

# A STUDY ON IMPACT OF DIGITAL LITERACY ON DIGITAL PAYMENT ADAPTION AMONG RURAL CONSUMERS

**Author:** Ms.N.DEEPA,M.com, Assistant professor, school of applied commerce (ca)A.V.P college of arts and science, Tirupur – 641652.

**Author:** Ms. C. Srivarsha, school of applied commerce (ca) A.V.P college of arts and science, Tirupur – 641652.

## ABSTRACT

*This study examines the impact of digital literacy on digital payment adoption among rural consumers. Digital literacy plays an important role in helping people understand and use modern digital payment systems. In rural areas, many consumers face challenges such as lack of awareness, limited internet access, and low technological knowledge. The study aims to analyze how digital knowledge influences the willingness of rural consumers to use digital payment methods. It also focuses on factors like perceived usefulness, ease of use, and social influence. The research highlights that improved digital literacy can increase confidence in using digital payment platforms. As a result, rural consumers can perform financial transactions more easily and securely. The study also emphasizes the role of banks and government initiatives in promoting digital education. Overall, higher digital literacy leads to greater adoption of digital payments in rural areas. Therefore, increasing digital literacy is essential for financial inclusion and economic development.*

**KEYWORDS:** *Digital Literacy, Digital Payment Adoption, Rural Consumers, Financial Inclusion, Perceived Usefulness, Ease of Use, Social Influence, Digital Payment Systems.*

---

## INTRODUCTION

In recent years, digital technology has become an important part of everyday life. The rapid growth of the internet, smartphones, and digital platforms has transformed the way people communicate, access information, and conduct financial transactions. One of the most significant outcomes of this transformation is the rise of digital payment systems, such as UPI, mobile wallets, internet banking, debit cards, and QR-code-based payments. In India, the government and financial institutions have strongly promoted digital payments to create a cashless and transparent economy, especially after initiatives like Digital India and Demonetization. Although digital payments are growing rapidly in urban areas, their adoption in rural areas is comparatively slower. Rural consumers often face challenges such as lack of awareness, limited access to technology, low confidence in using digital tools, and fear of fraud. One of the most important factors influencing the adoption of digital payments among rural consumers is digital literacy. Digital literacy refers to the ability of individuals to understand, use, and manage digital technologies effectively and safely.

## OBJECTIVES OF THE STUDY

- To study the awareness level of rural consumer about digital payment platforms and services

- To identify the factors influencing digital payment adoption among rural consumers
- To analyse the smartphone and internet access on digital payment adoption of rural consumer
- To access the level of trust rural consumer, have towards digital payment platforms
- To study the security fear of digital fraud among rural consumers.

### **STATEMENT OF THE PROBLEM**

- Many rural consumers have low digital literacy, which makes it difficult for them to understand and use digital payment systems.
- Lack of awareness about digital payment methods and security creates fear and hesitation among rural people to adopt digital transactions.
- Limited access to internet connectivity and smartphones in rural areas reduces the usage of digital payment platforms.
- Some rural consumers still prefer traditional cash transactions due to habit and lack of trust in digital systems.

### **SCOPE OF THE STUDY**

This study focuses on analysing the impact of digital literacy on the adoption of digital payment systems among rural consumers. It examines how knowledge and awareness of digital technologies influence the use of digital payment methods. The study also explores factors such as accessibility, ease of use, and trust in digital transactions in rural areas. It helps to understand the challenges faced by rural consumers in adopting digital payments. The findings of the study may assist policymakers and financial institutions in improving digital literacy and promoting digital payment usage in rural communities.

### **RESEARCH METHODOLOGY**

#### **SAMPLE DESIGN**

Sample design refers to the process of selecting respondents for the study. In this research, 100 rural consumers are selected as the sample.

#### **SAMPLE SIZE**

Sample was collected from 100 selected respondents around different colleges and organisations.

#### **STATISTICAL TOOLS FOR THE STUDY:**

- Percentage analysis
- Rank analysis

#### **LIMITATION OF THE STUDY**

- The study examines the level of digital literacy among rural consumers.
- It analyses how digital literacy influences the adoption of digital payment methods.

- The study identifies the challenges and barriers faced by rural consumers in using digital payments.
- It evaluates the awareness and usage of different digital payment platforms among rural people.

