

Digital Payment Adoption and Its Effect on Financial Inclusion among College Students in India

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Chapter 1

I. Introduction

Due to the expansion of digital payment systems and financial technology (fintech), India's financial sector has seen a swift shift in recent years. The way people do financial transactions has evolved with the advent of digital platforms like Unified Payments Interface (UPI), mobile wallets, internet banking, QR-code payments, and other cashless transaction techniques. For consumers nationwide, these technologies have made payments quicker, simpler, safer, and more convenient. Digital payments are already a significant aspect of everyday life, particularly for young people and college students who rely heavily on cellphones and internet-based services.

Financial inclusion is the provision of accessible and reasonably priced financial services to all segments of society, including banking, payments, savings, credit, and insurance. It seeks to guarantee that everyone can engage in the formal financial system, regardless of social status or income level. The government and banking institutions in India have made financial inclusion one of their top priorities. Access to financial services has been improved thanks to programs like Aadhaar, Digital India, UPI, and the Pradhan Mantri Jan Dhan Yojana (PMJDY). Digital financial services serve as a doorway to greater financial inclusion and economic expansion, according to IMF research.

Following demonetization and the spread of internet connectivity, the rise of UPI and other digital payment systems has accelerated. Applications like Google Pay, PhonePe, Paytm, and BHIM are now often used by college students for online shopping, bill payment, money transfers, and educational costs. Digital payment methods save time, lessen reliance on currency, and raise young people's financial literacy. Additionally, digital payments promote financial inclusion by assisting students in familiarizing themselves with conventional banking institutions.

Nevertheless, a number of issues persist despite the expansion of digital payment methods. Concerns about digital literacy, cybersecurity risks, internet accessibility, confidence in digital transactions, and ignorance of financial services and goods are common among users. Although students are among the most frequent users of digital payments, little study has been done expressly on how the introduction of digital payments affects financial inclusion among Indian college students. There is a knowledge gap about the behavior and financial involvement of college students because the majority of prior research has been on the general public, rural areas, or wider fintech adoption.

Adoption of digital payments has social and economic implications. It encourages openness, lowers transaction costs, and aids in the growth of a cashless economy. Additionally, digital payment systems give students the chance to manage their personal finances, keep bank accounts, access official financial services, and make better financial decisions.

Concerns about fraud, excessive spending, and improper use of digital platforms underscore the necessity of researching young customers' awareness and user behavior.

In the current financial landscape, research on the connection between digital payments and financial inclusion is crucial. Policymakers, banks, educational institutions, and fintech companies can all benefit from knowing how college students utilize digital payment systems and how these platforms affect their financial engagement. The purpose of this study is to determine the factors that affect young people's use of digital payments and to analyze the effects of digital payment adoption on financial inclusion among Indian college students.

The study's findings may assist educational institutions and financial service providers in creating awareness campaigns, digital literacy programs, and safe digital payment systems that promote responsible financial participation among young people. College students are the future workforce and consumers of financial services, and their financial habits and adoption of technology can influence the long-term growth of digital finance in India.

All things considered, digital payments are now a disruptive force in India's financial system. Effective financial inclusion is nevertheless hampered by issues with awareness, security, and digital literacy, despite the many advantages they provide, like convenience, speed, accessibility, and financial empowerment. Thus, the goal of this study is to present a thorough knowledge of how digital payment adoption contributes to increased financial inclusion among Indian college students.

II. Objective of the Study

- To investigate how the use of digital payments affects financial inclusion among Indian students.
- To examine how students use and adapt digital payment systems like UPI.
- To determine the advantages and difficulties of young people using digital payments.
- To investigate the connection between financial inclusion and digital literacy.
- To make recommendations for ways to increase college students' access to digital finance

Chapter 2

Literature Review

In recent years, the Indian financial system has made financial inclusion one of its top priorities. Digital payment systems like Unified Payments Interface (UPI), mobile wallets, internet banking, and fintech applications have revolutionized India's financial ecosystem due to the country's rapid technological advancements and increased internet connectivity. The connection between the use of digital payments and financial inclusion has been studied by a number of academics and organizations. Important research on digital financial services, UPI uptake, fintech innovation, and financial inclusion among Indian users is included in the literature review that follows.

Financial inclusion is crucial for inclusive economic growth and development, according to Purva Khera (2023) in the IMF research titled Digital Financial Services and Inclusion. According to the report, compared to traditional banking systems, digital financial services offer quicker, less expensive, and more effective financial access. The research claims that government programs including the Unified Payments Interface (UPI), Aadhaar, and the Pradhan Mantri Jan Dhan Yojana (PMJDY) greatly increased access to financial services in India. Additionally, the study discovered that digital payments increase low-income groups' financial accessibility, enhance economic engagement, and reduce inequality. However, the report stressed that issues like cybersecurity concerns, internet connectivity, and a lack of digital literacy continue to hinder full financial inclusion

Using empirical data, Khurana et al. (2025) examined the connection between digital payments and banking access in their study on fintech adoption and financial inclusion in India. A 10% rise in the use of digital payments results in a significant boost in financial inclusion, according to the researchers' Financial Inclusion Index. According to the study, digital banking infrastructure and fintech technologies are crucial in lowering financial exclusion, particularly in rural and undeveloped areas. The study also showed that UPI's ease of use, cheap transaction costs, and convenience have made it one of India's most powerful digital payment systems.

A user-centric study on digital payments, fintech uptake, and financial inclusion in India was carried out by Sharif and Mohamed (2026). Youth and students are among the most active consumers of digital payment platforms, according to the study that looked at their behavior. The research indicates that digital payment systems enhance financial accessibility, boost convenience, and motivate users to engage with traditional banking institutions. Adoption of fintech enhances access to credit and savings options, according to the report. However, some users' use of digital payments is still impacted by obstacles like low awareness, cybersecurity risks, and trust difficulties.

The significance of awareness and technology comprehension in fostering financial inclusion has been emphasized by research on digital financial literacy. According to studies, those who are more financially and digitally literate are more likely to successfully adopt digital payment methods. Financial literacy increases users' trust in digital payment platforms by helping them comprehend online transactions, digital banking apps, and security precautions. Researchers came to the conclusion that raising young consumers' adoption of digital payments requires awareness campaigns and financial education.

