THE IMPACT OF DIGITAL PAYMENT APPS ON CONSUMER BEHAVIOUR: A STUDY OF MALWA REGION OF PUNJAB

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ABSTRACT

The rapid proliferation of digital payment applications has significantly altered consumer behaviour across India, including in regional economies like the Malwa region of Punjab. This study investigates how the adoption of digital payment apps such as Google Pay, PhonePe, Paytm, and BHIM has influenced the purchasing patterns, payment preferences, and financial attitudes of consumers in this region. Using a structured survey administered to a diverse sample across urban and rural areas of Malwa, the research examines key factors driving adoption, including convenience, perceived ease of use, trust, digital literacy, and social influence. The study also explores barriers such as security concerns, lack of infrastructure, and resistance to change, especially among older or rural populations. Findings indicate a growing acceptance and reliance on digital payments, particularly among younger, tech-savvy consumers. Digital payment apps have led to a decline in cash usage and increased impulse purchases due to their ease and speed. However, the digital divide marked by disparities in internet access and education continues to hinder widespread adoption. The research offers practical insights for policymakers to enhance digital payment inclusion and build trust in digital financial systems across the region.

Keywords: *Digital Payment Apps, Consumer Behaviour, Malwa Region, Punjab, Financial Technology, UPI, Mobile Wallets, Digital Literacy.*

INTRODUCTION

In recent years, the financial landscape in India has undergone a significant transformation, driven by the rapid adoption of digital payment systems. The introduction of Unified Payments Interface (UPI), mobile wallets (such as Paytm, Google Pay, PhonePe), and other fintech solutions has revolutionized the way consumers conduct financial transactions. This shift is not limited to metropolitan areas; it is gradually permeating regional and rural economies, including the Malwa region of Punjab.

Digital payment apps provide speed, convenience, and flexibility, influencing how consumers pay and shaping their spending habits, preferences, and trust in financial technology. The COVID-19 pandemic further accelerated their adoption, making them a regular part of daily transactions.

The Malwa region, which comprises a significant portion of southern Punjab including districts such as Ludhiana, Bathinda, Mansa, Sangrur, Malerkotla and others, presents a unique socioeconomic and cultural landscape. The region includes both urban centers and rural areas, offering a diverse demographic for studying the adoption and behavioural impact of digital payments. While urban consumers may have greater access to smartphones, internet connectivity, and digital literacy, rural users may face infrastructural and educational barriers to adoption.

Despite the national growth in digital payment usage, there remains a knowledge gap regarding its region-specific impact, particularly in semi-urban and rural settings like Malwa.

Existing studies have largely focused on urban areas or broader national trends, leaving local variations underexplored. Understanding how digital payment apps influence consumer behaviour in this specific region is crucial for tailoring inclusive financial strategies, policymaking, and digital literacy initiatives.

This study aims to fill that gap by examining the level of awareness, usage patterns, influencing factors, and behavioural outcomes associated with digital payment app usage in the Malwa region of Punjab. It further seeks to identify the barriers hindering adoption, particularly among rural and older populations, and to provide practical recommendations for stakeholders including fintech firms, government agencies, and local businesses.

REVIEW OF LITERATURE

Nambiar, A. P., et al. (2018) offers foundational insights into consumer attitudes toward digital payments post-demonetization in India. Though slightly dated, it serves as a useful comparative piece to assess evolving behaviors over time.

Akilesh, K. U., et al. (2023) focused on Coimbatore City, this paper presents regional insights into how digital payments affect spending behavior. It highlights demographic-specific trends and changes in consumer purchasing frequency due to UPI, wallets, and card usage.

Bhoopathy, G., & Kanagaraj, P. (2023) investigates consumer spending patterns influenced by digital payments. It brings a multidisciplinary perspective, analyzing both behavioral and technical aspects of digital transaction platforms.

Ahuja, P. (2025) in his study explores the broad effects of digital payment systems on consumer behavior across India. It provides insights into how convenience, speed, and perceived security influence adoption. Though brief, the article offers a macro-level overview valuable for contextual understanding.

