A Study on The Impact of Digital Payment Methods on Internet Shopping Human Behaviour

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ABSTRACT

The rapid growth of digital technology has significantly transformed the way consumers shop and make payments online. In India, the widespread adoption of digital payment methods such as Unified Payments Interface (UPI), mobile wallets, debit and credit cards, and Buy Now Pay Later (BNPL) services has reshaped internet shopping behaviour. This study aims to examine the impact of digital payment methods on human behaviour in online shopping, with a focus on consumer preferences, purchasing frequency, and decision-making patterns.

The study is based on both primary and secondary data. Primary data were collected through a structured questionnaire from 50 respondents to understand their demographic profile, preferred digital payment modes, reasons for usage, and satisfaction levels. Secondary data were gathered from research journals, RBI and NPCI reports, and previous studies related to digital payments and consumer behaviour. The findings reveal that UPI is the most preferred digital payment method due to its ease of use, transaction speed, and security. Mobile wallets and BNPL services are also widely used, mainly because of cashback offers, flexible payment options, and convenience.

The availability of simple and fast digital payment options has encouraged frequent online shopping and, in some cases, impulsive buying behaviour. While most users express satisfaction with digital payment systems, concerns related to security risks, payment failures, and lack of awareness about hidden charges still exist. The study concludes that digital payment methods play a crucial role in influencing online shopping behaviour and highlights the need for improved awareness and stronger security measures to enhance consumer trust.

KEYWORDS: Digital Payment Methods, Online Shopping Behaviour, Unified Payments Interface (UPI), Mobile Wallets, Buy Now Pay Later (BNPL), Consumer Behaviour, Internet Shopping

INTRODUCTION

In recent years, the rapid advancement of digital technology has resulted in considerable changes in the way consumers purchase and pay. The introduction of digital payment methods such as the Unified Payments Interface (UPI), mobile wallets, debit and credit cards, net banking, and "buy now pay later" (BNPL) alternatives has altered old purchase processes into quick, easy, and safe transactions. With rising internet penetration and smartphone usage, online shopping has become an essential aspect of everyday life, particularly among young and tech-savvy consumers.

This study examines the impact of digital payment systems on human behaviour when shopping on the internet. It seeks to study how alternative payment options influence consumers' attitudes, preferences, and purchasing decisions. By investigating the relationship between digital payment usage and online purchasing behaviour, the study gives insights into evolving consumer patterns and helps firms, marketers, and representatives develop effective strategies to enhance the customer experience and encourage secure digital transactions.

Digital payment systems have changed the way people buy products and services online. In India, the growing adoption of UPI (Unified Payments Interface), digital wallets, and Pay Later (Buy Now Pay Later - BNPL) services has made online purchasing faster, safer, and more convenient. These payment methods enable customers to complete purchases instantaneously without the use of cash or physical cards. Payment convenience, security, ease of use, and flexibility

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all have a significant impact on online purchase behaviour. UPI facilitates real-time bank-to-bank transfers, wallets offer speedy checkout alternatives, and Pay Later services let customers to buy things now and pay later. These features promote frequent online purchases and impulse spending. This project attempts to explore how UPI, wallets, and Pay Later options affect consumer behaviour.

STATEMENT OF THE PROBLEM

Nowadays, online shopping has become a normal part of everyday life, and digital payment methods like UPI, wallets, cards, and Buy Now Pay Later options are widely used. These payment methods make online shopping easy, quick, and cash-free. Because of this convenience, many people prefer digital payments while shopping on the internet. However, the use of digital payment methods also affects the way people think and behave while shopping online. Easy payment options may encourage people to shop more often or make unplanned purchases. At the same time, some consumers feel worried about security issues, online fraud, and misuse of personal information. Not everyone is fully confident or comfortable using digital payments.

OBJECTIVES

1. To understand how digital payment methods are used while shopping online.
2. To find out how digital payments influence people's behaviour when they shop on the internet.
3. To identify which digital payment methods are most commonly preferred by online shoppers.
4. To understand why people, choose digital payments, such as convenience, speed, and security.
5. To study how digital payment methods affect how often people shop online and how much they spend.