The role of fintech expansion and the Digital India project in fostering a cashless economy has also been examined by a number of scholars. UPI's 2016 launch revolutionized India's digital payment landscape by facilitating quick, safe, and affordable transactions. According to studies, demonetization hastened the nation's embrace of digital payment methods. Due to their ease of use and user-friendly features, applications like Google Pay, PhonePe, Paytm, and BHIM have become popular among young consumers and students.

According to the literature assessment, financial inclusion in India is strongly positively correlated with fintech developments and digital payment systems. The majority of research concur that digital financial services and UPI have increased financial participation and access to banking facilities. Only a small amount of study, nevertheless, focuses on Indian youth and college students. Instead of focusing on student users, the majority of current research look at the general public or rural areas. Thus, by examining the effect of digital payment use on financial inclusion among Indian college students, the current study aims to close this research gap.

Research Gap

Numerous research have looked at digital payments and financial inclusion in India, according to a review of the literature. Nonetheless, the majority of studies concentrate on state-level analysis, rural users, or the general public. There aren't many research that explicitly examine how the use of digital payments affects young people's and college students' financial inclusion. Furthermore, there hasn't been much research done on behavioral factors including student trust, digital literacy, convenience, and user awareness. Thus, the current study is to investigate how the proliferation of digital payments affects financial inclusion among Indian college students and pinpoint the key variables influencing their usage patterns.

Chapter 3

Research Methodology

3.1 Introduction

A methodical and scientific technique to gathering, evaluating, interpreting, and presenting data pertaining to a particular study subject is known as research methodology. It acts as the cornerstone of each research project and offers an organized framework for successfully achieving research goals. Accuracy, dependability, validity, and consistency in the research process are guaranteed by a clearly defined research methodology. It increases the study's credibility by assisting researchers in choosing suitable techniques for data gathering, sampling, analysis, and interpretation.

Research has become a crucial instrument in today's commercial climate for comprehending customer behavior, industry trends, technical advancements, and financial practices. A number of economic sectors have changed as a result of the quick development of digital technologies, most notably the financial services sector. The way financial transactions are carried out has been completely transformed by digital payment systems including Unified Payments Interface (UPI),

mobile wallets, internet banking, QR code payments, and fintech apps. Financial inclusion has been greatly aided by these technologies, which have improved financial services' efficiency, speed, accessibility, and convenience.

The goal of the current study, "Digital Payment Adoption and Its Effect on Financial Inclusion among College Students in India," is to investigate the connection between financial inclusion and the use of digital payments. The availability, affordability, and accessibility of financial services for all societal segments is referred to as financial inclusion. By lowering obstacles related to traditional banking services and empowering people to engage more fully in the formal financial system, the use of digital payment methods has become a significant accelerator for financial inclusion.

The study intends to look into how users' financial behavior—especially that of students and young adults—is impacted by digital payment platforms. Understanding the adoption trends and attitudes of college students, who are among the most active users of digital payment systems, might offer important insights into the future of digital finance in India. Additionally, the study aims to determine the advantages, difficulties, possibilities, and dangers of digital payment systems.

A systematic research technique has been used to accomplish the study's goals. Both primary and secondary data sources are used in the study. Research journals, books, reports released by the Reserve Bank of India (RBI), government publications, academic databases, and other trustworthy sources were the sources of secondary data, while a structured questionnaire sent via Google Forms was used to collect primary data. The research findings are more thorough and dependable when primary and secondary data are combined.

The research design, nature of the study, data sources, sampling strategy, sample size, target population, data collection tools, analytical tools, study scope, and constraints are all covered in this chapter. The chosen approach guarantees that the results are founded on a methodical and impartial examination of the data gathered and provide a rational framework for carrying out the study.

3.2 Research Design

The general plan, framework, and approach used to carry out research is referred to as research design. It serves as a guide for the researcher's data collection, measurement, and analysis. While guaranteeing the validity and dependability of the results, a well-structured research design aids in effectively accomplishing the goals of the study.

A descriptive research design has been chosen for the current investigation. The goal of descriptive research is to characterize the traits, beliefs, attitudes, and actions of a certain responder group. It offers a clear image of the current state of affairs and aids in gathering information about the conditions.

Because the goal of this study is to comprehend the acceptance of digital payment systems and their impact on financial inclusion, the descriptive research methodology is deemed appropriate. With relation to digital payment services like UPI, Google Pay, PhonePe, and Paytm, the survey aims to investigate respondents' experiences, preferences, usage patterns, and attitudes.

The descriptive research design is considered appropriate for this study because the research aims to understand the adoption of digital payment systems and their impact on financial inclusion. The study seeks to examine respondents' experiences, preferences, usage patterns, and perceptions regarding digital payment platforms such as UPI, Google Pay, PhonePe, and Paytm.

The researcher can methodically gather pertinent data and provide insightful conclusions about the advantages, difficulties, and efficacy of digital payment systems by using a descriptive study design.

3.3 Nature of Research

The current study is analytical, quantitative, and descriptive.

Quantitative Research

Numerical data gathering and analysis are key components of quantitative research. Its main objective is to measure variables and display the results as percentages, numbers, and statistical interpretations. The degree of digital payment

uptake, usage frequency, and attitudes toward financial inclusion are all measured in this study with the aid of quantitative research.

Utilizing quantitative techniques makes it possible to compare various results and conduct objective analysis. The information gathered via the survey is transformed into numerical form and examined utilizing graphical displays and percentage analysis.

Descriptive Research

The study's descriptive design makes it easier to comprehend how respondents are now using digital payments. It offers comprehensive data on customer preferences, transaction patterns, financial service accessibility, and digital payment platform awareness.

Analytical Research

Analytical research entails the interpretation of gathered data in addition to mere description. Finding patterns, trends, and connections between several variables is aided by it. The current study employs analytical methods to investigate the impact of digital payment uptake on financial independence and financial inclusion.

In order to give a thorough grasp of the research subject, the study integrates quantitative, descriptive, and analytical methods.

3.4 Sources of Data

The quality and dependability of the data gathered are critical to any research study's success. Both primary and secondary sources of data are used in this investigation.

Primary Data

Original information gathered directly from respondents for a particular study goal is referred to as primary data. It is first-hand data that hasn't been published or examined by anybody else before.

