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An Analytical Study of Millennial User Behavior Towards Digital Payments in Madurai.

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ABSTRACT
Digital payments are increasingly becoming central to global transactions, with significant growth expected in the coming years. In India, both new and established payment channels have successfully met market demands, facilitating long-term growth by onboarding new merchants and customers and increasing the number of digital transactions. Millennials, who are deeply embedded in the digital age, exhibit diverse preferences in areas such as fashion, food, and payment methods. This generation has significantly driven India's consumption growth, making it essential to understand their digital payment usage behaviors. This study focuses on analyzing the digital payment usage behavior of millennials in Madurai. It involves a sample of 150 millennial users using digital payments for purchasing goods and services, with data collected through a structured questionnaire using convenience sampling. Both descriptive and inferential analyses were conducted, employing Independent Sample t-tests, Correlation, and Multiple Regression to test hypotheses and analyze millennial behavior towards digital payments in Madurai. The study found that millennials in Madurai are generally satisfied with various aspects of digital payments and exhibit positive post-usage behavior. Male millennial users have more satisfaction and favourable post- usage behaviour towards digital payments usage than female users. Among the different aspects of digital payments, "Accessibility" was identified as the most influential factor in predicting post-usage behavior. In contrast, factors such as charges for digital payments, promotional offers and discounts, and transaction safety and security did not significantly predict post-usage behavior. Consequently, the study suggests that more emphasis should be placed on improving these aspects to enhance service quality at reasonable costs. The study contributes both academically by enriching the understanding of digital payment behaviors among millennials, and practically by providing actionable insights to stakeholders aiming to optimize digital payment experiences in Madurai and beyond.

KEYWORDS
Digital Payments, Millennial users, User Satisfaction, Post-usage behaviour, Accessibility, Safety & Security, Charges of digital payment, Promotional offers & discounts.

INTRODUCTION

Over the past few decades, the payments industry has experienced significant growth, rapidly integrated new technologies and creating opportunities to better serve customers. As the industry evolves, revenue sources have shifted, particularly in developed economies where traditional credit card-based cashless systems have proven inadequate for the demands of today's digital era. There is strong consumer momentum towards digital payments and online banking, driven by a well-developed ecosystem. Consumers recognize the pros and cons of various digital payment products, indicating a sophisticated consumer environment. Whether for entertainment, education, consumer durables, or investments, consumers now prefer to automate their payments through auto debits. Recurring payments offer a convenient and transparent experience for paying utility bills, subscriptions,

mutual fund investments, insurance premiums, and other services. As more Indians become part of the formal banking system, they can leverage financial services, making the enablement of recurring payments across demographics increasingly essential. The awareness and adoption of digital payments have surged, with key benefits such as safety, convenience, and instant payment acting as primary drivers. Banks, fintech companies, payment providers, and business correspondents have played a crucial role by fast-tracking their digital initiatives and innovating rapidly to address gaps for consumers and merchants. Millennials significantly contribute to economic growth, not only through their workforce participation but also through their consumption behavior and spending patterns in India. Against this backdrop, this study aims to analyze millennial user behavior towards digital payments in Madurai.

STATEMENT OF PROBLEM

If demonetization gave the first push to digital payments adoption in the country back in 2016, COVID-19 had given it further fillip in 2020. Even consumers comfortable with cash have started using digital payments for their regular needs, a much-needed push to move India towards a less cash society. Consumer spending pattern evolved significantly during the previous year across all demographics. Even consumers comfortable with cash have started using digital payments for their regular needs, a much-needed push to move India towards a less cash society. The real manifestation of cashless, paperless and seamless digital transactions is now led by mobile and internet-based payments, thus fueling the growth for digital commerce. Nevertheless, digital payments across physical touchpoints have seen remarkable progress thanks to innovation and backing from the ecosystem. Retail merchants are registering high demand to facilitate contactless or digital or cashless payments as consumers now prefer the convenience of making payments on-the-go via cards or mobile.

Millennials, also known as Gen Y, are defined as adults aged between 28 and 43 years as of 2024. Globally, millennials account for roughly 23% of the world population, or about 1.8 billion people. In India, they represent 34% of the total population, amounting to 440 million individuals. Over the past few years, India has become the world's largest millennial market, attracting significant global attention. Indian millennials' contribution to their national economy is particularly noteworthy. Unlike in many other countries, millennials in India are often the primary breadwinners of their households. With a median age of 28.4 years, India is one of the youngest major nations, especially compared to the ageing populations and workforces in the US, China, Germany, and Japan (Source: The Rise of the Indian Millennial, Times of India, Sep. 6, 2021).