## REVIEW OF LITERATURE

### R. B. Saxena (2025)<sup>1</sup>

The research analysed data collected from households using statistical tools such as regression and chi-square tests. The study revealed that digital payment adoption is higher among consumers who possess better digital literacy and awareness about online transactions. Rural consumers with limited technological knowledge were found to hesitate in using digital payment systems. The study also highlighted that improved digital literacy increases trust in electronic payment systems. Moreover, government initiatives and digital education programs significantly influence adoption rates. The findings concluded that digital literacy plays a key role in encouraging rural consumers to adopt digital payment methods. Kiran Bala & Seema

### Sharma (2025)<sup>2</sup>

The authors emphasized the role of technological awareness, financial literacy, and demographic factors in shaping consumer behaviour toward digital transactions. Their research highlighted that consumers who are digitally literate are more likely to adopt mobile wallets, UPI, and internet banking services. The study also found that trust and perceived security significantly influence digital payment adoption. Rural consumers face challenges such as lack of internet access and limited digital knowledge increasing digital literacy and awareness programs will help bridge the digital divide between urban and rural consumers.

### Ramesh Kumar & Deepika Choudhary (2025)<sup>3</sup>

The study highlighted that digital payment technologies provide convenience, transparency, and speed in financial transactions. However, rural consumers often face barriers such as lack of technical skills and limited digital literacy. The research emphasized the need for training programs and awareness campaigns to educate rural populations about digital payment systems. The study concluded that digital literacy significantly influences consumer confidence and willingness to adopt digital payment platforms.

## DATA ANALYSIS AND INTERPRETATION

### PERCENTAGES

TABLE SHOWING THE MONTHLY INCOME OF RESPONDENTS

S.NO	MONTHLY INCOME	NUMBER OF RESPONDENTS	PERCENTAGE
1.	BELOW 10000	20	20%
2.	10001-20000	40	40%
3.	20001-30000	10	10%
4.	ABOVE 30000	30	30%
	<b>TOTAL</b>	100	100%

**INTERPRETATION:**

From the above table, it is observed that the majority of the respondents fall in the income group of ₹10,001– ₹20,000 with 40%. About 30% of the respondents earn above ₹30,000 per month. Around 20% of the respondents have a monthly income below ₹10,000. Only 10% of the respondents belong to the income group of ₹20,001– ₹30,000. Hence, it can be concluded that most of the respondents have a moderate level of monthly income.

**TABLE SHOWING THE SECURE DIGITAL PAYMENT**

S.NO	SECURE DIGITAL	NUMBER OF RESPONDENTS	PERCENTAGE
1.	VERY SECURE	20	20%
2.	SECURE	40	40%
3.	INSECURE	20	20%
4.	VERY INSECURE	20	20%
	<b>TOTAL</b>	100	100%

**INTERPRETATION**

The table shows the level of security felt by respondents while using digital payment methods. Out of 100 respondents, 40% of them feel that digital payments are secure, which is the highest percentage among the options. About 20% of the respondents feel that digital payments are very secure. On the other hand, 20% of the respondents feel that digital payments are insecure and another 20% feel that they are very insecure. This indicates that while many respondents trust digital payment systems, a considerable number of people still have concerns about their security. Overall, the majority of respondents believe that digital payments are secure.

**FINDINGS**

- Rural consumers who have access to smartphones are more likely to adopt digital payment services. Availability of digital devices plays an important role.
- Overall, the study finds that higher digital literacy leads to greater acceptance and usage of digital payment systems among rural consumers.

**SUGGESTION**

- The government should organize more digital literacy programs in rural areas. These programs will help people understand how to use digital payment systems safely.
- Training workshops should be conducted in villages to teach rural consumers about mobile banking and digital payment apps. This will improve their confidence in using technology.
- Banks should provide simple guidance and demonstrations on digital payment methods. This will help rural consumers learn the process easily.

## CONCLUSION

The study highlights that digital literacy plays a significant role in encouraging rural consumers to adopt digital payment systems. When individuals have basic knowledge of using smartphones, the internet, and digital applications, they feel more confident in performing online transactions. Digital literacy helps people understand the benefits of cashless payments such as convenience, speed, and safety. As awareness increases, more rural consumers are willing to shift from traditional cash transactions to digital methods. Therefore, digital knowledge becomes an important factor in promoting digital payment adoption in rural areas.

