A Study on The Impact of Digitalization on The Payment System: Perception of Shopkeepers and Consumers in Kundapura Taluk

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***Abstract*—Digitalization has transformed the economic and financial activities of both urban and rural India. The emergence of digital payment systems such as UPI, mobile wallets, internet banking, and QR-code-based transactions has significantly changed consumer behaviour and business operations. This study analyses the impact of digitalization on payment systems in Kundapura Taluk with special reference to shopkeepers and consumers. The study is based on primary and secondary data and evaluates the adoption level, benefits, challenges, and overall perception regarding digital transactions. The findings indicate that digitalization has enhanced transaction speed, transparency, customer convenience, and business efficiency. However, issues such as cybersecurity concerns, lack of digital literacy, and internet connectivity problems continue to affect users. The study concludes that digitalization has positively influenced economic activities and financial inclusion in the region.**

***Index Terms*—Digitalization, Digital Payments, UPI, Consumers, Shopkeepers, Kundapura Taluk, Financial Inclusion**

I. INTRODUCTION

Digitalization has become one of the most significant drivers of economic transformation in recent years. The Government of India has actively promoted digital transactions through initiatives such as Digital India, Unified Payments Interface (UPI), BHIM application, and online banking platforms. These technological advancements have enabled consumers and businesses to shift from traditional cash-based systems to digital payment methods. In rural and semi-urban areas like Kundapura Taluk, digital payment systems have gradually become popular among shopkeepers and consumers due to convenience, speed, and security.

The COVID-19 pandemic further accelerated the adoption of contactless and online transactions. Small businesses, retail stores, and consumers increasingly adopted QR-code payments, mobile wallets, and internet banking services. Despite rapid adoption, challenges such as poor internet connectivity, cyber fraud, and lack of digital literacy still remain significant barriers. Therefore, the present study aims to analyse the impact of digitalization on the payment ecosystem in Kundapura Taluk.

II. OBJECTIVES OF THE STUDY

- To study the impact of digital payment systems on consumers and shopkeepers.
- To analyse the level of awareness and adoption of digital payment methods.
- To identify the most preferred digital payment platforms in Kundapura Taluk.
- To examine the benefits and challenges associated with digital transactions.
- To provide suggestions for improving digital payment adoption.

III. RESEARCH METHODOLOGY

The study is descriptive and analytical in nature. Primary data was collected through structured questionnaires distributed among shopkeepers and consumers in Kundapura Taluk. Secondary data was collected from journals, research papers, government reports, websites, and newspapers. Convenient sampling method was adopted for selecting respondents. Statistical tools such as percentage analysis and graphical representation were used for interpretation of data.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Preferred Digital Payment Methods

Payment Method	Number of Respondents	Percentage
UPI	68	68%
Debit Card	12	12%
Credit Card	6	6%
Cash	8	8%
Mobile Wallet	6	6%

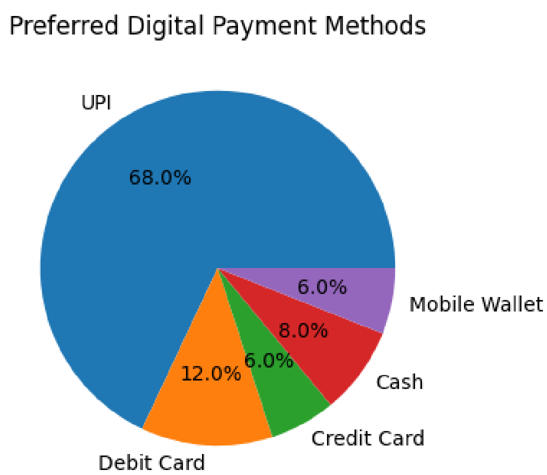

Figure 1: Preferred Digital Payment Methods among Respondents

The above table and figure indicate that UPI-based transactions are the most preferred digital payment method among respondents, accounting for 68% of total usage. Debit cards and cash transactions are still used by a small section of consumers, while credit cards and mobile wallets show comparatively lower adoption. This demonstrates the increasing popularity of instant and convenient digital payment systems.

Table 2: Customer Satisfaction towards Digital Payments

Satisfaction Level	Respondents	Percentage
Highly Satisfied	42	42%
Satisfied	38	38%
Neutral	14	14%
Dissatisfied	6	6%

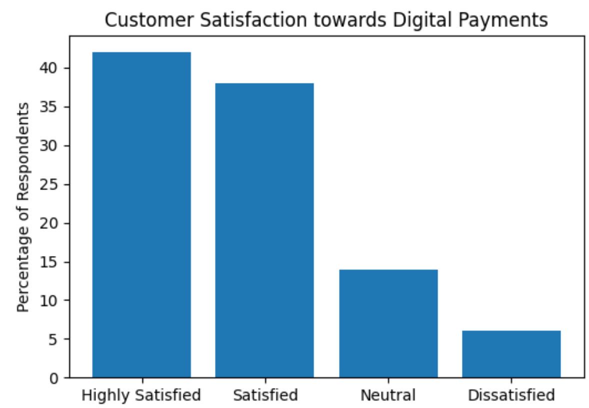

Figure 2: Customer Satisfaction towards Digital Payment Systems

The analysis shows that a majority of respondents are either highly satisfied or satisfied with digital payment systems. The primary reasons include convenience, speed, transparency, and ease of use. Only a small percentage expressed dissatisfaction due to network failures and cybersecurity concerns.

V. MAJOR FINDINGS

- Digital payments are widely accepted among shopkeepers and consumers in Kundapura Taluk.
- UPI is the most preferred payment method due to simplicity and instant transfer facilities.
- Digitalization has reduced dependency on cash transactions.
- Consumers appreciate the convenience and transparency of digital transactions.
- Cybersecurity concerns and internet connectivity problems remain major challenges.

VI. SUGGESTIONS

- Awareness programmes should be conducted to improve digital literacy in rural areas.
- Banks and financial institutions should strengthen cybersecurity measures.
- Government should improve internet connectivity in semi-urban and rural regions.
- Training programmes should be organized for small shopkeepers and senior citizens.

VII. CONCLUSION

Digitalization has significantly transformed the payment ecosystem in Kundapura Taluk. The increasing use of digital payment systems has improved convenience, transparency, and business efficiency. Both consumers and shopkeepers have largely accepted digital transactions due to ease of use and time-saving benefits. However, cybersecurity issues and lack of digital literacy continue to pose challenges. With proper awareness, technological support, and infrastructure development, digital payment systems can further enhance financial inclusion and economic development in rural India.

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[4] Articles and journals related to consumer behaviour and digitalization, including publications in *Journal of Consumer Behaviour*, *International Journal of Consumer Studies*, and *Technological Forecasting and Social Change*.