According to Great Place to Work (2023), millennials now form the backbone of many Indian companies, constituting a staggering 70% of the workforce. As the youngest millennials turn 28 this year, they have become key drivers of consumer markets. Tech-savvy, flexible, and creative, millennials live in the digital age and have diverse preferences in areas such as fashion, food, and payment methods. They have fueled India's consumption growth more than any other generation. Understanding this generation's spending and payment behavior is therefore essential. This study aims to analyze the usage behavior of millennial users regarding digital payments in Madurai.

RESEARCH METHODOLOGY

Research methodology is a way of solving the problem in a systematic manner and the methodology adopted in this study is presented in the following table 1.

TABLE 1 RESEARCH METHODOLOGY

Research type	Descriptive and Exploratory Research
Research Approach	Combination of Qualitative and Quantitative Approach
Population & Sampling Unit	Millennial Users of digital payments in Madurai
Sample size	150 Millennial Users of digital payments in Madurai
Sampling Area	Madurai
Sampling Method	Non-Probability Sampling – Convenient Sampling
Research Method	Survey
Data type	Primary (Majority of the data) and Secondary Data
Sources of Primary Data	Questionnaire and Personal Interview
Sources of Secondary Data	Journals, Magazines, Reports, Books, Newspapers, Research Articles, Internet, etc.
Research instrument	Structured Questionnaire
Statistical tools employed	Both descriptive and inferential statistical tools

(Source: Prepared by researcher)

DATA ANALYSIS AND RESULTS

In order to analyze the data that are collected through structured questionnaire, descriptive (Frequency tables, Mean, etc.) as well as inferential statistical tools (Independent 't' Test, Pearson's Correlation and Multiple Regression are applied.

TABLE 2 MILLENNIAL USERS' SATISFACTION ON DIGITAL PAYMENTS – MEAN AND RANK ANALYSIS

VARIABLES	N	Mean	SD	RANK
Acceptance of Digital Payment	150	4.03	.814	
Charges of Digital Payment	150	3.15	.975	Ninth
Accessibility	150	4.27	.734	First
Safety and Security of transaction	150	3.10	.955	Tenth
Privacy of personal information	150	3.54	1.004	
Speed of transaction settlement	150	4.13	.676	Second
Transfer of money	150	4.08	.852	
Convenient mode of payment	150	4.07	.762	
Transparency of transaction	150	3.72	.948	
Promotional Offers and Discounts	150	3.53	.787	
MILLENNIAL USERS' SATISFACTION ON DIGITALPAYMENTS	150	37.62	5.485	

Source: Primary Data

To identify the level of satisfaction among millennial users regarding digital payments, a questionnaire with 10 questions rated on a 5-point Likert scale (ranging from Highly Dissatisfied to Highly Satisfied) was used. The responses were measured using mean analysis through descriptive statistics. From Table 2, it is inferred that millennial users have the highest satisfaction with the accessibility of digital payments (M = 4.27) and the speed of transaction settlement (M = 4.13). Conversely, they have the lowest satisfaction with the charges of digital payments (M = 3.13) and the safety and security of transactions (M = 3.10). Overall, the satisfaction level of millennial users with digital payments is above average, as all the mean values are above 3 (60%) out of 5. The overall mean score for satisfaction with digital payments is 37.62 out of 50, equating to 75.20% (37.62 / 50 x 100). This indicates that the satisfaction level of millennial users with digital payments is above 75%.

INDEPENDENT SAMPLE 'T' TEST – ANALYSIS

H_0: There is no significant difference between the Male and Female millennial users with respect to the Users'Satisfaction on Digital Payments used for purchase of goods and services.

An independent-samples t-test was conducted to compare the difference between the Male and Female millennial users with respect to the Users' Satisfaction on Digital Payments used for purchase of goods and services.

TABLE 3 GENDER – MILLENNIAL USERS' SATISFACTION ON DIGITAL PAYMENTS

VARIABLE	GENDER – SATISFACTION ON DIGITAL PAYMENTS						t - value	p – value
	MALE			FEMALE				
	N	Mean	SD	N	Mean	SD		
Millennial Users' Satisfaction on Digital Payments	83	38.54	5.844	67	36.30	4.554	3.058	0.003**

Source: Primary Data

(** 1% Level of Significance)

Given that the P-value (0.003) is less than the significance level (0.01), the null hypothesis is rejected. This indicates a significant difference in satisfaction levels between male and female millennial users regarding digital payments. From Table 3, it can be seen that the overall mean score of satisfaction with digital payments is higher for male millennial users (M = 38.54) compared to female millennial users (M = 36.30). This suggests that male millennial users are more satisfied with digital payments than their female counterparts. Therefore, it is concluded that there is a significant difference in satisfaction levels between male and female millennial users concerning digital payments.