Arsiwala, A. K. N. (2025) examines consumer psychology in North Maharashtra with regard to digital payment apps. It includes a structured analysis using consumer data and identifies app-specific preferences and trust factors that influence digital adoption.

Kumari, S., & Patil, B. S. (2025) looks at changes in consumption patterns and expenses due to digital payment systems. It includes national survey data and statistical correlations, offering strong empirical backing for observed trends.

OBJECTIVES OF THE STUDY

The primary goal of this study is to examine the influence of digital payment applications on consumer behaviour in the Malwa region of Punjab. Specifically, the study seeks to achieve the following objectives:

1. To assess the level of awareness and usage of digital payment applications.

2. To identify the key factors influencing the adoption of digital payment apps.

3. To analyse the impact of digital payment app usage on consumer behaviour, including changes in spending patterns, frequency of transactions, preference for cashless payments, and impulse buying tendencies.

4. To identify the barriers and challenges faced by consumers in adopting digital payment systems, particularly in rural and semi-urban areas.

Research Methodology of the study

The study is both descriptive and analytical in nature. Primary data were collected using a well-structured questionnaire designed to gather relevant information from respondents. A random sampling technique was employed to select a sample of 100 students from districts of Ludhiana, Bathinda, Mansa, Sangrur, Malerkotla and others region of Punjab. Out of the 100 questionnaires distributed, a total of 70 responses were received. The main statistical tool used for data analysis was percentile analysis. The questionnaire, consisting of 16 questions, was distributed online via Google Forms through social media platforms to ensure wider reach and convenience.

Scope of the study

This study investigates the influence of digital payment apps on consumer behaviour in the Malwa region of Punjab, focusing on spending patterns and financial management across urban, semi-urban, and rural populations. It examines challenges such as internet connectivity, security concerns, and digital literacy that affect app adoption. The research centers on consumers' perspectives and usage of popular digital payment platforms within the region.

Need for the Study

Digital payment apps have transformed financial transactions in India, but research has mainly focused on urban areas, leaving semi-urban and rural regions like Malwa, Punjab underexplored. Malwa's diverse population and varying digital literacy make it important to study how these apps influence spending habits and financial management. Identifying challenges such as connectivity and security is a key to developing strategies that promote digital adoption and create inclusive payment solutions tailored to the region's needs.

Limitation of the study

The study is limited to the Malwa region and may not represent consumer behaviour in other parts of Punjab or India. It focuses primarily on consumer experiences and does not analyze the technical aspects of digital payment systems. Additionally, self-reported data on spending habits and app usage may be subject to bias or inaccuracies. The study also does not cover the long-term financial impact of digital payments.

ANALYSIS AND INTERPRETATION OF DATA

Table 1

### Demographic profile of respondents

Variable	Classification	Frequency	Percentage
Age (in years)	16-18	31	44.3
	19-22	32	45.7
	23-26	4	5.7
	27-30	3	4.3
Residence	Rural	42	60
	Urban	28	40
Gender	Male	41	58.6
	Female	29	41.4
Year of Study	First Year	37	52.9
	Second Year	20	28.6
	Third Year	13	18.6