A structured questionnaire created with Google Forms was used to gather primary data for the current investigation. Respondents were given the questionnaire, and their answers were electronically recorded

There are various benefits to using primary data:

- Provides current and relevant information.
- Ensures greater accuracy and reliability.
- Enables collection of data according to research objectives.
- Facilitates direct interaction with respondents.

In this study, primary data serves as the fundamental foundation for analysis and interpretation.

Secondary Data

Information that has already been gathered and published by academics, organizations, institutions, and governmental bodies is referred to as secondary data.

For this study, secondary data came from:

- Research journals
- Academic publications
- Books
- RBI reports

- Government reports
- IMF reports
- Research databases
- Websites related to digital payments and financial inclusion

Understanding theoretical ideas, spotting research gaps, and bolstering the conclusions drawn from main data are all made possible by secondary data.

Combining primary and secondary data improves the research's validity and thoroughness.

3.5 Sampling Technique

Sampling refers to the process of selecting a subset of individuals from a larger population for conducting research. Since it is often impractical to study the entire population, researchers select a representative sample that can provide meaningful insights.

The present study uses the **Convenience Sampling Technique**.

Convenience sampling is a non-probability sampling method in which respondents are selected based on their accessibility, availability, and willingness to participate in the study.

The method was chosen because:

- It is simple and easy to implement.
- It requires less time and cost.
- Respondents are readily available.
- It is suitable for academic and student research projects.

Although convenience sampling may not fully represent the entire population, it is widely used in social science and management research due to its practicality.

The selected respondents provided valuable information regarding their digital payment experiences and perceptions related to financial inclusion.

3.6 Sample Size

Sample size refers to the number of respondents selected for participation in the research study. An appropriate sample size is important for ensuring reliability and meaningful analysis.

In the present study, data was collected from **38 respondents**.

The respondents belonged to different age groups, genders, and occupational categories. The sample was considered adequate for the purpose of the study because it provided sufficient information regarding digital payment adoption and financial inclusion.

The selected sample enabled the researcher to:

- Analyze usage patterns.
- Understand respondent perceptions.
- Identify challenges and benefits.
- Draw meaningful conclusions.

Although a larger sample size could provide broader representation, the available sample offers valuable insights within the scope and limitations of the study.

3.7 Target Population

The target population refers to the entire group of individuals to whom the findings of the study are intended to apply.

The target population for the present study consists of:

- College students
- Young adults
- Digital payment users
- Individuals with bank accounts
- Users of UPI and other digital payment applications

Students and young adults were selected because they represent one of the fastest-growing user segments of digital payment systems in India.

The widespread adoption of smartphones and internet services has encouraged young users to actively engage with digital financial services. Understanding their behavior provides valuable insights into the future development of digital payments and financial inclusion initiatives.

The target population is therefore highly relevant to the objectives of the study.

3.8 Data Collection Instrument

The primary instrument used for collecting data was a structured questionnaire.

A questionnaire is one of the most commonly used tools in social science and management research because it allows researchers to gather information from a large number of respondents efficiently.

The questionnaire was designed using Google Forms and consisted of questions related to:

- Demographic information
- Digital payment usage
- Banking access
- Financial inclusion
- Security concerns
- Digital literacy
- User satisfaction
- Suggestions for improvement

Different types of questions were included:

- Multiple-choice questions
- Checkbox questions
- Likert-scale questions
- Open-ended questions

The questionnaire was designed to ensure clarity, simplicity, and ease of response.

The collected responses served as the primary source of information for analysis and interpretation.

3.9 Tools Used for Data Analysis

The process of arranging, condensing, and analyzing gathered data in order to draw significant conclusions is known as data analysis.

The following tools were used:

- **Percentage Analysis**

Understanding the percentage of respondents choosing specific answers is made easier with the use of percentage analysis. It offers a straightforward and efficient way to display survey findings.

- **Frequency Distribution**

Frequency distribution summarizes the number of respondents selecting each response category. It helps identify trends and patterns within the data.

- **Tables**

Tables provide a systematic arrangement of data and facilitate easy comparison among different categories.

- **Pie Charts**

Pie charts visually represent the proportion of responses and improve understanding of percentage distributions.

- **Bar Charts**

Bar charts help compare multiple categories and identify significant differences among responses.

These tools enhance the clarity and presentation of research findings.

3.10 Scope of the Study

The current study's scope is restricted to comprehending the uptake of digital payment systems and how they affect users' financial inclusion. The study focuses on examining the ways in which digital payment platforms have impacted user engagement in the formal financial system as well as financial accessibility, convenience, and transaction efficiency.

The use of digital payment apps like Google Pay, PhonePe, Paytm, BHIM, online banking, and other UPI-based payment systems is the main focus of the study. It aims to comprehend the degree of awareness, usage frequency, advantages consumers enjoy, and difficulties encountered when carrying out digital transactions.

Financial institutions, fintech businesses, legislators, academic institutions, and academics interested in advancing digital financial services and increasing financial inclusion may find the study's conclusions helpful. The study offers insights into consumer behavior in the digital payment ecosystem and adds to the expanding body of information about digital finance.

Additionally, the study aids in determining the elements that promote or hinder the use of digital payment methods. Stakeholders can develop plans to strengthen digital payment infrastructure and raise customer satisfaction by comprehending user experiences and obstacles.

Despite being restricted to a certain sample of participants, the study's conclusions offer insightful information about the increasing significance of digital payment systems in contemporary financial services.

3.11 Limitations of the Study

Every research study has inherent constraints that could impact the breadth and applicability of its conclusions. The current study contains the following limitations and is not an exception:

Limited Sample Size

38 respondents' responses served as the basis for the study. A bigger sample size might have yielded more thorough and representative results, even though the sample offers insightful information.

Time Constraints

The study was carried out in a short amount of time. It was not feasible to gather responses from a larger population or a wider geographic area due to time constraints.

Geographical Limitations

Only respondents who could be reached online are included in the study. As a result, the results might not accurately reflect the opinions and experiences of users from various parts of India.

Response Bias

Self-reported answers gathered via a questionnaire are used in the study. It's possible that some respondents gave socially acceptable responses instead of their true beliefs or experiences.

