

Trust And Satisfaction With Digital Payment Systems In Gen Z And Gen Y: A Comparative Study

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Abstract

The exponential expansion of digital payment systems has revolutionized the way individuals participate in financial transactions. The younger generations have rapidly and extensively embraced digital payment platforms, including mobile wallets, peer-to-peer payment apps, and online banking services. The main catalysts for this revolution are technical progress, shifts in lifestyle, and a strong inclination towards convenience. Nevertheless, trust and satisfaction continue to be crucial elements that impact the ongoing utilization and acceptance of these systems. Trust is an essential component in digital payment systems, especially for Generation Z and Generation Y (Millennials). Consequently, this research ($N = 100$) is intended to study the trust and satisfaction with digital payment system among Gen Z and Gen Y. Overall, our findings suggested that Gen Z is more satisfied and have trust to digital payment system than Gen Y. Additionally, trust and satisfaction was found to be positively associated irrespective of the type of generational type. The findings are then addressed in the light of existing body of scholarly work and future directions were suggested.

Keywords. Trust, Satisfaction, Digital Payment System, Gen Z and Gen Y

1.1 Introduction

Both Gen Z and Gen Y are highly concerned about the security of their financial data. For trust to be established, digital payment systems have prioritize robust security measures like encryption, two-factor authentication, and transparent privacy policies. Well-established brands with a history of reliability and customer-centric policies tend to earn more trust from these generations. New or lesser-known platforms may face skepticism until proven reliable. Gen Z and Millennials often rely on peer reviews, social media feedback, and word-of-mouth when deciding which digital payment platforms to trust. A system that has positive feedback within their network will likely gain more trust. Awareness of compliance with regulations (e.g., GDPR, PCI DSS) can also impact trust. A platform that openly adheres to industry standards is more likely to be trusted.

User-friendly interfaces, smooth transaction processes, and widespread acceptance (both online and offline) are critical to satisfaction. Gen Z, in particular, values convenience and quick transactions. Both generations appreciate innovative features like seamless integration with apps, instant transfers, and the ability to track spending. For instance, mobile wallets that allow splitting bills or sending money with a few taps are highly valued. Responsive and effective customer service is a major factor in satisfaction. Issues like disputes or fraud must be resolved quickly and transparently. Loyalty programs, cash-back offers, and discounts tied to the use of digital payment systems can significantly boost satisfaction, especially among Millennials, who tend to value these incentives more than Gen Z. Especially among Gen Z, the ethical stance of a company (e.g., eco-friendly practices, social justice initiatives) can influence overall satisfaction with a digital payment system.

While both generations are digital natives, Gen Z, having grown up with smartphones and apps, tends to adapt faster to newer digital payment systems. Their expectations for speed, functionality, and design are higher. Gen Z tends to be more cautious and budget-conscious compared to Millennials, which influences their satisfaction. They may prefer systems that help them track and control spending. While both generations use mobile payment apps, Gen Z may be more inclined towards newer, trendier platforms (e.g., Venmo, Cash App), whereas Millennials might stick to more established

options (e.g., PayPal).

Younger generations are showing interest in crypto-currencies and block-chain-based payment systems, though trust levels vary depending on the platform and perceived stability. The COVID-19 pandemic has accelerated the adoption of contactless payments. Gen Z and Gen Y have quickly adapted to this trend, showing satisfaction with the convenience it provides. Start-ups that offer personalized and user-friendly payment solutions are gaining traction, particularly among Gen Z, who are open to experimenting with new technology.

1.2 Literature Review

The rapid expansion of digital payment systems has transformed the financial landscape, particularly for younger generations like Generation Z (Gen Z) and Generation Y (Millennials). Trust and satisfaction are two critical factors influencing the adoption and continued use of these systems. This literature review synthesizes key research findings on trust and satisfaction with digital payment systems among Gen Z and Gen Y, supported by relevant studies.

Laforet and Li (2005) and Pavlou (2003) emphasized that trust in digital payment systems is closely tied to users' perceptions of security and privacy. This is especially true for Gen Z and Gen Y, who are wary of data breaches and unauthorized access. Alalwan et al. (2017) found that concerns about the security of personal and financial information significantly influence the trust that younger users place in digital payment platforms.