SCOPE OF THE STUDY

1. The study focuses on understanding the role of digital payment methods in online shopping.
2. It covers major digital payment options such as UPI, mobile wallets, debit cards, credit cards, and Buy Now Pay Later (BNPL) services.

3. The study examines how digital payments influence consumer behaviour, purchase frequency, and spending patterns.
4. It analyses factors such as convenience, transaction speed, security, trust, and ease of use.
5. The study explores the reasons for preference of specific digital payment methods among users.

Research Methodology

Sources of Data
Both primary and secondary data are used for the study.

Primary Data
Primary data were collected from 50 respondents using a google form to understand their opinions, preferences, and behaviour.

Secondary Data
Secondary data were collected from Journals, Research articles, Textbooks, Company Websites, Reports, and Online sources.

Area of Study
The study was conducted among respondents in Coimbatore city.

Sample Size
The sample size of the study consists of 50 respondents.

Statistical Tools Used
Simple percentage analysis and chi-square test were used for data analysis.

LIMITATIONS OF STUDY

1. The study is limited to a small sample size of 50 respondents.
2. Time constraints limited in-depth analysis.
3. The study focuses only on selected digital payment methods.
4. Rapid changes in digital technology may affect the relevance of findings over time.

REVIEW OF LITERATURE

Rabindra Kumar Jena (2025)[1] studied the factors influencing FinTech adoption in rural India using models such as the Technology Acceptance Model (TAM), Theory of Planned Behaviour (TPB), and Technology Readiness Index (TRI). The study found that trust, perceived benefits, and digital readiness play an important role in the adoption of digital payment systems. However, challenges like low digital literacy and

lack of infrastructure were identified as barriers to adoption.

Dorothy (2019)[2] examined the development of digital payment systems in India with a special focus on UPI. The study highlighted that UPI has contributed significantly to financial inclusion by promoting cashless transactions. It also emphasized that digital payments reduce corruption and improve transparency compared to traditional cash-based systems. At the same time, the study pointed out challenges such as cybersecurity risks and technical infrastructure issues.

Sunitha Dubey and Tapesh Chandra Gupta (2024)[3] conducted a comparative study on digital payment adoption in urban and rural areas of Madhya Pradesh. The findings revealed that digital payment usage is much higher in urban areas compared to rural areas. Factors such as better internet access, higher digital awareness, and trust in technology influenced adoption in urban regions, while lack of awareness and fear of fraud limited usage in rural areas.

Sharma (2019)[4] conducted an in-depth study on the role of digital payment methods in enhancing online shopping behaviour, focusing on how technological convenience reshapes consumer decision-making. The study was carried out during a period of rapid digitalization, when e-commerce platforms increasingly relied on cashless payment systems to improve customer experience. The author highlighted that digital payment methods such as debit and credit cards, mobile wallets, UPI, and net banking have significantly transformed the purchasing process by reducing transaction time and simplifying payment procedures. According to Sharma, the speed of payment completion plays a crucial role in encouraging consumers to finalize online purchases, as lengthy or complicated payment processes often lead to cart abandonment.
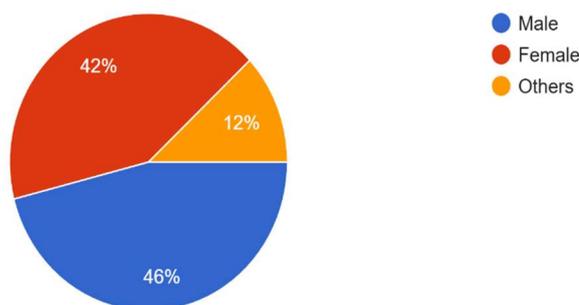
DATA ANALYSIS AND INTERPRETATION

Table 1.1
Gender of Respondents

Gender	No of response	Percentage %
Male	23	46
Female	21	42
Others	6	16
Total	50	100