Limited Variables

The adoption of digital payments and financial inclusion are the study's primary areas of interest. There hasn't been much research done on other variables including financial literacy, educational background, income level, and preparedness for technology.

Dynamic Nature of Technology

Technologies for digital payments are still developing quickly. After the study is finished, new features, applications, rules, and innovations might appear, which could affect user attitudes and behavior.

Accessibility of Respondents

It's possible that people with poor internet connectivity or a lack of familiarity with digital technology were left out of the online survey.

Notwithstanding these drawbacks, the study offers insightful information about the uptake of digital payments and their role in promoting financial inclusion.

3.12 Chapter Summary

Research methodology is the foundation of any research project because it offers a methodical framework for gathering, organizing, analyzing, and interpreting data in a scientific way. This chapter provided a thorough discussion of the research methodology used for the study on "Digital Payment Adoption and Its Effect on Financial Inclusion."

The concept of research methodology was introduced at the beginning of the chapter, and its significance in guaranteeing validity, consistency, and dependability in research findings was highlighted. It described how an organized approach enables researchers to successfully accomplish their goals while preserving objectivity all along the way.

The study used a descriptive research design. Because it allows the researcher to comprehend current circumstances, attitudes, and behaviors related to the use of digital payments, this approach was chosen. The descriptive method offered insightful information about the opinions, preferences, and experiences of respondents with regard to digital payment systems.

The study's quantitative and analytical aspects were covered in more detail in this chapter. While analytical tools assisted in interpreting the responses and identifying significant patterns and linkages, quantitative methods made it easier to obtain quantifiable data. These methods were combined to guarantee a thorough comprehension of the research problem.

Both primary and secondary sources of information were used in the investigation. A structured questionnaire distributed via Google Forms was used to gather primary data. Books, journals, research papers, RBI reports, government publications, and other scholarly sources were the sources of secondary data. The research findings' dependability and trustworthiness were improved by the utilization of several data sources.

Because convenience sampling is practical and simple to use, it was used as the sample method. 38 people in all took part in the survey, answering questions about their financial behavior, attitudes toward financial inclusion, and patterns of using digital payments.

The main tool for gathering data was a questionnaire that asked about demographics, digital payment usage, financial independence, banking accessibility, security concerns, digital literacy, and recommendations for enhancements. This instrument was used to gather responses, which served as the foundation for further analysis and interpretation.

The chapter also covered the different analytical tools utilized in the research, such as tables, pie charts, bar charts, frequency distribution, and percentage analysis. These tools made complex material easier to understand and made it easier to present and comprehend the data that was gathered.

Furthermore, the study's limits and scope were described in detail. Even though the study offers insightful information about the connection between the use of digital payments and financial inclusion, there are a few limitations to take into account when interpreting the results, including a small sample size, time limits, and respondent bias.

All things considered, the study's methodology offers a methodical and trustworthy framework for analyzing how digital payment methods affect financial inclusion. The chapter lays the groundwork for the following chapter, which analyzes and interprets the information gathered from respondents. The results produced by this methodology advance knowledge of digital financial services and how they support financial inclusion in the contemporary economy.

Chapter 4

Data Analysis and Interpretation

4.1 Introduction

Data analysis and interpretation constitute one of the most important stages of any research study, as they help transform raw data into meaningful information and conclusions. The purpose of this chapter is to analyze and interpret the responses collected through a structured questionnaire regarding the adoption of digital payment systems and their impact on financial inclusion. The findings presented in this chapter are based on primary data collected from 38 respondents through Google Forms.

The collected data has been organized, classified, tabulated, and interpreted using percentage analysis. Various tables have been prepared to present the responses in a systematic manner. The chapter examines demographic characteristics, digital payment usage patterns, perceived benefits, challenges faced by users, security concerns, and suggestions for improving digital payment systems.

The analysis helps understand how digital payment platforms influence financial accessibility, convenience, and participation in formal financial services. The findings provide valuable insights into users' experiences and perceptions regarding digital payment systems and their contribution to financial inclusion.

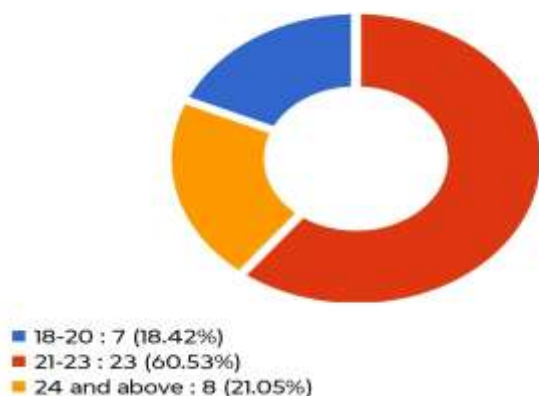
4.2 Demographic Profile of Respondents

Table 4.1 Age Distribution of Respondents

Age Group	Frequency	Percentage
18–20 Years	7	18.42%
21–23 Years	23	60.53%
24 Years & Above	8	21.05%
Total	38	100%

1. Age

Pie



Interpretation

The above table shows the age-wise distribution of respondents. It can be observed that the majority of respondents (60.53%) belong to the age group of 21–23 years. Respondents aged 24 years and above constitute 21.05%, while 18.42% belong to the age group of 18–20 years.

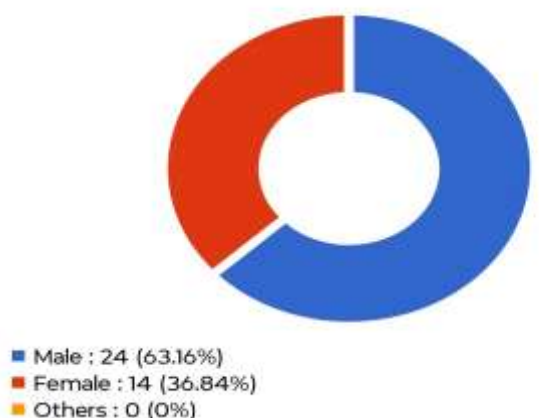
The results indicate that young adults form the largest segment of digital payment users. This age group is generally more comfortable with technology and is highly engaged in online transactions. The findings suggest that digital payment adoption is particularly strong among younger individuals who actively use smartphones and internet-based financial services.