The reputation of a digital payment platform is another critical component of trust. Kim et al. (2008) highlighted that a platform's established reputation and transparent policies are essential for building trust. Gen Z and Gen Y tend to rely on peer reviews and online feedback when choosing digital payment platforms, as Chu and Li (2020) observed. A strong reputation, backed by positive user experiences, can enhance trust and encourage adoption. Beldad et al. (2010) suggested that higher technological literacy can lead to more critical evaluations of digital payment systems. While both Gen Z and Gen Y are tech-savvy, Gen Z tends to be more cautious, scrutinizing platforms for potential risks despite their comfort with technology. Davis's Technology Acceptance Model (TAM) (1989) posits that perceived ease of use is a significant determinant of user satisfaction. For Gen Z and Gen Y, who prioritize convenience, digital payment systems that offer seamless, user-friendly interfaces are more likely to be favored. Singh and Srivastava (2018) found that ease of use directly correlates with user satisfaction in these demographics. Yang et al. (2017) emphasized that transaction speed and efficiency are critical to user satisfaction. Younger generations value real-time transaction updates and minimal delays, reflecting their preference for quick, efficient service.

The importance of user experience in digital payment systems is highlighted by Zhou (2013) and Nguyen et al. (2020). A well-designed, intuitive interface enhances satisfaction by making the payment process smoother and more enjoyable. Gen Z, in particular, values visually appealing and interactive designs that contribute to a positive user experience. Tan et al. (2016) underscored the role of effective customer support in maintaining user satisfaction. Platforms that offer responsive customer service, particularly through digital channels such as chat bots and social media, are more likely to retain satisfied users from both Gen Z and Gen Y. Smith (2021) noted that Gen Z users tend to be more selective about which platforms they trust, often favouring those that align with their ethical values and offer innovative features. Millennials, on the other hand, are more likely to demonstrate brand loyalty if a platform offers long-term value through rewards and incentives. Gurtner and Reinhardt (2020) found that satisfaction for Gen Y is often tied to loyalty programs and the perceived benefits of sticking with a particular payment system.

Aslam et al. (2020) highlighted that in emerging markets, trust in digital payment systems is often hindered by issues such as unreliable internet connectivity and weak regulatory frameworks. These challenges necessitate tailored approaches to building trust in younger users in these regions. Escobar-Rodríguez and Bonsón-Fernández (2017) pointed out that social media and influencers significantly shape trust and satisfaction with digital payment systems, particularly for Gen Z. This presents an opportunity for platforms to leverage social media marketing to enhance trust and build stronger connections with younger users.

1.3 Objectives

1. To study the difference on trust and satisfaction related to digital payment system among Gen Z and Gen Y.
2. To see the association between trust and satisfaction related to digital payment system among Gen Z and Gen Y.

1.4 Hypotheses

- H1. There will be difference on trust and satisfaction related to digital payment system among Gen Z and Gen Y.
- H2. There will be association between trust and satisfaction related to digital payment system among Gen Z and Gen Y.

Method

Sample

This study included a total of 100 individuals from the Metropolitan city of Delhi, India. Out of 100 individuals 54 individuals were from Gen Z (individuals born during 1997-2012) and 46 were from Gen Y (individuals born during 1981-1996). The Gender composition of participants included 52 male and 48 female whose age ranged from 15 to 43 years. Participants of this study were chosen using purposive sampling method.

Inclusion Criteria

- Participant must be either from Gen Z group or from Gen Y group.
- Participant must be a frequent user of digital payment.

Exclusion Criteria

- Participants who were not of Gen Z and Gen Y group.
- Participant who were not using digital payment system.

Measurements

Participants Characteristics

Participants Age and gender were taken from the researcher.

Trust

To measure trust related to digital payment system, Trust scale developed by Amim et al. (2014) was used. The scale consisted of four items scaled on 7 point likert scale where 1 represented "Strongly disagree" and 7 represented "Strongly Agree". The internal consistency reliability Cronbach's α for this scale on present sample was found to be .86 which means that scale yielded satisfactory reliability.

Satisfaction with Digital Payment

To measure Satisfaction related to digital payment, Satisfaction with digital payment scale developed by George et al. (2013) was used. The scale consisted of six items scaled on 7-point likert scale where 1 represented "Highly dissatisfied" and 7 represented "Highly satisfied". The internal consistency reliability Cronbach's α for this scale on present sample was found to be .76 which means that scale yielded satisfactory reliability.

