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Original Research Paper

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# A STUDY ON CONSUMER PERCEPTION TOWARDS DIGITAL PAYMENT SYSTEM WITH SPECIAL REFERENCE TO COLLEGE STUDENTS OF KANNUR DISTRICT

Greeshma A — Assistant Professor, Mahatma Gandhi College Iritty Kannur Kerala.

ABSTRACT The evolution of digital technology has transformed the financial landscape, leading to a significant shift from traditional cash transactions to digital payment systems. Digital payments refer to transactions made electronically using various platforms such as credit and debit cards, Unified Payments Interface (UPI), internet banking, mobile wallets and QR-based payment systems. The growing adoption of digital payments is driven by factors such as convenience, security, transaction speed, and the increasing penetration of smartphones and internet connectivity. Governments and financial institutions worldwide are actively promoting cashless transactions to enhance financial inclusion, transparency, and economic efficiency. Understanding consumer perceptions, particularly among college students, is essential for financial service providers, policymakers, and technology developers. Their attitudes and experiences can provide valuable insights into the factors driving or hindering the widespread adoption of digital payments. The study titled "A study on consumer perceptions towards digital payment systems with special reference to college students" aims to explore the perceptions, preferences, and challenges faced by college students in using digital payment systems. It seeks to analyze their level of awareness, the benefits they derive, and the barriers they encounter while engaging with digital payment platforms. The findings of this research will contribute to the enhancement of digital payment services, enabling businesses and financial institutions to develop strategies that foster a more secure, efficient, and user-friendly digital payment ecosystem.

KEYWORDS : meaning, Types of digital Payments, Advantages ,Disadvantages ,Factors influencing digital Payments

## INTRODUCTION

Consumer perception toward digital payment systems is influenced by several factors, including ease of use, security, trust, transaction speed, and financial awareness. While digital payments offer numerous advantages such as convenience, accessibility, and reduced dependency on cash, concerns related to cyber security, data privacy, fraud risks, and technical issues still exist. College students, who are generally early adopters of technology, may embrace digital payments due to their tech-savviness, but their level of trust and confidence in such systems varies based on personal experiences, knowledge, and exposure to digital financial literacy. Additionally, factors such as transaction charges, incentives, and merchant acceptance also play a role in shaping their perception and willingness to adopt digital payments

## Statement Of The Problem

Digital payment systems have become an integral part of financial transactions, especially among young consumers like college students. While these systems offer convenience, speed, and accessibility, students' perceptions vary due to concerns such as security risks, lack of trust, transaction failures, and limited awareness. Despite the growing push toward a cashless economy, many students still hesitate to fully adopt digital payments due to perceived risks and usability challenges. Understanding these perceptions is essential for improving digital payment adoption and addressing concerns related to security, ease of use, and financial literacy. This study aims to examine the key factors shaping college students' views on digital payment systems, identify barriers to adoption, and provide insights to enhance trust and usability in digital transactions.

## OBJECTIVES

1. To know the digital payment awareness among college students.
2. To explore the factors influencing the adoption and usage of Digital Payment Systems among college students.

## Scope Of The Study

This study examines college students' perceptions of digital payment systems, focusing on their usage, trust, and security concerns. It is limited to college students, analyzing factors that influence their adoption and challenges in using digital transactions.

## Research Methology

Both primary and secondary data are used for the study. Primary data are collected from 60 respondents using structured questionnaire (Google from). Convenient sampling technique is used for the study. Secondary data are collected from various books sites etc. the area of the study limited to college students. By analyzing data percentage method is used.

## Limitations

1. Participants answers may not fully reflect their true perceptions
2. Sample size is small.
3. The study was conducted only among college students , hence the results arrived from this study may not be applicable to other areas.

## Types Of Digital Payment Systems

Below are different types of digital payment systems.

1. UPI (Unified Payments Interface)
UPI is a popular digital payment method that allows students to send and receive money instantly using mobile apps like Google Pay, PhonePe,paytm.

2. E-Wallets (Digital Wallets)
E-wallets are mobile apps where students can store money digitally and use it for payments. Examples include Paytm Wallet, Amazon Pay, and Mobikwik.

3. Debit Cards
A debit card is a plastic card linked to a student's bank account. It allows them to withdraw cash, shop online, and make payments at stores.

4. Credit Cards
A credit card allows students to borrow money from the bank to make purchases and pay it back later.

5. Internet Banking (Net Banking)
Internet banking allows students to transfer money, pay bills, and check their account balance using their bank's website or mobile app.

6. Mobile Banking
Mobile banking is a banking app that allows students to transfer money, check balances, and make payments using

their phone.

7. QR Code Payments
A QR code (Quick Response code) is a square barcode that students can scan to make payments.
8. Contactless Payments
Contactless payment allows students to pay by just tapping their card or phone on a payment machine.

## ADVANTAGES OF DIGITAL PAYMENT SYSTEMS

1. Fast and Easy Transactions
Digital payments allow quick money transfers without the need for physical cash.
Transactions can be completed in seconds, saving time for both the sender and receiver.
It eliminates long queues at ATMs and banks.

2. No Need to Carry Cash
Digital payments remove the hassle of carrying cash and worrying about losing it.
Helps avoid situations where exact change is required.
Reduces the risk of theft or misplacing money.

3. Safe and Secure
Digital transactions are protected with PINs, OTPs, and biometric authentication.
Encrypted systems prevent fraud and unauthorized access.

