%
Grand Total	45.90%	27.87%	19.67%	6.56%	100.00%



Analysis

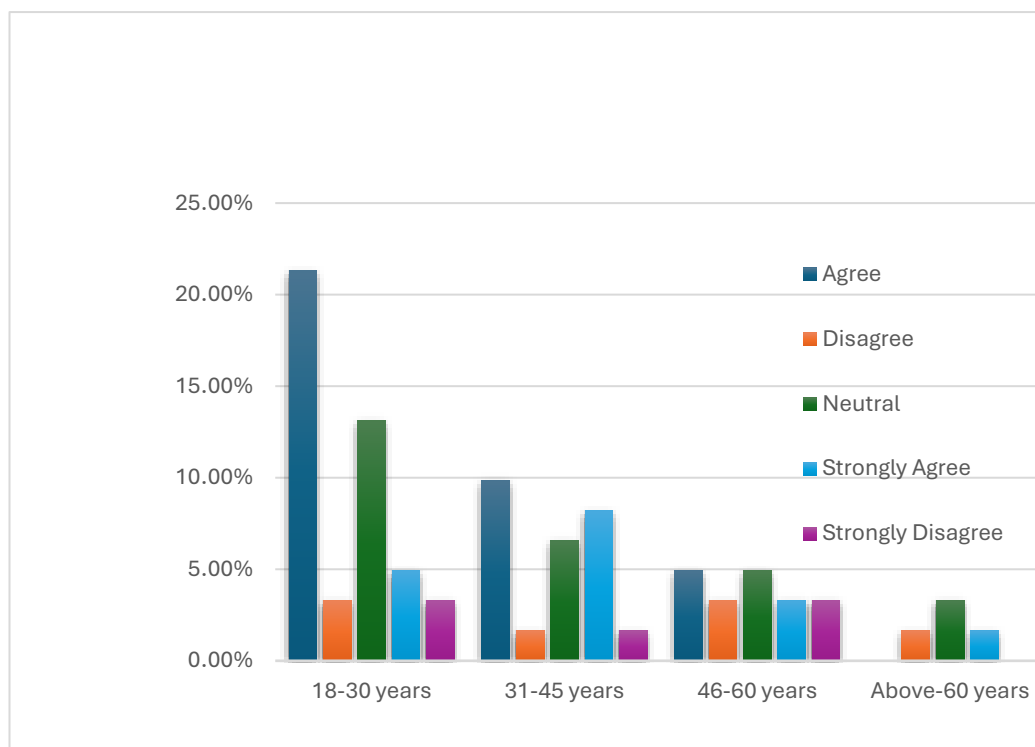
Dominant Age Group: The 18–30 years bracket represents the largest segment of the sample at 45.90%, followed by 31–45 years (27.87%), 46–60 years (19.67%), and Above-60 years (6.56%).

Interpretation

The sample is heavily skewed toward a younger demographic (under 45 years old makes up over 73% of the total). This is crucial context, as younger generations are traditionally early adopters of digital technologies, which will influence the behavioral patterns seen in the subsequent tables

2 . Learning to use digital payment apps (like PhonePe, Google Pay, UPI) is easy for me.

Age group	Agree	Disagree	Neutral	Strongly Agree	Strongly Disagree	Grand Total
18-30 years	21.31%	3.28%	13.11%	4.92%	3.28%	45.90%
31-45 years	9.84%	1.64%	6.56%	8.20%	1.64%	27.87%
46-60 years	4.92%	3.28%	4.92%	3.28%	3.28%	19.67%
Above-60 years	0.00%	1.64%	3.28%	1.64%	0.00%	6.56%
Grand Total	36.07%	9.84%	27.87%	18.03%	8.20%	100.00%