Table 4.2 Gender Distribution of Respondents

Gender	Frequency	Percentage
Male	24	63.16%
Female	14	36.84%
Total	38	100%

2. Gender

Pie



Interpretation

The table reveals that 63.16% of respondents are male, while 36.84% are female. The findings indicate that male respondents constitute a larger proportion of the sample.

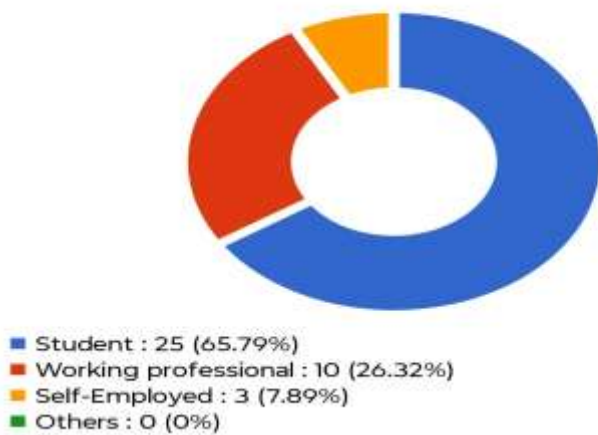
The participation of both genders demonstrates that digital payment systems are widely accepted across different demographic groups. However, the higher representation of male respondents may influence certain usage patterns and perceptions reflected in the study.

Table 4.3 Occupation of Respondents

Response	Frequency	Percentage
Yes	38	100%
No	0	0%
Total	38	100%

3. Occupation

Pie



Interpretation

All respondents possess bank accounts. This indicates complete access to basic banking services among the sample population.

Bank account ownership serves as an important indicator of financial inclusion. The findings suggest that respondents are already integrated into the formal financial system, which facilitates the adoption of digital payment technologies.

4.3 Analysis of Digital Payment Usage

Table 4.4 Bank Account Ownership

Response	Frequency	Percentage
Yes	38	100%
No	0	0%
Total	38	100%

4. Do you have a bank account?

Pie



■ Yes : 38 (100%)
■ No : 0 (0%)



Interpretation

All respondents possess bank accounts. This indicates complete access to basic banking services among the sample population.

Bank account ownership serves as an important indicator of financial inclusion. The findings suggest that respondents are already integrated into the formal financial system, which facilitates the adoption of digital payment technologies.

Table 4.5 Adoption of Digital Payment Applications

Response	Frequency	Percentage
Yes	38	100%
No	0	0%

Response	Frequency	Percentage
Total	38	100%

5. Do you use digital payment applications?

Pie



■ Yes : 38 (100%)
■ No : 0 (0%)



Interpretation

All respondents reported using digital payment applications. This demonstrates universal adoption of digital payment systems among the surveyed population.

The findings reflect the growing acceptance of digital financial services and highlight the increasing role of technology in everyday financial transactions.

Table 4.6 Preferred Digital Payment Application

Application	Frequency	Percentage
Google Pay	17	44.74%
Paytm	12	31.58%
PhonePe	7	18.42%
Others	2	5.26%
BHIM	0	0%

Application	Frequency	Percentage
Total	38	100%

6. Which digital payment app do you use the most?

Pie



Google Pay : 17 (44.74%)
PhonePe : 7 (18.42%)
BHIM : 0 (0%)
Patym : 12 (31.58%)
Others : 2 (5.26%)



Interpretation

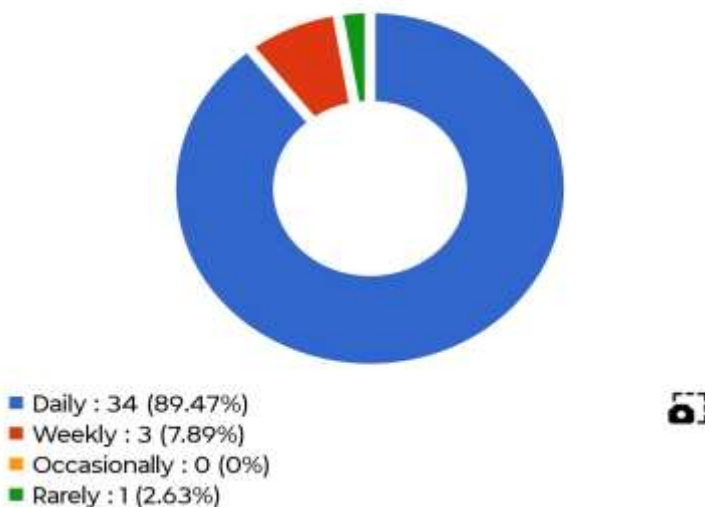
Google Pay emerged as the most preferred digital payment application, used by 44.74% of respondents. Paytm was the second most popular platform, followed by PhonePe.

The popularity of Google Pay can be attributed to its ease of use, widespread acceptance, and seamless UPI integration. The findings indicate that UPI-based platforms dominate the digital payment ecosystem in India.

Table 4.7 Frequency of Digital Payment Usage

Frequency	Frequency	Percentage
Daily	34	89.47%
Weekly	3	7.89%
Rarely	1	2.63%
Total	38	100%

7. How often do you use digital payments? Pie



Interpretation

A large majority of respondents (89.47%) use digital payment systems daily. Only a small proportion use them weekly or rarely.

This finding indicates that digital payments have become an integral part of daily financial activities. The high frequency of usage reflects strong dependence on digital payment platforms for routine transactions.

Table 4.8 Purpose of Using Digital Payments

Purpose	Frequency	Percentage
Shopping	16	42.11%
Bill Payments	10	26.32%
Money Transfer	5	13.16%
Food Delivery	4	10.53%
Educational Expenses	3	7.89%
Total	38	100%

8. What is your main purpose for using digital payments?

Pie



Shopping : 16 (42.11%)
 Bill payments : 10 (26.32%)
 Money transfer : 5 (13.16%)
 Food delivery : 4 (10.53%)
 Educational expenses : 3 (7.89%)

Interpretation

Shopping is the most common purpose for using digital payments (42.11%), followed by bill payments (26.32%).

The findings indicate that digital payment systems are widely used for consumer transactions and daily financial activities. Their convenience and accessibility make them attractive alternatives to cash payments.

