

# Customer perception and adoption of digital payment system: A study of account holders in Canara bank and Palakkad district

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**Abstract:** The rapid growth of digital technology has significantly transformed the banking sector, particularly in the area of payment systems. Digital payment platforms such as mobile banking, internet banking, Unified Payments Interface (UPI), and debit/credit cards have gained widespread attention due to their convenience, speed, and security. This study aims to analyze the perception and adoption of digital payment systems among account holders of Canara Bank in Palakkad District. The research focuses on understanding customers' awareness, usage patterns, perceived benefits, and challenges associated with digital payment methods.

The study is based on primary data collected from Canara Bank customers through a structured questionnaire, along with secondary data obtained from relevant reports, journals, and banking publications. Statistical tools such as percentage analysis, mean score analysis, and correlation techniques are used to interpret the data. The findings indicate that factors such as ease of use, security, convenience, and technological awareness play a significant role in influencing the adoption of digital payment systems. However, issues like cybersecurity concerns, lack of digital literacy, and technical difficulties still act as barriers for some users.

The study concludes that increasing customer awareness, improving digital infrastructure, and strengthening security measures can further enhance the adoption of digital payment systems among bank customers. The results of this research provide useful insights for banks, policymakers, and financial institutions in promoting digital financial services and improving customer satisfaction in the banking sector.

**Keywords:** Digital Financial Services, Cashless Economy, Digital Banking, Digital Transformation in Banking, Secure Digital Transactions, Sustainable Economic Development.

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## 1. INTRODUCTION

The advancement of digital technology has brought significant changes in the banking and financial services sector across the world. In recent years, digital payment systems have emerged as a convenient and efficient alternative to traditional cash-based transactions. With the increasing use of smartphones, internet connectivity, and technological innovations, customers are gradually shifting towards digital modes of payment such as mobile banking, internet banking, debit and credit cards, and Unified Payments Interface (UPI). These digital platforms offer greater speed, transparency, and convenience in financial transactions, thereby transforming the way individuals and businesses manage payments.

In India, the adoption of digital payment systems has accelerated significantly due to government initiatives promoting a cashless economy and the rapid development of financial technology. Banks play a crucial role in facilitating digital payment services by providing secure platforms and encouraging customers to adopt modern banking solutions. Among the various public sector banks, Canara Bank has actively introduced several digital banking services to enhance customer experience and improve accessibility to financial services.

Customer perception is an important factor that influences the adoption of digital payment systems. Factors such as ease of use, security, trust, convenience, and awareness significantly affect customers' willingness to use digital payment platforms. At the same time, concerns related to cybersecurity, lack of technical knowledge, and network issues may discourage some customers from fully adopting digital payment methods.

Palakkad District in Kerala represents a diverse group of bank customers with varying levels of digital literacy and technological exposure. Studying the perception and adoption behavior of Canara Bank account holders in this region provides valuable insights into how customers respond to digital payment services and what factors influence their usage.

Therefore, this study aims to examine the level of awareness, perception, and adoption of digital payment systems among account holders of Canara Bank in Palakkad District. The findings of this research will help banks and policymakers understand customer behavior and develop strategies to promote the wider use of digital payment systems.

## 2. OBJECTIVE

- 1.To study the level of awareness of digital payment systems among Canara Bank account holders.
- 2.To analyze the reasons for preferring digital payments over cash transactions.

## 3. RESEARCH METHODOLOGY

Research Design: Descriptive research design was adopted.

Area of Study: Palakkad District.

Sample Size: 33 respondents.

Sampling Technique: Convenient sampling technique was used to select the respondents.

Data Collection: Primary data were collected through a structured questionnaire Secondary data were collected from journals, books, reports.

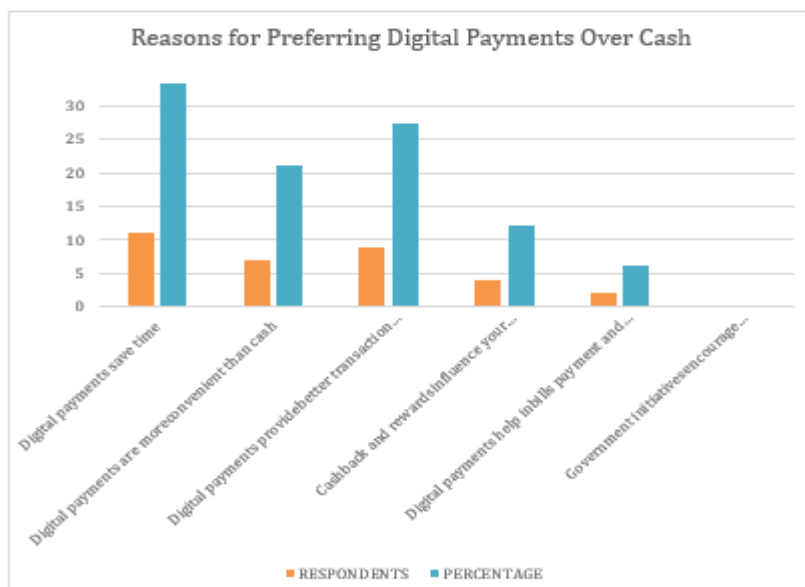
Statistical Tools Used: Percentage analysis, Correlation analysis, and Chi-square test were used for data analysis and interpretation.

Period of Study: 3 months.