Chart 1.1

2.Gender
50 responses

Male
Female
Others

Interpretation

Male respondents account for 46% and female respondents for 42% of the total sample. The remaining 16% belong to other gender categories, showing inclusive participation.
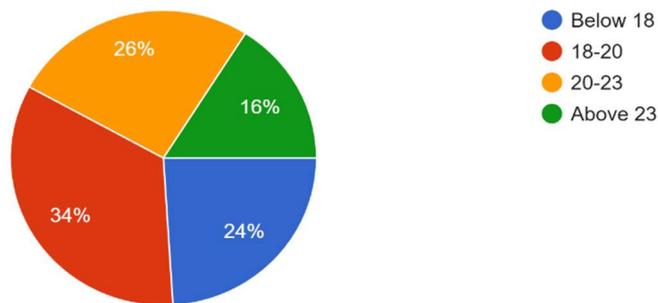
Age of respondents
Table 1.2

Age group	No of respondents	Percentage %
Below 18	12	24
18-20	17	34
20-23	13	26
Above 23	8	16
Total	50	100

Chart 1.2

1.Age
50 responses

Interpretation

Most respondents belong to the 18–20 years age group (34%), followed by 20–23 years (26%). Respondents below 18 years form 24%, while only 16% are above 23 years.

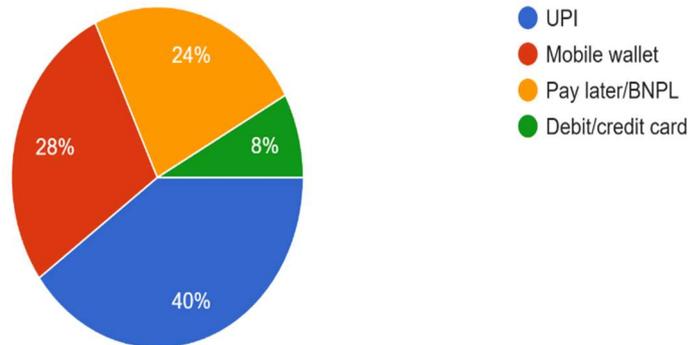### Digital Payment Method Mostly Used for Online Shopping
Table 1.3

Digital payment	No of response	Percentage(%)
UPI	20	40
Mobile wallet	14	28
Pay later/BNPL	12	24
Debit/ credit card	4	8
Total	50	100

Chart 1.3

3.Which digital payment method do you use most for online shopping?
50 responses

Interpretation
UPI is the most preferred payment method with 40% usage. Mobile wallets (28%) and Pay Later/BNPL (24%) follow, while debit/credit cards are least used at 8%.
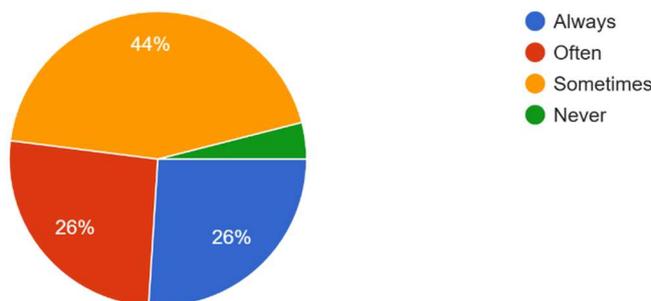
Table 1.4
Frequency of Using UPI for Online Shopping

Frequence	No of response	Percentage%
Always	13	26
Often	13	26
Sometimes	22	44
Never	2	4
Total	50	100

Chart 1.4

4.How often do you use UPI for online shopping?
50 responses

Interpretation
About 44% of respondents use UPI sometimes, while 26% use it always and another 26% use it often. Only 4% never use UPI, showing high acceptance.