4.4 Perceived Benefits of Digital Payments

Table 4.9 Ease of Financial Transactions

Response	Frequency	Percentage
Strongly Agree	23	60.53%
Agree	13	34.21%
Neutral	1	2.63%
Strongly Disagree	1	2.63%
Total	38	100%

9. Do digital payments make financial transactions easier for you?

Pie



Strongly Agree : 23 (60.53%)
Agree : 13 (34.21%)
Neutral : 1 (2.63%)
Disagree : 0 (0%)
Strongly Disagree : 1 (2.63%)

Interpretation

A combined 94.74% of respondents either agree or strongly agree that digital payment systems make financial transactions easier.

This demonstrates the effectiveness of digital payments in simplifying financial activities and improving user convenience.

Table 4.10 Access to Banking Services Through UPI

Response	Frequency	Percentage
Strongly Agree	21	55.26%
Agree	15	39.47%
Neutral	2	5.26%
Total	38	100%

10. Has UPI increased your access to banking services?

Pie



■ Strongly Agree : 21 (55.26%)
 ■ Agree : 15 (39.47%)
 ■ Neutral : 2 (5.26%)
 ■ Disagree : 0 (0%)
 ■ Strongly Disagree : 0 (0%)

Interpretation

Most respondents believe that UPI has increased their access to banking services.

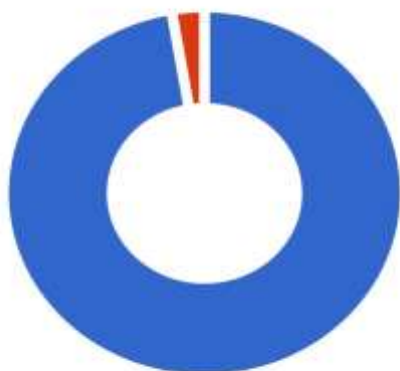
The findings highlight the role of digital payment technologies in promoting financial inclusion and expanding access to formal financial services.

Table 4.11 Time Saved Through Digital Payments

Response	Frequency	Percentage
Yes	37	97.37%
No	1	2.63%
Total	38	100%

11. Do digital payment systems save your time?

Pie



■ Yes : 37 (97.37%)
■ No : 1 (2.63%)



Interpretation

Nearly all respondents believe that digital payment systems save time.

This demonstrates one of the most significant benefits of digital payments, namely efficiency and convenience in financial transactions.

Table 4.12 Financial Independence Through Digital Payments

Response	Frequency	Percentage
Yes	29	76.32%
Maybe	8	21.05%
No	1	2.63%
Total	38	100%

12. Do you feel financially more independent because of digital payments? Pie



■ Yes : 29 (76.32%)
 ■ No : 1 (2.63%)
 ■ Maybe : 8 (21.05%)



Interpretation

More than three-fourths of respondents feel financially independent because of digital payment systems.

Digital payment technologies empower users by enabling direct control over financial activities and reducing dependence on physical banking services.

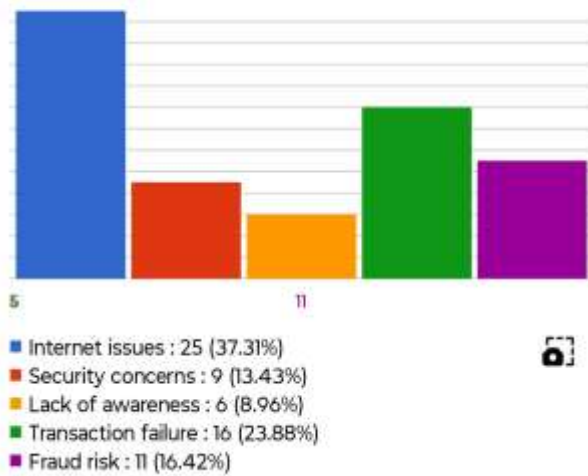
4.5 Challenges and Security Concerns

Table 4.13 Challenges Faced While Using Digital Payments

Challenge	Percentage
Internet Issues	37.31%
Transaction Failure	23.88%
Fraud Risk	16.42%
Security Concerns	13.43%
Lack of Awareness	8.96%

13. What challenges do you face while using digital payments?

Bar



Interpretation

Internet connectivity issues are the most significant challenge faced by respondents. Transaction failures and fraud risks also represent major concerns.

The findings indicate that technological infrastructure and security remain critical factors affecting user experience.

Table 4.14 Concern About Online Fraud and Cybercrime

Response	Percentage
Yes	73.68%
Sometimes	18.42%
No	7.89%

14. Are you concerned about online fraud or cybercrime?

Pie



■ Yes : 28 (73.68%)
■ No : 3 (7.89%)
■ Sometimes : 7 (18.42%)



Interpretation

A majority of respondents are concerned about online fraud and cybercrime.

This finding highlights the importance of cybersecurity measures and awareness programs in maintaining trust in digital payment systems.

Table 4.15 Importance of Digital Literacy

Response	Percentage
Yes	100%
No	0%

15. Do you think digital literacy is important for using digital payments safely?

Pie



■ Yes : 38 (100%)
■ No : 0 (0%)



Interpretation

All respondents agree that digital literacy is essential for the safe use of digital payment systems.

This emphasizes the need for education and awareness initiatives aimed at improving digital financial literacy.

4.6 Suggestions for Improvement

Respondents suggested several improvements to enhance digital payment systems:

- Improve internet connectivity and infrastructure.
- Reduce transaction failures.
- Strengthen cybersecurity measures.
- Provide faster refund mechanisms.
- Improve customer support services.
- Increase awareness regarding digital fraud.
- Introduce more user-friendly interfaces.
- Enhance transaction reliability during low-network conditions.

Interpretation

The suggestions indicate that while users are generally satisfied with digital payment systems, improvements in reliability, security, and customer support can further increase adoption and user confidence.

4.7 Major Findings of the Study

- All respondents possess bank accounts and use digital payment systems.
- Google Pay is the most preferred digital payment application.
- Most users conduct digital transactions daily.
- Shopping and bill payments are the primary purposes of usage.
- Digital payments significantly simplify financial transactions.
- UPI has increased access to banking services.
- Digital payment systems save time and improve convenience.
- Most respondents feel financially independent due to digital payments.
- Internet connectivity issues remain the biggest challenge.
- Cybersecurity concerns continue to affect user confidence.
- Digital literacy is considered essential by all respondents.