## DISADVANTAGES OF DIGITAL PAYMENT SYSTEMS

1. Requires Internet Connection
Digital payments depend on an active internet connection, which can be a problem for students in areas with poor network coverage.
If Wi-Fi or mobile data is unavailable, students cannot make payments.
Network issues can cause delayed or failed transactions, leading to inconvenience.
Unlike cash, digital payments cannot be used offline, making them unreliable in certain situations.

2. Security and Hacking Risks
One of the biggest concerns in digital payments is the risk of hacking, fraud, and cybercrime.
Weak passwords or phishing scams can lead to unauthorized access to students' bank accounts.
Fraudsters may send fake payment links or create fake UPI requests to trick users into transferring money.
Public Wi-Fi networks can be unsafe, increasing the risk of personal data being stolen.

3. Technical Issues and Payment Failures
Digital payment systems depend on technology, which is not always reliable.
Server errors, app crashes, or slow processing can cause failed transactions.
Sometimes, money is deducted from the sender's account but not credited to the receiver, causing stress.
Digital payment apps may require frequent updates, and older devices may not support them.

4. Requires Smartphone or Electronic Device
Unlike cash, digital payments depend on devices like smartphones, tablets, or computers.
If a student's phone runs out of battery, they cannot make payments.
Losing a smartphone or debit card can make digital transactions impossible.
Older or low-storage devices may not support the latest payment apps, leading to compatibility issues.

5. Encourages Overspending
Since digital payments are quick and easy, students may spend more than they realize.
Unlike cash, where spending is visible, digital payments make it easier to lose track of expenses.
Instant payments and attractive discounts on e-commerce platforms encourage unnecessary shopping.
Some students use buy now, pay later (BNPL) services, which can lead to debt if not managed properly.

## Factors Influencing Digital Payment Systems

1. Access to Technology
One of the most important factors influencing digital payment usage is access to technology.

Smartphone and Internet Availability: Digital payments require smartphones and a stable internet connection. Students who own smartphones and have internet access are more likely to use digital payment methods.

Quality of Internet Services: If students experience slow or unstable internet, they may hesitate to use digital payment apps. Better internet services encourage digital transactions.

Access to Digital Banking Services: Students with bank accounts linked to digital payment apps find it easier to use these systems. Some students, especially from rural areas, may lack access to proper banking services, which affects their ability to use digital payments.

2. Awareness and Knowledge About Digital Payments
Many students are aware of digital payments, but their level of understanding varies.

Knowledge of Payment Methods: Students who understand different payment methods like UPI, mobile wallets, and QR codes are more likely to use them.

Understanding of Security Measures: Awareness of security features like OTP (One-Time Password), PIN, and two-factor authentication influences students' confidence in using digital payment

3. Convenience and Ease of Use
Students prefer digital payment systems that are simple and quick.
User-Friendly Interfaces: Apps like Google Pay, Paytm, and PhonePe are popular among students because they are easy to use. Complicated interfaces discourage usage.

Speed of Transactions: Digital payments allow instant transactions. Students who experience fast and smooth transactions are more likely to continue using them.

Availability of Payment Options: The more options available (like UPI, QR codes, debit/credit cards), the more students will use digital payments.

4. Security and Privacy Concerns
Many students are concerned about security and privacy when using digital payment systems.
Fear of Fraud and Hacking: Cases of cyber fraud, phishing, and scams make some students hesitant to use digital payments.
Lack of Trust in Online Transactions: Some students still prefer cash because they feel digital payments are not fully secure.

## Findings

1.Majority of the respondents' are between the age group of 18-20
2.100% of the respondents' are aware of digital payment systems.
3.Majoriy of the respondents' prefer online payments over cash.
4.Most of the respondents' primary source of information about digital payment systems is social media.

5. Majority of the respondents most frequently used digital payment method is UPI
6. Most of the respondents' nature of digital payment is online transaction.
7.Majority of the respondents find digital payment systems beneficial for students.
8. Majority of the respondents' reason for preferring digital payment is speed.
9.Majority of the respondents' use digital payment systems daily.
10.Majority of the respondents feel extremely comfortable in using digital payment systems.
11. Majority of the respondents have faced technical issues while using digital payment systems.
12. Majority of the respondents are generally satisfied with digital payment systems.
13. Majority of the respondents find digital payment systems easy to use.
14. Majority of the respondents would recommend digital payment systems to others.
15. Majority of the respondents trust digital payment apps.

## Suggestions

- Increase awareness of digital payment benefits and security.
- Improve fraud prevention measures for safer transactions.
- Ensure reliable customer support for payment issues.
- Offer student discounts and cashback incentives.
- Promote digital payments in colleges and universities.
- Ensure strong data privacy and protection policies.
- Simplify digital payment apps for easy use.
- Encourage cashless transactions in campus stores.
- Provide financial literacy programs for students.

## CONCLUSION

The study reveals that college students widely adopt digital payment systems due to convenience, speed, and ease of use. However, concerns about security, fraud, and data privacy remain significant barriers to complete trust. While awareness and accessibility have improved, issues like internet connectivity and transaction failures affect user experience. Enhancing security measures, financial literacy, and user-friendly features can further strengthen digital payment adoption among students. Overall, digital payment systems are increasingly preferred, but continuous improvements are essential for greater trust and efficiency.

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