Field of Study	Commerce	55	78.6
	Arts	15	21.4

The majority of respondents (90%) are between 16 and 22 years old, indicating a predominantly young student population. Very few are in the older age brackets (23–30), suggesting the study primarily involves undergraduate students, likely in early academic years. 60% of respondents come from rural areas, suggesting a rural-majority student base. There are slightly more male respondents (58.6%) than female (41.4%). This gender distribution could suggest a gender gap in enrolment in the institution or the selected fields of study (especially commerce). Over half (52.9%) are first-year students, indicating a strong representation of new entrants. A large majority (almost 4 out of 5) are from the Commerce stream. The data may be skewed toward commerce students' opinions or experiences, which should be acknowledged in generalizations.
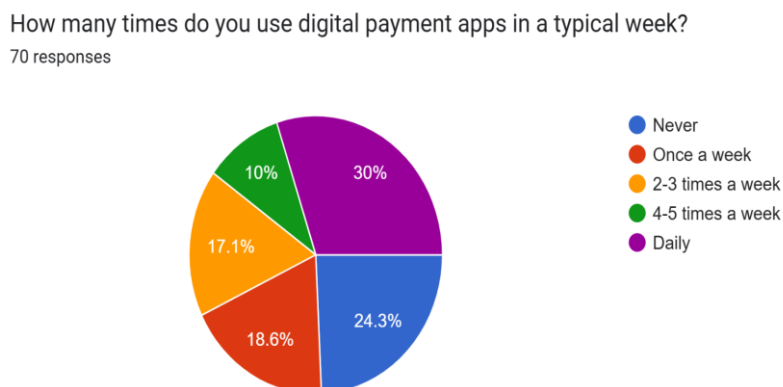
Figure 1

Whether you currently use digital payment apps

Whether you currently use digital payment apps
70 responses

- Yes
- No

75.7%
24.3%
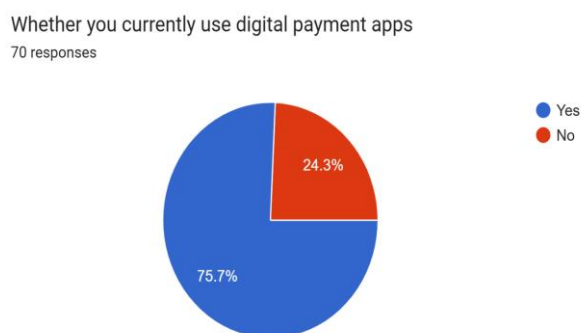
A significant majority 53 out of 70 respondents reported that they currently use digital payment apps. This suggests that digital payment methods are widely adopted and possibly an essential part of financial transactions for most people in this group. 17 out of 70 respondents stated that they do not use digital payment apps. This smaller but notable portion may indicate: lack of access to digital tools or internet, security/privacy concerns, preference for traditional payment methods and limited digital literacy or tech exposure.

Figure 2

How many times do you use digital payment apps in a typical week?

How many times do you use digital payment apps in a typical week?
70 responses

- Never
- Once a week
- 2-3 times a week
- 4-5 times a week
- Daily

30%
10%
17.1%
18.6%
24.3%

Over three-quarters of respondents use digital payment apps, and 40% use them very frequently (4+ times per week), showing strong adoption. However, about 1 in 4 still doesn't use them at all, indicating room for increased awareness or accessibility.

Figure 3

Which Digital Payment App used by you?
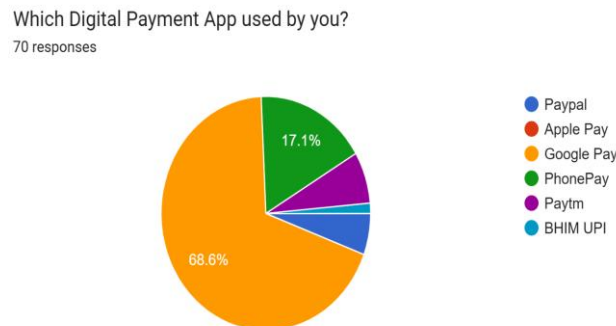
This distribution indicates a platform monopoly, where Google Pay dominates the digital payment space, at least within this sample group. The wide gap between Google Pay and other apps may stem from factors such as: simple user interface and on boarding, deep integration with UPI (Unified Payments Interface), strong brand trust and technical performance. Notably, traditional international platforms like PayPal and Apple Pay have minimal penetration.