## 4. DATA ANALYSIS AND FINDINGS

**TABLE 4.1**

Reasons for Preferring Digital Payments Over Cash	RESPONDENTS	PERCENTAGE
Digital payments save time	11	33.33
Digital payments are more convenient than cash	7	21.21
Digital payments provide better transaction records	9	27.27
Cashback and rewards influence your preference	4	12.12
Digital payments help in bills payment and online shopping	2	6.06
Government initiatives encourage digital payments	0	0
<b>TOTAL</b>	<b>33</b>	<b>100</b>

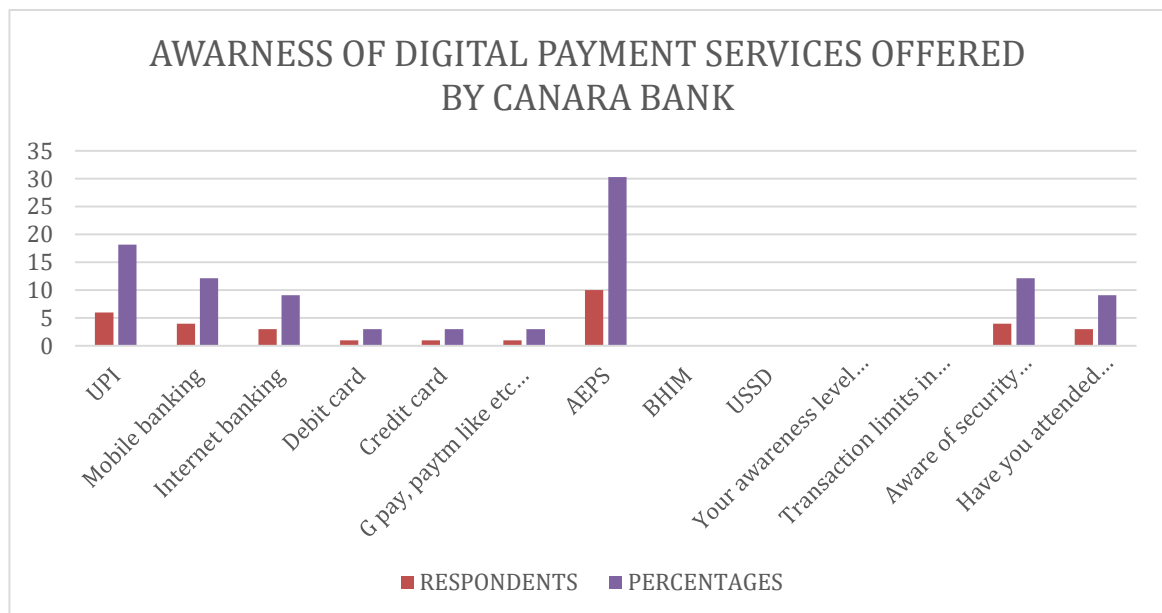


**INTERPRATION**

The table shows that most respondents prefer digital payments because **they save time (33.33%)**. Some respondents prefer digital payments because they **provide better transaction records (27.27%)** and are **more convenient than cash (21.21%)**. A few respondents are influenced by **cashback and rewards (12.12%)** and **bill payments or online shopping (6.06%)**. No respondents reported that **government initiatives encourage them to use digital payments**.

**TABLE 4.2**

<b>AWARNESS OF DIGITAL PAYMENT SERVICES OFFERED BY CANARA BANK</b>	<b>RESPONDENTS</b>	<b>PERCENTAGES</b>
UPI	6	18.18
Mobile banking	4	12.12
Internet banking	3	9.09
Debit card	1	3.03
Credit card	1	3.03
G pay, paytm like etc...	1	3.03
AEPS	10	30.30
BHIM	0	0
USSD	0	0
Your awareness level of digital payment services offered by Canara Bank	0	0
Transaction limits in digital payments	0	0
Aware of security measures like OTP and PIN	4	12.12
Have you attended any awareness program Conducted by Canara Bank	3	9.09
<b>TOTAL</b>	<b>33</b>	<b>100</b>



**INTERPRETATION**

The table 4.2 shows that among 33 respondents, the highest awareness is about **AEPS (30.30%)**, followed by **UPI (18.18%)**. Some respondents are also aware of **mobile banking (12.12%)** and **security measures like OTP and PIN (12.12%)**. A smaller number of respondents know about **internet banking, debit card, credit card, and digital wallets like GPay or Paytm**. Overall, the results indicate that awareness of digital payment services offered by Canara Bank is moderate, with **AEPS and UPI being the most recognized services**.

## 5. CONCLUSION

The study titled “**Customer Perception and Adoption of Digital Payment System: A Study of Account Holders in Canara Bank in Palakkad District**” examines how customers perceive and use digital payment services. The results of the study indicate that most customers are aware of various digital payment systems such as UPI, mobile banking, debit cards, and internet banking.

The study reveals that **convenience, speed, and ease of transaction** are the major factors encouraging customers to adopt digital payment methods. Digital payments help customers perform transactions anytime and anywhere without visiting the bank, which saves time and effort. The increasing use of smartphones and internet facilities has also contributed to the growth of digital payment adoption.

However, the study also finds that some customers still hesitate to use digital payments due to **security concerns, lack of technical knowledge, and fear of online fraud**. Especially among older customers, limited digital literacy acts as a barrier to adoption.

Overall, the study concludes that digital payment systems have gained significant acceptance among account holders of Canara Bank in Palakkad District. To further improve adoption, banks should focus on **enhancing security measures, creating awareness programs, and providing proper guidance and training to customers** regarding digital payment services.

In conclusion, digital payment systems play an important role in promoting **cashless transactions, financial inclusion, and modern banking practices**, and their adoption is expected to increase in the future with improved technology and customer awareness.

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