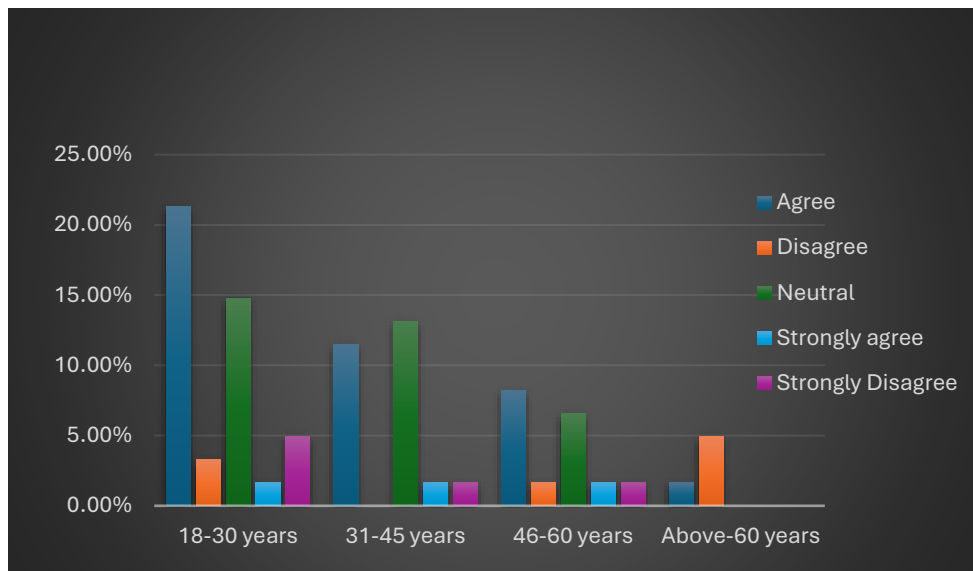
Analysis

- **Overall Sentiment:** A majority of respondents find learning these apps easy, with **54.10%** combined choosing "Agree" (36.07%) or "Strongly Agree" (18.03%).
- **The Age Divide:** * In the **18–30 age group**, **26.23%** (combined Agree/Strongly Agree) find it easy, compared to only **6.56%** who disagree or strongly disagree

Interpretation

There is a clear negative correlation between age and the perceived ease of learning digital payment tools. While youth find the onboarding experience seamless, older demographics struggle or remain neutral, highlighting a **digital literacy gap** that app developers need to address through simpler user interfaces or targeted guidance for seniors.

3. Internet connectivity and digital payment infrastructure in my locality are reliable.						
Age group	Agree	Disagree	Neutral	Strongly agree	Strongly Disagree	Grand Total
18-30 years	21.31%	3.28%	14.75%	1.64%	4.92%	45.90%
31-45 years	11.48%	0.00%	13.11%	1.64%	1.64%	27.87%
46-60 years	8.20%	1.64%	6.56%	1.64%	1.64%	19.67%
Above-60 years	1.64%	4.92%	0.00%	0.00%	0.00%	6.56%
Grand Total	42.62%	9.84%	34.43%	4.92%	8.20%	100.00%



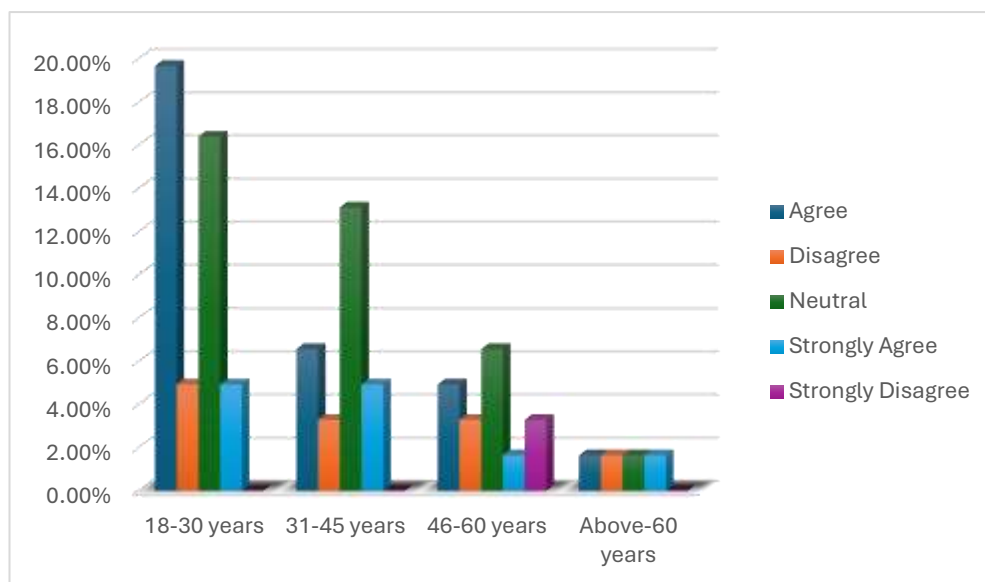
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Interpretation

While digital infrastructure is adequate for nearly half the population, the high percentage of neutral responses and micro-level dissatisfaction among seniors indicates that **network volatility or localized dark zones** still act as a barrier to consistent digital payment adoption.