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Choosing UPI wallet
Table 1.5

UPI wallet	No of response	Percentage%
Fast transaction	15	30
Easy to use	9	18
Secure payments	19	38
Widely accepted	7	14
Total	50	100

Chart 1.5

7. What is the main reason for choosing UPI wallet?
50 responses
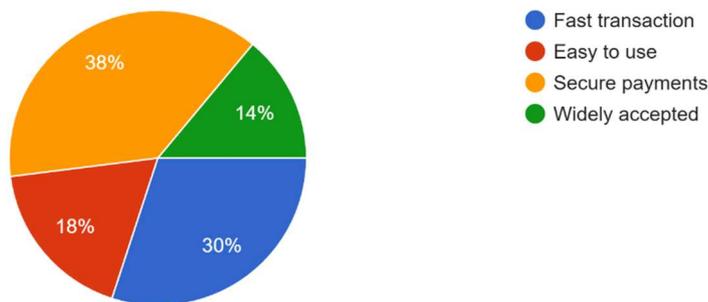
Interpretation
Security is the main reason for choosing UPI for 38% of respondents. Fast transactions (30%), ease of use (18%), and wide acceptance (14%) also influence users.

Chi square
Table 1.6

Response	Observed(O)	Expected(E)	O-E	$(O-E)^2$	$(O-E)^2$/E
Strongly Agree	7	12.5	-5.5	30.25	2.42
Agree	22	12.5	9.5	90.25	7.22
Neutral	17	12.5	4.5	20.25	1.62
Disagree	4	12.5	-8.5	72.25	5.78
Total(x^2)	50	-	-	-	17.04

Interpretation
The calculated chi-square value (17.04) is greater than the critical value (7.815), so the null hypothesis is rejected. This indicates that pay-later options significantly influence consumers' likelihood of completing a purchase.

FINDINGS
The study reveals that the majority of online shoppers belong to the younger age group (18–23 years), indicating that young consumers are more comfortable and adaptable to digital payment technologies. UPI has emerged as the most

preferred digital payment method for online shopping due to its fast transaction speed, ease of use, and high level of security. Mobile wallets are widely used for small and frequent transactions because they offer quick checkout and attractive cashback offers. Buy Now Pay Later (BNPL) services are gaining popularity among consumers as they provide financial flexibility and allow purchases without immediate payment. Security is the most influential factor affecting the choice of digital payment methods, followed by convenience and transaction speed. Digital payment methods encourage consumers to shop online more frequently and sometimes lead to impulse buying due to easy and instant payment options. Most respondents show a positive attitude towards digital payments and express satisfaction with their overall online shopping experience. A small percentage of users still face issues such as transaction failures, delayed refunds, and fear of online fraud. The chi-square analysis indicates a significant relationship between digital payment convenience and consumer satisfaction in online shopping. Overall, digital payments have significantly changed consumer behaviour by making online shopping faster, easier, and more accessible.

SUGGESTIONS

Digital payment service providers should further strengthen security features such as two-factor authentication and fraud detection systems to increase consumer trust. Awareness programs should be conducted to educate users about safe digital payment practices and how to avoid online fraud. Online shopping platforms should focus on reducing transaction failures and ensuring faster refund processes to improve customer satisfaction. Consumers should be guided on the responsible use of Buy Now Pay Later services to avoid unnecessary debt and overspending. Digital payment applications should maintain simple and user-friendly interfaces so that people of all age groups can use them comfortably. Banks and payment companies should provide better customer support services to resolve payment-related issues quickly. Promotional offers such as cashbacks and discounts should be balanced with security and transparency to build long-term customer loyalty. Efforts should be made to improve digital literacy among users, especially first-time and less tech-savvy consumers.

CONCLUSION

Digital payment methods have played a vital role in transforming online shopping behaviour in recent years. The increasing use of UPI, mobile wallets, debit and credit cards, and Buy Now Pay Later services has made online shopping more convenient, faster, and cashless. The study clearly shows that digital payments positively influence consumers' purchasing decisions, shopping frequency, and overall satisfaction. Convenience, security, and ease of use are the key factors driving the adoption of digital payment methods. While most consumers are satisfied with digital payment systems, issues such as security concerns and technical failures still need attention. With continuous improvements in technology, better awareness, and stronger security measures, digital payment systems can further enhance consumer trust and encourage sustainable online shopping behaviour. Overall, digital payments are expected to continue playing a significant role in shaping the future of e-commerce and consumer behaviour.

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