4.8 Discussion of Findings

The findings of the study clearly indicate that digital payment systems have become an integral part of the financial activities of respondents. The widespread adoption of digital payment applications among all respondents demonstrates the growing acceptance of technology-driven financial services. The fact that every respondent possesses a bank account and actively uses digital payment platforms reflects a significant level of financial inclusion and digital connectivity.

The demographic analysis revealed that the majority of respondents belong to the age group of 21–23 years. This finding suggests that younger individuals are more inclined towards adopting technological innovations and digital financial services. Their familiarity with smartphones, internet services, and mobile applications contributes significantly to the increased usage of digital payment platforms. The participation of students and young professionals further highlights the growing influence of digital technologies on modern financial behavior.

The study found that Google Pay is the most preferred digital payment application among respondents, followed by Paytm and PhonePe. This indicates the strong popularity of UPI-based payment systems in India. The ease of use, convenience, speed of transactions, and widespread merchant acceptance have contributed to the success of these applications. The findings also suggest that users prefer platforms that offer a seamless transaction experience and enhanced security features.

The frequency analysis revealed that a majority of respondents use digital payment systems on a daily basis. This indicates that digital payments have become deeply integrated into everyday financial activities. Users rely on digital payment applications for shopping, bill payments, money transfers, and various other transactions. The high frequency of usage demonstrates the increasing dependence on cashless transaction methods and the growing trust in digital financial services.

Another significant finding of the study is the positive impact of digital payments on financial inclusion. Most respondents agreed that digital payment systems make financial transactions easier and more convenient. The ability to transfer money instantly, make payments remotely, and access financial services at any time has significantly improved the user experience. The findings indicate that digital payment technologies have reduced barriers associated with traditional banking methods and have increased accessibility to financial services.

The study also revealed that digital payment systems contribute to financial independence. A large proportion of respondents reported feeling financially empowered due to the convenience and accessibility offered by digital payment applications. The ability to manage finances independently without relying on physical cash or frequent bank visits promotes greater financial autonomy and encourages active participation in the formal financial system.

Despite the numerous benefits, the findings highlight several challenges associated with digital payment usage. Internet connectivity issues emerged as the most significant obstacle faced by respondents. Transaction failures, fraud risks, and security concerns were also identified as major challenges. These findings suggest that technological infrastructure and cybersecurity remain critical areas requiring continuous improvement.

The concern regarding online fraud and cybercrime was particularly notable. A majority of respondents expressed concerns about the safety and security of digital transactions. This indicates that while users appreciate the convenience of digital payments, trust remains closely linked to the perceived security of the platforms. Strengthening cybersecurity measures and implementing effective fraud prevention mechanisms are therefore essential for sustaining user confidence.

An important finding of the study is the unanimous agreement regarding the importance of digital literacy. All respondents acknowledged that digital literacy is necessary for the safe and effective use of digital payment systems. This highlights the need for educational initiatives, awareness programs, and training sessions that can help users understand digital financial services and protect themselves from cyber threats.

The suggestions provided by respondents further emphasize the need for improvements in infrastructure, security, customer support, and transaction reliability. Respondents recommended stronger security features, faster refund processes, improved internet connectivity, and enhanced awareness regarding fraud prevention. These suggestions provide valuable guidance for financial institutions, fintech companies, and policymakers seeking to improve the effectiveness of digital payment systems.

Overall, the findings of the study confirm that digital payment systems play a significant role in promoting financial inclusion. They enhance accessibility, convenience, efficiency, and financial empowerment. However, addressing challenges related to internet infrastructure, transaction reliability, cybersecurity, and digital literacy is essential for ensuring the long-term success and sustainability of digital financial services.

4.9 Chapter Summary

This chapter presented a comprehensive analysis and interpretation of the data collected from 38 respondents regarding digital payment adoption and its impact on financial inclusion. The data was analyzed using percentage analysis and presented through tables and graphical representations to facilitate better understanding of the findings.

The demographic profile analysis revealed that the majority of respondents belong to the younger age group, particularly individuals aged between 21 and 23 years. Male respondents constituted a larger proportion of the sample, while students represented the majority occupational category. These findings indicate that young individuals and students are among the most active users of digital payment technologies.

The analysis of digital payment usage demonstrated universal adoption of digital payment systems among respondents. All participants possessed bank accounts and actively used digital payment applications. Google Pay emerged as the most preferred digital payment platform, followed by Paytm and PhonePe. The majority of respondents reported using digital payments on a daily basis, primarily for shopping, bill payments, and money transfers.

The study further highlighted the positive impact of digital payment systems on financial inclusion. Most respondents agreed that digital payments simplify financial transactions, save time, and increase accessibility to banking services. The findings indicate that digital payment technologies have successfully enhanced convenience and improved user participation in the formal financial system.

The analysis also revealed that digital payment systems contribute significantly to financial independence. A substantial proportion of respondents reported greater control over their financial activities and increased confidence in managing financial transactions. These findings demonstrate the role of digital technologies in promoting financial empowerment and inclusion.

Despite the positive outcomes, several challenges were identified. Internet connectivity issues, transaction failures, fraud risks, and security concerns emerged as the most significant barriers affecting user experience. Concerns regarding cybercrime were widespread among respondents, highlighting the need for stronger cybersecurity measures and effective consumer protection mechanisms.

The study also emphasized the importance of digital literacy. All respondents agreed that awareness and knowledge regarding digital financial services are essential for ensuring safe and secure transactions. The findings suggest that digital literacy programs can play a crucial role in enhancing user confidence and reducing the risks associated with digital payment systems.

In conclusion, the findings presented in this chapter demonstrate that digital payment systems have made a substantial contribution to financial inclusion by improving accessibility, convenience, efficiency, and financial independence. At the same time, the study highlights the need for continuous improvements in infrastructure, security, customer support, and digital literacy to maximize the benefits of digital financial services. The next chapter presents the major findings, suggestions, conclusions, limitations, and future scope of the study.