4. I prefer using digital wallets/UPI over cash even for very small transaction amounts						
Column Labels						
Age group	Agree	Disagree	Neutral	Strongly Agree	Strongly Disagree	Grand Total
18-30 years	19.67%	4.92%	16.39%	4.92%	0.00%	45.90%
31-45 years	6.56%	3.28%	13.11%	4.92%	0.00%	27.87%
46-60 years	4.92%	3.28%	6.56%	1.64%	3.28%	19.67%
Above-60 years	1.64%	1.64%	1.64%	1.64%	0.00%	6.56%
Grand Total	32.79%	13.11%	37.70%	13.11%	3.28%	100.00%



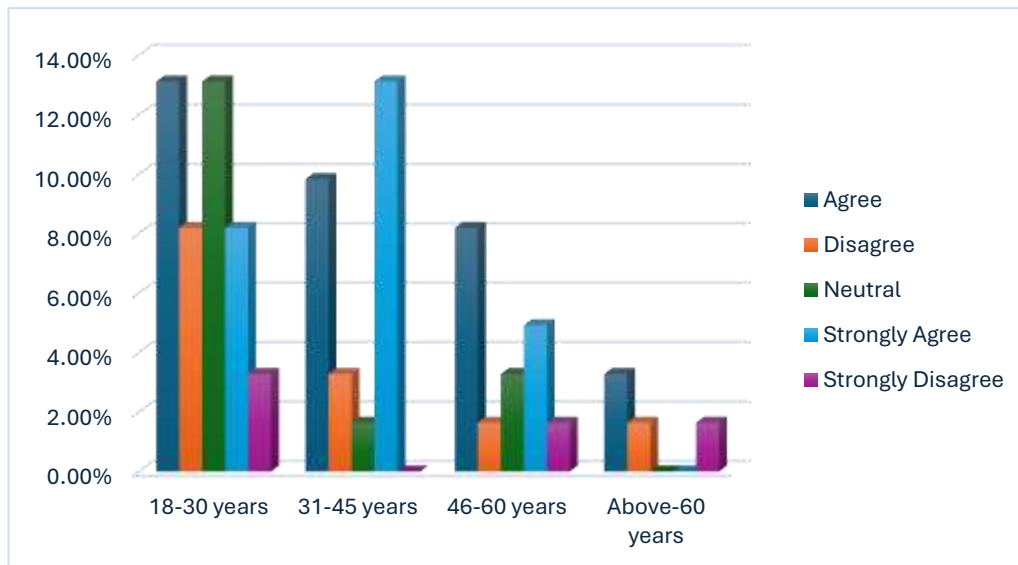
Analysis

- Overall Sentiment:** Respondents are somewhat divided but lean digital or neutral. **45.90%** agree or strongly agree with choosing digital for small amounts, while **37.70%** remain completely neutral. Only a combined **16.39%** actively disagree.
- Age-Specific Insights:**
 - The **18–30 group** leads the charge with **24.59%** (combined agreement), though a large sub-segment of them (**16.39%**) remains neutral.

