

# A Study on Changing Consumer Preferences and Perception of Mobile Payment Applications in Salem City. An Empirical Analysis of Adoption Drivers and Barriers Among Consumers

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## Abstract

The evolution of digital technology has significantly transformed consumer payment behavior, particularly through the widespread adoption of mobile payment applications. This study explores changing consumer preferences and perceptions toward mobile payment apps in Salem City. Based on a survey of 100 respondents selected through convenience sampling, the study identifies key drivers of adoption such as convenience, time saving, and cashback rewards, along with barriers including security concerns and limited digital awareness. The findings reveal a clear behavioral shift from traditional cash-based transactions toward digital payment modes, with adoption most pronounced among younger consumers. The study concludes that while mobile payment platforms are gaining strong acceptance, addressing security perceptions and improving digital literacy among older users remain essential for achieving wider and more inclusive adoption.

**Keywords:** mobile payments, consumer preference, digital wallets, UPI, Salem City, adoption behavior

## 1. Introduction

Mobile payment systems have become a cornerstone of modern financial transactions across India. With the rapid rise of the Unified Payments Interface (UPI), digital wallets, and integrated banking applications, consumers are increasingly moving away from cash toward cashless modes of payment. This transformation has been accelerated by growing smartphone penetration, affordable internet access, and supportive government initiatives promoting a digital economy. In semi-urban cities such as Salem, this shift reflects not only technological adoption but also an evolving consumer mindset shaped by convenience, trust, and changing lifestyle patterns. Understanding how consumers in such cities perceive and adopt mobile payment applications provides valuable insight into the broader dynamics of digital financial inclusion in India.

## 2. Objectives of the Study

- To analyze the changing consumer preferences toward mobile payment applications in Salem City.
- To study the differences in perception between users and non-users of mobile payment apps.
- To identify the key factors influencing the adoption of mobile payment applications.

### 3. Research Methodology

#### 3.1 Research Design

The study adopts a descriptive research design to capture existing consumer attitudes, preferences, and behavioral patterns related to mobile payment usage.

#### 3.2 Sample Size and Sampling Method

A total of 100 respondents from Salem City were surveyed using the convenience sampling technique, allowing efficient access to readily available respondents within the target population.

#### 3.3 Data Collection

Primary data was collected through a structured questionnaire covering demographic details, usage patterns, preferred applications, and factors influencing adoption. Secondary data was drawn from existing literature on digital payments and consumer behavior.

### 4. Limitations of the Study

- The study is confined to Salem City and therefore its findings cannot be generalized to other regions or a national population.
- The sample size of 100 respondents, while adequate for exploratory analysis, is relatively small in relation to the total population of mobile payment users.
- Convenience sampling may introduce selection bias, as respondents were not chosen through a randomized process.
- Responses are based on self-reported perceptions, which may be influenced by recall bias or social desirability bias.
- The study captures consumer perception at a single point in time and does not account for changes in behavior over an extended period.

### 5. Data Analysis and Interpretation

#### 5.1 Usage of Mobile Payment Applications

**Table 1: Usage of Mobile Payment Applications**

| Category  | Percentage |
|-----------|------------|
| Users     | 70%        |
| Non-Users | 30%        |

As shown in Table 1, a significant majority of respondents (70%) are active users of mobile payment applications, while the remaining 30% continue to rely on traditional, cash-based methods of payment.

## 5.2 Age-wise Distribution of Respondents

**Table 2: Age-wise Distribution**

| Age Group | Percentage |
|-----------|------------|
| 16–20     | 15%        |
| 21–25     | 66%        |
| 26–30     | 12%        |
| 31–35     | 3%         |
| 36–40     | 2%         |
| 41–45     | 2%         |
| Total     | 100%       |

Table 2 highlights that the 21–25 age group dominates the sample, accounting for 66% of respondents. This indicates that young adults, who are typically more comfortable with digital technology, form the core user base of mobile payment applications in Salem City.

## 5.3 Preferred Mobile Payment Applications

**Table 3: Preferred Mobile Payment Applications**

| Application | Number of Users |
|-------------|-----------------|
| Google Pay  | 49              |
| Paytm       | 42              |
| PhonePe     | 39              |
| BHIM        | 26              |
| Others      | 33              |
| Total       | 100             |

Table 3 shows that Google Pay is the most preferred mobile payment application, followed closely by Paytm and PhonePe. BHIM and other regional or bank-specific applications hold a comparatively smaller, though still notable, share of usage.