Procedure

The participants were first approached by the researchers, who built a connection with them and sent them a link to an online survey that was made using a Google form. Afterwards, the researchers obtained the participants' consent to take part in the research study. The participants' participation in the study was entirely voluntary and in compliance with the ethical guidelines set forth by the American Psychological Association (APA, 2002). In the course of the research, they were had the opportunity to withdraw their involvement at any time. The researcher thanked the participants for their crucial time and assistance at the end of the online survey.

Analysis

The data was quantified utilizing Microsoft Excel 10, and a thorough analysis was conducted to detect any instances of missing information. The statistical analysis was performed utilizing IBM-SPSS Statistics version 27. The current research examined the hypotheses using appropriate inferential statistics.

Results and Discussion

After examining the assumptions made by parametric tests, it became clear that the variables of interest fit the criteria for normality, homogeneity, and other relevant properties. The hypotheses of this study have been evaluated using appropriate statistical techniques.

Table 1

Socio-Demographics of Participants in Study

Sociodemographic characteristic	<i>n</i>	%
Gender		
Male	52	52
Female	48	48
Group		

Gen Z	54	54
Gen Y	46	46

Note. $N = 100$.

The total numbers of male participants were 52 and female were 48 out of 100 participants in the study. 54 participants were Gen Z and 46 were from Gen Y.

Table 2

Mean Comparison of Study Variables in Gen Z and Gen Y Related to Their Digital Payment System

Variable	Gen Z		Gen Y		$t(98)$
	M	SD	M	SD	
Trust	22.19	3.35	20.15	2.77	3.27***
Satisfaction	33.17	5.65	29.41	4.70	3.57***

*** $p < .001$.

In table 2, independent samples t-test was conducted to see the mean difference of trust and satisfaction related to digital payment system among Gen Z and Gen Y. On trust related to digital payment system the results revealed significant mean difference $t(98) = 3.27, p < .001$. Further results also suggested that trust related to digital payment system was found to be higher in Gen Z ($M = 22.19, SD = 3.35$) than Gen Y ($M = 20.15, SD = 2.77$).

On satisfaction related to digital payment system, the mean difference was found to be significant among Gen Z and Gen Y as revealed by independent samples t-test $t(98) = 3.57, p < .001$. Additionally it was found that on satisfaction related to digital payment system Gen Z ($M = 33.17, SD = 5.65$) than Gen Y ($M = 29.41, SD = 4.70$). Hence, hypothesis H1 has been supported in this study.

Table 3

Intercorrelations for Study Variables by Gen Z and Gen Y Groups

Variable	1	2
1. Trust	—	.62***
2. Satisfaction	.41**	—

Note. The result for Gen Z ($n = 54$) is above the diagonal. The result for Gen Y ($n = 46$) is below the diagonal.

** $p < .01$. *** $p < .01$.

Pearson product moment correlation was carried out in table 3 to see the association between trust and satisfaction related to digital payment system in Gen Z and Gen Y. It was found that the trust was strongly positively associated with satisfaction related to digital payment system in Gen Z ($r = .62, p < .001$) whereas in Gen Y it was found to be moderately positively associated ($r = .42, p = .004$). Hence, hypothesis H2 has been supported in this study.

Conclusion

The aim of the present research was to study the difference of trust and satisfaction related to digital payment system among Gen Z and Gen Y. Based on results we can conclude that the trust and satisfaction related to digital payment system have seen positively associated to each other irrespective of generation type. Gen Z displays more trust on digital payment system than Gen Y as well as higher satisfaction.

Future Directions

Additional investigation is required to examine the enduring consequences of trust and pleasure on the adoption of digital payment, especially in light of emerging technology. Furthermore, the influence of block-chain and cryptocurrency on trust and happiness among Generation Z and Generation Y could provide useful perspectives on the future of digital banking.

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Conflict of Interest

It is declared by the authors that they do not have any conflicts of interest.

Ethical Guidelines

Throughout the entirety of this research study, the APA Ethical Code of Conduct (APA, 2002) was adhered to at every single stage.

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