Interpretation

The habit of using digital payments for micro-transactions (e.g., buying street food or small groceries) is highly prevalent among the youth but hasn't fully converted everyone, given the high "Neutral" rate. Cash still holds a psychological safety net for minor transactions across all age groups, but it is actively losing ground to UPI

5. I use a variety of digital payment features (e.g., utility bill payments, recharges, peer-to-peer transfers).						
Age group	Agree	Disagree	Neutral	Strongly Agree	Strongly Disagree	Grand Total
18-30 years	13.11%	8.20%	13.11%	8.20%	3.28%	45.90%
31-45 years	9.84%	3.28%	1.64%	13.11%	0.00%	27.87%
46-60 years	8.20%	1.64%	3.28%	4.92%	1.64%	19.67%
Above-60 years	3.28%	1.64%	0.00%	0.00%	1.64%	6.56%
Grand Total	34.43%	14.75%	18.03%	26.23%	6.56%	100.00%



Analysis

- Overall Sentiment:** This statement received the strongest positive engagement. **60.66%** of all respondents (34.43% Agree + 26.23% Strongly Agree) use multiple features of digital payment apps.
- Age-Specific Insights:**
 - The **31–45 age group** shows the highest intensity of diverse use, with **13.11% strongly agreeing**—outperforming even the younger 18–30 cohort (8.20% strongly agree) in this specific category

Interpretation

The habit of using digital payments for micro-transactions (e.g., buying street food or small groceries) is highly prevalent among the youth but hasn't fully converted everyone, given the high "Neutral" rate. Cash still holds a psychological safety net for minor transactions across all age groups, but it is actively losing ground to UPI.

7	The categories of 14. A significant portion of my monthly household expenses is paid through digital modes. occur with equal probabilities.	One-Sample Chi-Square Test	.002	Reject the null hypothesis.
8	The categories of 15. I use a variety of digital payment features (e.g., utility bill payments, recharges, peer-to-peer transfers)." occur with equal probabilities.	One-Sample Chi-Square Test	.007	Reject the null hypothesis.
9	The categories of 16. I intend to increase my reliance on digital payments and completely reduce my cash carryings in the future." occur with equal probabilities.	One-Sample Chi-Square Test	.057	Retain the null hypothesis.

SPSS TEST

Asymptotic significances are displayed. The significance level is .05.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
8. I feel that my money and personal data are completely secure when making digital transactions."	61	1	5	3.26	1.182
12. I use digital payment methods multiple times every week for my daily transactions."	61	1	5	3.54	1.089
Valid N (listwise)	61				

7. Learning to use digital payment apps (like PhonePe, Google Pay, UPI) is easy for me." * 9. Internet connectivity and digital payment infrastructure in my locality are reliable." Crosstabulation

		9. Internet connectivity and digital payment infrastructure in my locality are reliable."					Total
		1	2	3	4	5	
7. Learning to use digital payment apps (like PhonePe, Google Pay, UPI) is easy for me."	1	1	2	1	1	0	5
	2	1	1	2	1	1	6
	3	1	3	8	3	2	17
	4	1	0	9	12	0	22
	5	1	0	1	9	0	11
Total		5	6	21	26	3	61

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	28.385 ^a	16	.028
Likelihood Ratio	30.874	16	.014
Linear-by-Linear Association	6.506	1	.011
N of Valid Cases	61		

a. 21 cells (84.0%) have expected count less than 5. The minimum expected count is .25.

FINDINGS

- Demographic: Majority of users of digital payments are from the youth generation (18-30 years, 45.9%). This suggests that the use of digital payments is higher amongst the youth generation.
- Ease of Use: 54.1% of the respondents believed that the use of digital payment application was easy to understand, but elderly generations had issues, hence showing the problem of digital literacy.
- Reliability of Infrastructure: About 47.54% of the respondents mentioned that the internet infrastructure was reliable, but 34.43% of the respondents were neutral about this.
- Preference for Digital Payments over Cash: 45.9% of the respondents used UPI/digital wallets even for small amounts, but 37.7% were neutral about this.

CONCLUSION

The study shows the variations in the usage of digital payment systems across different locations in Mysore District. The people living in the urban areas are more open to using digital payment systems because of their superior infrastructure and knowledge of technology. Apart from using the system for money transfers between each other, the people use it for a variety of other purposes, including bill payments and recharge services.

SUGGESTIONS

- Digital Literacy Programs: Initiate special training sessions in rural areas for elderly people and individuals with low literacy levels.
- Locally Supported Interface: These payments apps should be developed using locally supported language and simple interfaces.
- Infrastructure Development: Improve connectivity to provide rural Internet and mobile services.
- Trust Building: Banks and financial organizations must organize campaigns for educating people about security issues

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