

Examination of Motives, Adoption and Challenges in Digital Payment among Gen Z and Millennials Consumer

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Abstract: *Digital payment methods have become increasingly prevalent in recent years, revolutionizing the way transactions are conducted. Understanding the factors that drive the adoption of digital payment platforms and the challenges encountered by younger consumers is crucial for businesses and policymakers alike. This research utilizes a mixed-methods approach, combining quantitative surveys and qualitative interviews to gather comprehensive data. The study identifies the motives behind the adoption of digital payment, including convenience, security, and peer influence, while also exploring the barriers and challenges faced by Generation Z and Millennials, such as trust issues and technological complexities. By analysing the findings, this research aims to provide valuable insights and recommendations for businesses and policymakers to better cater to the needs and preferences of these consumer segments.*

Keywords: digital payment, Generation Z, Millennials, motives, adoption, challenges, convenience, security, peer influence, trust, technological complexities, consumer behaviour

I. INTRODUCTION

The Unified Payment Interface (UPI) was introduced by the National Payment Corporation of India (NPCI) in 2016 to facilitate digital payments. It is a potentially ground-breaking method of sending money utilising a virtual payment address in order to develop a paperless and cashless economy. UPI now accounts for more than 40% of all retail digital payments (non-cash, non-paper payments) in India, and its popularity has been fuelled by demonetization, COVID-19, and free internet. UPI transactions can also be completed on feature phones, making it possible to gauge how rapidly customers are accepting the move to a cashless society. UPI Pin is the second authentication step in accordance with RBI requirements, and has drawn considerable interest and acclaim from all over the world. It has made money transfers as simple as email transfers, and is being discussed in several countries. Generation Z and Y customers' adoption of alternative payment methods is mostly driven by behavioural intention, with a positive affect across all five variables. The Reserve Bank of India (RBI) and the Indian Banks' Association formed the National Payments Corporation of India (NPCI) to develop the Unified Payments Interface (UPI). UPI is an instant real-time payment system that makes it possible to conduct P2P and P2M transactions between banks. It has introduced new features such as In-App payments, cross-screen QR codes, the addition of web-based payments, and the extension of the range of services to online payments using UnionPay-powered e-wallets. Thousands of companies have switched on with UPI Autopay in the last year and a half, but the payment risk comes with considerable security risks.

1.1 Statement of the problem

It is imperative in the current period that digital payment is one important area where all the customers should be aware. The reasons are enormous like digital India and mechanization of e-documentation. Nowadays the physical payment mode becomes critical due to various reasons like time and safety. This enabled e-payment methods like internet banking and this again made simpler with android mobile phones. also, the literature examination of GenZ and millennials payment preference with adoption and motivation of different generations in the digital payment.

1.2 Objectives

- To evaluate the digital payment preference and usage among gen z and millennials
- Digital payment motives and adoption among the gen Z and millennials to identify knowledge gaps and areas.
- To analyse the challenges of digital payment system among the consumers

1.3 Research methodology

Research is the process of systematic and in dept study or search for any particular topic, subject or area of investigation, backed by collection, compilation, presentation and interpretation of relevant details of data.

Research design

Descriptive research is used to describe basic features of the data in the study. descriptive research type is used in this study as it is used to describe the characteristics of population and being studied.

Sampling technique

The researcher has used the random sampling method for this study. a random sampling is a probability sampling method where a sample is taken from a group of people through survey method.

Source of data collection

Data collection is one of the most important aspects of research . the study used both primary and secondary data .

Primary data

The researcher used well-structured questionnaire, which contain close ended questions . the researcher personally went to collect the data from the respondents

Secondary data

Secondary data means that are already available i.e., hey refer to the data which has already been collected and analysed by someone else. the secondary data for the study was collected from journals , websites and other sources

1.4 Limitations

The current economic growth is increasing at a higher pace, but people are also moving towards Digitization. As a result, people fear using online banking due to cybercrimes, online fakes, and lack of complete online guidance. Despite of doing it online, people prefer to visit nearby banks and perform their banking activities in which they are familiar. The government took a step of connecting Aadhar card numbers of the clients, but many persons shined their records so they don't have to pay any taxes. It is important to change the view of the people towards the rules of the public authorities, which are essential for the improvement & development of the people. Additionally, people believe that by using net banking, credit/debit cards, and other e-banking platforms, they end up paying extra charges.

II. FINDINGS

Demographic profile of responds

- Majority (54.2%) of the responds belong to the age group 27-42 years
- Majority (51.4%) of the respondents are belongs to females
- Most (30.8%) of the respondents are coming under the income more than 50000
- Most (25.3%) of the respondents are professionals
- Majority (94.5%) of the respondents are digital payment user

Digital payment preferences and usage among the gen z and millennial users

- Most (36.4%) of the respondents prefer google pay for digital transaction
- Majority (50.6%) of respondents are using digital payments more than 2 years
- Majority (68.8%) of the respondents get to know about digital payment through friends and family
- Most (13.5%) of the respondents frequently using credit / debit cards for purchase with digital payments
- Most (37.2%) of the respondents find convenience to use as a factor to prefer digital payments.
- Most (45.9%) of the respondents choose recharge option as most satisfying in digital payment platform

Digital payment motives and adoption among the gen Z and millennials to identify knowledge gaps and areas.

- Majority (70.4%) of the respondent choose easy payment method as main motive behind the choice of digital payment
- Majority (62.5%) of the respondents use digital payment method to track their spending or budgeting

Challenges of digital payment system among the consumers

- Most (2.8%) of the respondents find technical problem as the draw back while using digital payment.
- Majority (58.9%) of the respondents never switch to a different payment method for specific purchase
- Most (41.1%) of the respondents have “good” opinion about the service of digital payments
- Majority (88.5%) of the respondents didn't have ant kind of cyber attack in digital payment platform
- Majority (70.8%) of the respondents are aware about the spam in digital payment platform
- Majority (81.4%) of the respondents are satisfy with the safety measure in digital applications

III. SUGGESTION

- Based on the findings the following suggestions are made
- Offer advanced features, personalized rewards, and loyalty programs to retain long-term users and encourage continued engagement.
- majority of respondents found out about digital payments through friends and family, it is crucial to harness the power of word-of-mouth marketing.
- promotions, cashback rewards, or exclusive deals for users who choose to use credit/debit cards as their primary payment method.
- focus on making the user experience as seamless and user-friendly as possible.
- consider enhancing the platform with built-in budgeting tools, spending analysis, and personalized financial recommendations. This can help users better manage their finances and provide additional value to the digital payment platform.

IV. CONCLUSION

Gen Z and Millennials are highly receptive to technological advancements and are early adopters of digital payment solutions. They are comfortable using mobile wallets, contactless payments, and peer-to-peer payment apps, which align with their tech-savvy nature.

However, despite the enthusiasm for digital payment methods, several challenges persist. Security concerns, such as the fear of fraud and data breaches, remain a significant barrier to widespread adoption. Education and awareness about the security measures implemented by digital payment providers are crucial to build trust and address these concerns.

Moreover, the lack of universal acceptance of digital payments, particularly in small businesses and certain geographical regions, poses a challenge for Gen Z and Millennials who rely heavily on digital transactions. Encouraging wider acceptance and promoting the benefits of digital payments among merchants can help overcome this obstacle.

Gen Z and Millennials exhibit a strong inclination towards digital payment methods driven by convenience, efficiency, and their comfort with technology. Overcoming security concerns and expanding the acceptance of digital payments will be crucial for further adoption and integration of these methods in the future.

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