POST-USAGE BEHAVIOUR TOWARDS DIGITAL PAYMENTS

INDEPENDENT SAMPLE 't' TEST – ANALYSIS

H0: There is no significant difference between the Male and Female millennial users with respect to the Post- Usage Behaviour towards Digital Payments.

An independent-samples t-test was conducted to compare the difference between the Male and Female millennial users with respect to the Post-Usage Behaviour towards Digital Payments.

TABLE 4 GENDER – POST-USAGE BEHAVIOUR TOWARDS DIGITAL PAYMENTS

VARIABLE	GENDER – POST-USAGE BEHAVIOUR TOWARDSDIGITAL PAYMENTS						t - value	p – value
	MALE			FEMALE				
	N	Mean	SD	N	Mean	SD		
Post-Usage Behaviour towards Digital Payments	83	21.66	3.441	67	19.32	3.987	2.944	0.014*

Source: Primary Data

(* 5% Level of Significance)

Given that the P-value (0.014) is less than the significance level (0.05), the null hypothesis is rejected. This indicates a significant difference in post-usage behavior towards digital payments between male and female millennial users. From Table 4, it can be observed that the overall mean score of post-usage behavior towards digital payments is higher for male millennial users (M = 21.66) compared to female millennial users (M = 19.32). This suggests that male millennial users exhibit more positive post-usage behavior towards digital payments than their female counterparts. Therefore, it is concluded that there is a significant difference in post-usage behavior towards digital payments between male and female millennial users.

CORRELATION ANALYSIS

H0: There is no significant relationship between the Satisfaction and Post-Usage Behaviour of Millennial Users towards Digital Payments.

A Pearson product-moment correlation was run to determine the relationship between the Satisfaction and Post-Usage Behaviour of Millennial Users towards Digital Payments.

TABLE 5 USERS' SATISFACTION – POST-USAGE BEHAVIOUR TOWARDS DIGITAL PAYMENTS

VARIABLES	N	*'r'* VALUE	*P* - VALUE	RELATION-SHIP	REMARKS	
					SIGNIFIC-ANT	RESULT
Acceptance of Digital Payment – Post-Usage Behaviour towards Digital Payments	150	0.675**	0.000	Positive	Significant	REJECTED
Charges of Digital Payment – Post-Usage Behaviour towardsDigital Payments	150	0.316**	0.000	Positive	Significant	REJECTED
Accessibility – Post-Usage Behaviour towards Digital Payments	150	0.695**	0.0001	Positive	Significant	REJECTED
Safety and Security of transaction – Post-Usage Behaviour towardsDigital Payments	150	0.303**	0.000	Positive	Significant	REJECTED

Privacy of personal information – Post-Usage Behaviour towards Digital Payments	150	0.329**	0.000	Positive	Significant	REJECTED
Speed of transaction settlement – Post-Usage Behaviour towards Digital Payments	150	0.657**	0.000	Positive	Significant	REJECTED
Transfer of money – Post-Usage Behaviour towards Digital Payments	150	0.660**	0.000	Positive	Significant	REJECTED
Convenient mode of payment – Post-Usage Behaviour towards Digital Payments	150	0.568**	0.000	Positive	Significant	REJECTED
Transparency of transaction – Post-Usage Behaviour towards Digital Payments	150	0.501**	0.000	Positive	Significant	REJECTED
Promotional Offers and Discounts Post-Usage Behaviour towards Digital Payments	150	0.312**	0.000	Positive	Significant	REJECTED

****. Correlation is significant at the 0.01 level (2-tailed).**

Since the P-values are less than the significance level (0.01) in all cases, the null hypotheses are rejected. This indicates moderate to high positive correlations between satisfaction with digital payments and post-usage behavior of millennial users towards digital payments, with these relationships being highly significant.

Among the ten aspects of digital payments, satisfaction with 'Acceptance of Digital Payment' (r = 0.695) shows the strongest relationship with post-usage behavior. In contrast, satisfaction with the 'Safety and Security of Transaction' (r = 0.303) shows the weakest relationship with post-usage behavior compared to other factors. Therefore, it can be concluded that there are significant relationships between the level of satisfaction with digital payments and the post-usage behavior of millennial users towards digital payments.

MULTIPLE REGRESSION ANALYSIS

Multiple Regression was conducted to determine the best linear combination of Millennial Users' Satisfaction on various aspects of Digital Payments (Independent Variables) for predicting Post-Usage Behaviour (Dependent Variable) towards Digital Payments.