Chapter 5

Conclusion, Discussion, Limitations, and Future Research

5.1 Conclusion

The study indicates that by increasing accessibility, ease, efficiency, and involvement in formal financial services, digital payment systems have significantly contributed to financial inclusion. The results show that respondents had a high degree of acceptance and adoption of digital payment technologies, demonstrating the increasing significance of digital financial services in daily life.

Digital payment systems have effectively decreased reliance on cash transactions and made it possible for consumers to do financial tasks fast and easily. Increased financial participation and better access to banking services have resulted from the increasing use of UPI-based applications. Digital payment methods, according to respondents, offer more control over financial activity, streamline transactions, and save time.

Notwithstanding these benefits, problems including poor internet connectivity, unsuccessful transactions, and cybersecurity issues continue to be significant barriers. Maximizing the advantages of digital financial services will require addressing these issues with better infrastructure, more robust security measures, and greater digital literacy initiatives.

Overall, the study finds that financial inclusion is positively impacted by the introduction of digital payments. Digital payment systems have the ability to significantly improve financial accessibility and assist the growth of a more inclusive and digitally empowered economy with ongoing technology breakthroughs and encouraging legislative efforts.

5.2 Discussion

According to the study's findings, digital payment systems are now an essential part of modern financial operations. The respondents' widespread use of digital payment apps demonstrates the growing popularity of technology-driven financial services. The results demonstrate that rather than being limited to infrequent transactions, digital payments are already a typical aspect of daily financial behavior.

The survey states that younger people, particularly students and young professionals, make up the bulk of users of digital payment services. Their familiarity with telephones, internet services, and digital technologies has contributed significantly to the growth of cashless transactions. The fact that digital payment systems are so widely used indicates that customers see them as reliable, useful, and effective alternatives to traditional payment methods.

Additionally, the findings suggest that digital payment methods contribute to the advancement of financial inclusion. Digital payments increase financial independence, expedite financial transactions, save time, and enhance access to banking services, according to respondents. The extensive use of UPI-based apps like Google Pay, Paytm, and PhonePe is evidence of the effectiveness of India's digital payment infrastructure in fostering financial inclusion.

However, the study also identified many challenges. Internet connectivity issues were identified to be the largest barrier affecting the user experience. However, concerns regarding transaction failures, cyber fraud, and security threats affect user confidence. These challenges demonstrate that, despite the many benefits of digital payment systems, continued infrastructural and cybersecurity improvements are necessary to ensure long-term growth and consumer trust.

Additionally, the study emphasizes how crucial digital literacy is. Every respondent concurred that understanding and awareness of digital payment systems are necessary for their safe and efficient use. This research highlights the necessity of educational programs that can assist consumers in comprehending digital financial services and safeguarding themselves against online dangers.

5.3 Limitations of the Study

- The study was limited to a sample size of 38 respondents.
- Because the results are based on self-reported responses, they can be skewed.
- The extent of data collection was limited by time constraints.
- The acceptance of digital payments and financial inclusion were the main topics of the study.
- The outcomes could not accurately reflect the whole population.
- The rapid advancements in digital technology may have an impact on future user behavior and perceptions.
- There was little demographic and geographic variety in the sample.

5.4 Future Research Direction

- Larger and more varied samples may be used in future research.
- Research comparing consumers in rural and urban areas can shed more light on the uptake of digital payments.
- Researchers might look at how digital payments affect entrepreneurs and small enterprises.
- Future studies can look more closely at consumer trust, cybersecurity awareness, and fraud protection strategies
- Research may examine how cutting-edge technology like blockchain and artificial intelligence fit into digital banking services.

- The long-term connection between the use of digital payments and economic growth can be examined by researchers.
- To further understand obstacles to financial inclusion, future research may concentrate on populations that are financially underserved.

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ANNEXURE – I

PRIMARY RESEARCH QUESTIONNAIRE

Title of the Study

Digital Payment Adoption and Its Effect on Financial Inclusion

Dear Respondent,

I am conducting a research study as part of my MBA program. The purpose of this questionnaire is to understand the adoption of digital payment systems and their impact on financial inclusion. The information provided by you will be kept confidential and used solely for academic purposes.

Please tick (✓) the appropriate option.

Section A: Demographic Information

1. Age

☐ 18–20 Years

☐ 21–23 Years

☐ 24 Years & Above

2. Gender

- ☐ Male
☐ Female
☐ Prefer not to say

3. Occupation

- ☐ Student
☐ Working Professional
☐ Self-Employed
☐ Other _____

Section B: Digital Payment Usage**4. Do you have a bank account?**

- ☐ Yes
☐ No

5. Do you use digital payment applications?

- ☐ Yes
☐ No

6. Which digital payment application do you use most frequently?

- ☐ Google Pay
☐ PhonePe
☐ Paytm
☐ BHIM
☐ Other _____

7. How often do you use digital payment systems?

- ☐ Daily
☐ Weekly
☐ Monthly
☐ Rarely

8. What is your primary purpose for using digital payments?

- ☐ Shopping
☐ Bill Payments
☐ Money Transfer
☐ Food Delivery
☐ Educational Expenses
☐ Other _____

Section C: Financial Inclusion and User Perception**9. Digital payment systems make financial transactions easier.**

- ☐ Strongly Agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly Disagree

10. UPI and digital payment systems have increased my access to banking services.

- ☐ Strongly Agree
☐ Agree
☐ Neutral

- ☐ Disagree
- ☐ Strongly Disagree

11. Do digital payment systems save your time?

- ☐ Yes
- ☐ No

12. Do you feel more financially independent because of digital payments?

- ☐ Yes
- ☐ No
- ☐ Maybe

Section D: Challenges and Security Concerns

13. What challenges do you face while using digital payment systems?

- ☐ Internet Issues
- ☐ Transaction Failure
- ☐ Fraud Risk
- ☐ Security Concerns
- ☐ Lack of Awareness

14. Are you concerned about online fraud or cybercrime while using digital payments?

- ☐ Yes
- ☐ No
- ☐ Sometimes

15. Do you think digital literacy is important for the safe use of digital payment systems?

- ☐ Yes
- ☐ No

Section E: Suggestions

16. What improvements would you like to see in digital payment systems?

Thank You for Your Valuable Response!

Your participation is highly appreciated and will contribute significantly to this academic research study.