Figure 4

**Which of the following factors do you consider most important when choosing a digital payment app?**
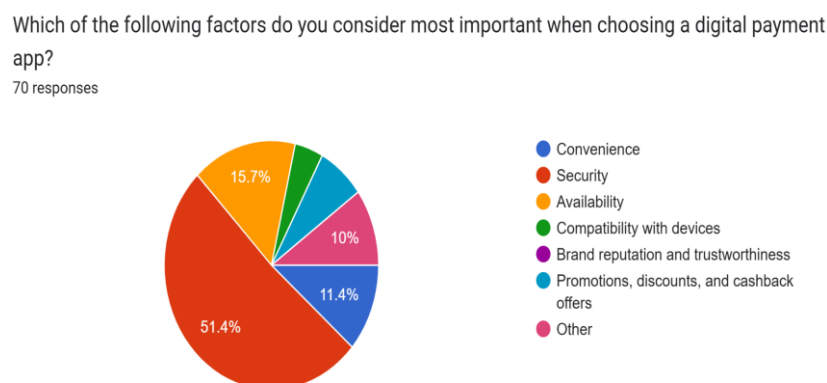
Security is by far the most important factor, with more than half of all respondents selecting it. Convenience and Availability are tied as secondary priorities. Promotions and Discounts are important to some users but not a dominant factor. Device Compatibility ranks lowest. A notable number of people (10%) selected "Other".

Figure 5

How has your spending behavior changed since you started using digital payment apps?
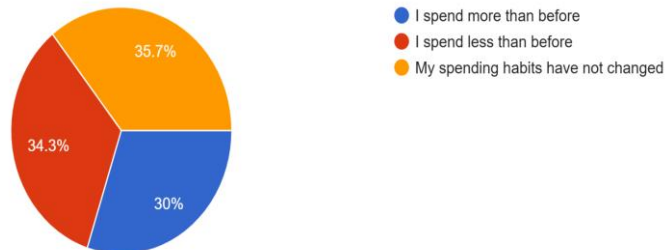

A plurality of users (35.7%) says their spending habits have not changed with digital payment apps. However, a significant 64.3% report a change in behaviour: About 30% spend more, suggesting ease of use may encourage higher spending. Around 34% spend less, possibly due to better tracking or budgeting tools.

Figure 6

**What is the average amount you spend per transaction when using digital payment apps?**
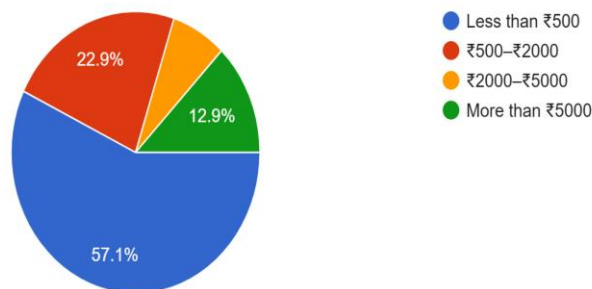
Most users (57.1%) spend less than ₹500 per transaction using digital payment apps. Only a small group (13.2%) spend more than ₹5000, indicating high-value transactions are less common.

Figure 7

How has using digital payment apps influenced your financial management practices?

How has using digital payment apps influenced your financial management practices?
70 responses

- Improved budgeting
- Increased savings
- More investment opportunities
- No impact on financial management
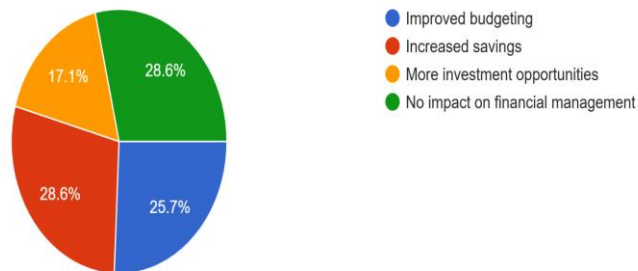
A majority (71.4%) of users reported a positive impact on their financial habits through improved budgeting, savings, or investment opportunities. Improved budgeting (25.7%) is the most frequently cited benefit. Nearly 1 in 4 (28.6%) say digital payments had no impact on their financial management.

Figure 8

Do incentives like cashback, discounts, or rewards offered by digital payment apps influence your purchasing behavior?