TABLE 6

REGRESSION ANALYSIS MILLENNIAL USERS' SATISFACTION - POST-USAGE BEHAVIOUR TOWARDS DIGITAL PAYMENTS						
MODEL B		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		SE	**Beta**			
1	(Constant)	2.241	1.269		1.788	.084
	Acceptance of Digital Payment	.988	.294	.305	3.246	.003**
	Charges of Digital Payment	.273	.184	.078	1.486	.147
	Accessibility	1.375	.281	.316	4.884	.000**
	Safety and Security of transaction	-.251	.311	-.050	-.808	.426
	Privacy of personal information	-.926	.293	-.196	-3.130	.009**
	Speed of transaction settlement	1.030	.196	.222	5.313	.000**
	Transfer of money	1.215	.247	.304	4.895	.000**
	Convenient mode of payment	.547	.252	.125	2.153	.031*
	Transparency of transaction	.640	.239	.174	2.546	.017*

	Promotional Offers and Discounts	.118	.181	.031	.674	.566
Dependent Variable: Post-Usage Behaviour towards Digital Payments.						

The combination of seven out of ten independent variables significantly predicts the dependent variable, i.e., Post-Usage Behavior towards Digital Payments, F (10, 139) = 87.954, with p-values less than 0.001 and 0.05 (Sig. Value 2-tailed). The Adjusted R Square is 0.744, or 74%, which indicates a large effect according to Cohen. Among the ten independent variables, 'Accessibility' (β = 0.316) is the strongest predictor of post-usage behavior towards digital payments.

According to the unstandardized coefficient, a one-unit increase in 'Accessibility' would result in a 1.375 unit increase in post-usage behavior towards digital payments. Other variables that also significantly contribute to predicting post-usage behavior, though to a lesser extent, include 'Acceptance of Digital Payment' (β = 0.305), 'Speed of Transaction Settlement' (β = 0.222), 'Transfer of Money' (β = 0.304), 'Transparency of Transaction' (β = 0.174), and 'Convenient Mode of Payment' (β = 0.125). 'Privacy of Personal Information' (β = -0.196) negatively contributes to post-usage behavior towards digital payments but is significant (p = 0.009). However, 'Charges of Digital Payment' (β = 0.078), 'Promotional Offers and Discounts on Purchases' (β = 0.031), and 'Safety and Security of Transaction' (β = -0.050) do not significantly contribute to post-usage behavior towards digital payments.

FINDINGS OF THE STUDY

The study found that millennial users in Madurai are generally satisfied with various aspects of digital payments and exhibit positive post-usage behavior. Gender significantly influences both satisfaction and post- usage behavior, with male users showing higher satisfaction levels than female users. Among the aspects of digital payments, millennial users are most satisfied with "Accessibility" and "Speed of Transaction" and least satisfied with "Charges of Digital Payment" and "Safety and Security of Transaction." "Accessibility" emerged as the strongest predictor of post-usage behavior, while "Charges of Digital Payment," "Promotional Offers and Discounts," and "Safety and Security of Transaction" did not significantly predict post-usage behavior.

SUGGESTIONS AND RECOMMENDATIONS

Based on the study's findings on millennial users' behavior towards digital payments in Madurai, several actionable recommendations emerge. It is crucial to prioritize enhancing the accessibility and transaction speed of digital payment platforms to improve user experience. Addressing concerns related to transaction charges and bolstering safety and security measures are essential to build trust and confidence among users. Tailoring strategies to accommodate gender-specific preferences and expanding promotional offers can further enhance user satisfaction. Continuous innovation and collaboration with stakeholders will be key in adapting to evolving user needs and promoting digital literacy.

Based on the results, it is suggested that fintech companies, bankers, and policymakers should focus on the demographic segment of millennial users, especially female users, to enhance their satisfaction and improve their post-usage behavior towards digital payments. Additionally, they should prioritize improving the aspects of charges, promotional offers and discounts, and safety and security to provide better service quality at reasonable costs. By implementing these recommendations, stakeholders can foster a more seamless, secure, and inclusive digital payment ecosystem in Madurai.

CONCLUSION

The study concluded that millennial users' behavior towards digital payments is positive but can be further improved. As people continue to adapt to post-pandemic life, new payment trends are expected to emerge, enhancing the payments landscape. With an increasing variety of payment methods available, it is essential for merchants to offer multiple digital payment options alongside traditional ones, ensuring a seamless user experience. Ultimately, consumers will benefit from innovative solutions that are simple, seamless, and secure, driving a shift towards using less cash and more digital payments. This change in behavior will be facilitated by continued advancements in digital payment technologies and improved service offerings by merchants and financial institutions.

The study contributes both academically by enriching the understanding of digital payment behaviors among millennials, and practically by providing actionable insights to stakeholders aiming to optimize digital payment experiences in Madurai and beyond. Looking ahead, as society adapts to a post-pandemic new normal, there is an expectation of continued evolution in payment methods, emphasizing the importance for merchants to offer diverse and seamless digital payment options. This shift towards digital payments, driven by innovation and

enhanced user experiences, promises to reshape consumer behaviors, reducing reliance on cash and fostering a more digitally inclusive economy.

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