## 5.4 Factors Influencing Consumer Preferences

**Table 4: Factors Influencing Consumer Preferences**

| Factor      | Influence (%) |
|-------------|---------------|
| Time Saving | 35%           |
| Convenience | 25%           |
| Cashback    | 20%           |
| Tracking    | 5%            |
| Security    | 15%           |
| Total       | 100%          |

Table 4 reveals that time saving (70%) and convenience (65%) are the most influential factors driving the adoption of mobile payment applications, followed by cashback incentives (60%) and the ability to track transactions (55%) Security, while still influential for 50% of respondents, ranks comparatively lower, suggesting that functional benefits currently outweigh risk-related concerns for the majority of users.

## 5.5 Chi-Square Result

**Table – 5 Chi Square Table**

| Age Group | Time Saving | Convenience | Cashback | Tracking | Security | Total |
|-----------|-------------|-------------|----------|----------|----------|-------|
| 16-20     | 8           | 3           | 2        | 1        | 1        | 15    |
| 21-25     | 30          | 18          | 10       | 3        | 5        | 66    |
| 26-30     | 5           | 3           | 2        | 1        | 1        | 12    |
| 31-35     | 1           | 1           | 1        | 0        | 0        | 3     |
| 36-40     | 1           | 0           | 1        | 0        | 0        | 2     |
| 41-45     | 0           | 0           | 1        | 0        | 1        | 2     |
| Total     | 45          | 25          | 17       | 5        | 8        | 100   |

| Particulars                      | Value           |
|----------------------------------|-----------------|
| Chi-Square Value                 | 12.458          |
| Degrees of Freedom (df)          | 20              |
| Significance of Value ( p-value) | 0.897           |
| Level of significance            | 0.05            |
| Result                           | Not Significant |

**H<sub>0</sub>:** There is no significant association between the age group of respondents and the factors influencing the use of digital payment systems.

**H<sub>1</sub>:** There is a significant association between the age group of respondents and the factors influencing the use of digital payment systems.

Since the calculated **p-value (0.897)** is **greater than 0.05**, the null hypothesis is accepted and the alternative hypothesis is rejected.

### Interpretation

The Chi-square test reveals that there is **no significant association** between the age group of respondents and the factors influencing the use of digital payment systems. This indicates that respondents belonging to different age groups have similar perceptions regarding factors such as time saving, convenience, cashback, tracking, and security.

## 6. Key Findings

- A majority (70%) of respondents currently use mobile payment applications, confirming a strong shift toward digital transaction modes.
- The 21–25 age group dominates adoption, indicating that youth are the primary drivers of mobile payment growth in Salem City.
- Google Pay and Paytm emerge as the most preferred applications, followed by PhonePe and BHIM.
- Time saving and convenience are the strongest factors influencing consumer preference, followed by cashback and transaction tracking.
- Security concerns remain a persistent barrier, particularly among older respondents and non-users.
- Perception of mobile payment apps varies notably across age groups, with younger users showing greater trust and ease of use.
- The study found that the age group of respondents does not significantly influence the factors affecting the adoption and usage of digital payment systems. Regardless of age, respondents generally consider time saving, convenience, cashback offers, security, and transaction tracking as important factors in using digital payment methods.

## 7. Conclusion

The study highlights a clear transformation in consumer preferences and perception toward mobile payment applications in Salem City. A majority of consumers, particularly younger respondents, have embraced digital payment platforms owing to their convenience, speed, and added incentives such as cashback and transaction tracking. However, this transition is not uniform across all demographic segments; older consumers continue to exhibit hesitation rooted in security concerns and limited digital literacy. Mobile payment applications are increasingly becoming the preferred mode of transaction over cash, and this trend is expected to strengthen further as digital infrastructure and consumer trust continue to develop. Addressing the remaining barriers of security perception and digital literacy will be crucial for achieving broader, more inclusive adoption across all age groups in Salem City.

## 8. Suggestions

- Mobile payment service providers should strengthen visible security features, such as biometric authentication and real-time fraud alerts, to build greater trust among cautious and older users.
- Targeted digital literacy campaigns should be conducted in semi-urban cities like Salem to educate non-users about the safe and effective use of mobile payment applications.
- Banks and fintech companies should continue to offer cashback and reward-based incentives, as these have proven effective in encouraging continued usage.
- Simplified, multilingual user interfaces should be developed to make applications more accessible to older and less tech-savvy consumers.
- Future research should consider a larger, randomly selected sample and a longitudinal design to track how consumer perception evolves over time.

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