Do incentives like cashback, discounts, or rewards offered by digital payment apps influence your purchasing behavior?
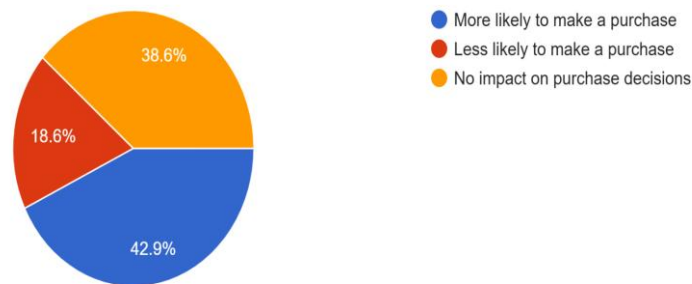70 responses

- Yes
- No
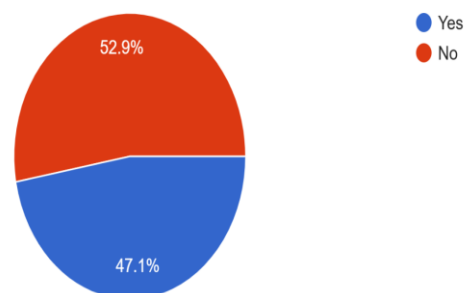
The group is almost evenly split on this issue. 52.9% say incentives do NOT influence their purchasing behavior. 47.1% say incentives DO influence their behavior — indicating that cashbacks and rewards are still powerful motivators for nearly half of users.

Figure 9

How does your perception of the security of digital payment apps affect your purchasing behavior?

How does your perception of the security of digital payment apps affect your purchasing behavior?
70 responses

- More likely to make a purchase
- Less likely to make a purchase
- No impact on purchase decisions

Approximately 2/3 majority of respondents are not negatively affected by security perceptions: 42.9% feel more confident and are more likely to purchase. 38.6% say security perception doesn't influence their purchasing decisions. 18.6% are more cautious, saying they're less likely to make purchases due to concerns about security.

Figure 10

Have digital payment apps influenced your overall consumer behavior?

Have digital payment apps influenced your overall consumer behavior?
70 responses

- Yes
- No
- Not sure
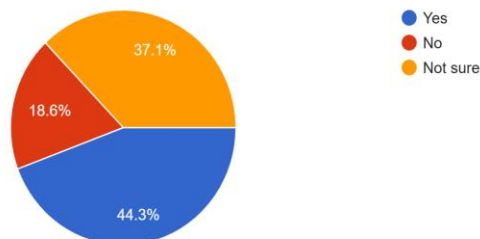
44.3% of respondents clearly acknowledge a behavioral shift in their consumer habits due to digital payment apps. A significant 37.1% are uncertain, which may suggest subtle or indirect effects they're not fully aware of. Only 18.6% say there's been no change, indicating that most users have experienced at least some level of influence.

RESULT OF OBJECTIVES

1. **Level of Awareness and Usage of Digital Payment Applications:** A majority of respondents (approximately 75%) currently use digital payment apps, indicating high awareness and adoption among the surveyed group.

2. **Key Factors Influencing Adoption of Digital Payment Apps:** Security is the most important factor for users when choosing an app, followed by convenience and availability. Promotions and device compatibility are less influential.

3. **Impact on Consumer Behavior:** Digital payment apps have changed spending habits for over 60% of users, with some spending more due to ease of use, while others spend less due to better budgeting. Most users prefer cashless payments and show tendencies toward impulse buying facilitated by app convenience.

4. **Barriers and Challenges:** Non-users (approximately 24%) cited issues such as lack of digital literacy, security concerns, and limited internet access, particularly in rural areas, as barriers to adoption.

CONCLUSION

This study investigates the impact of digital payment apps on consumer behavior in the Malwa region of Punjab, focusing on young students predominantly from rural areas and the Commerce stream. Findings show strong adoption of apps like Google Pay, driven by convenience and security, with digital payments influencing spending habits, budgeting, and financial management for most users. While incentives like cashback affect nearly half of respondents, security concerns moderately influence purchasing decisions. The research highlights both opportunities and challenges in promoting digital payments, especially among rural and less digitally literate populations, offering insights for improving financial inclusion in the region.

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