



Transformation of consumer behaviour towards digital payments in local small markets (with reference to Agra City)

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ABSTRACT

The rapid growth of digital payment systems in India has reshaped daily purchasing habits, especially within local small markets that traditionally relied on cash transactions. Although large cities adopted digital modes early, the most meaningful change in behaviour is now occurring in smaller markets, where buyer and vendors engage daily for low-value essentials. This research explores the changing in consumer behaviour toward digital payments in local small markets of Agra City, highlighting the factors that motivate this shift, the obstacles users continue to face, and the wider effects on local trade. Growing smartphone usage, improved internet access, and user-friendly platforms such as UPI have together increased the accessibility of digital payments, enabling even cash-dominant consumers to slowly accept cashless methods. The research highlights the role of convenience, transaction speed, security, and the ability to track expenses that influence consumer choices. At the same time, government initiatives promoting cashless payments and increasing digital awareness that helped in strengthening the consumer confidence in digital financial instruments.

However, the transformation is not solely driven by technology. Social influence, perceived ease of use, and growing familiarity with mobile applications play critical roles in shaping attitudes toward cashless payments. Small vendors, responding to customer demands and competition, have also started using QR-based payment options to avoid cash handling issues and enhance transaction efficiency. Despite with these positive shifts, issues such as fraud, low awareness among older populations, inconsistent internet connectivity, and hesitation due to

limited digital literacy still hinder complete adoption. Previous literature also highlights that while digital payments have surged after events like demonetization and COVID-19, gaps in trust, awareness, and security still remain significant barriers.

The studies reveal growing acceptance and regular utilization of UPI-based apps for daily purchases, even for small-value items such as vegetables, groceries, and snacks. Consumers appreciate the convenience of not carrying cash, immediate confirmations, and the rewards offered by digital platforms. Vendors also gain from reduced cash-handling risks and enhanced customer satisfaction. Overall, the shift in behaviour transition towards digital payments is transforming traditional market interactions and contributing to the development of a more digitally advanced local economy.

This research concludes that although digital payments are gradually transforming consumer behaviour in small markets of Agra, continued growth relies on enhancing digital literacy, improving security systems, and tackling the real difficulties faced by both consumers and vendors.

Keywords: Digital payments, Consumer behaviour, Local small markets, UPI Adoption, Cashless Economy.

1. INTRODUCTION

Consumer behaviour in India has been undergoing a significant transformation with the rapid rise of digital payment systems. Although large cities were the early adopters, the most notable transformation is now visible in local small markets, where daily transaction were carried out entirely in cash. Factors such as rising smartphone usage, reliable internet connectivity, and the growth of platforms such as UPI have made digital payments available to a much wider population. As a result, buying and selling trends in these local markets are slowly changing, with both customers and small vendors showing greater willingness to engage in cashless transactions.

This change is not occurring overnight; it is the result of enhanced digital literacy, government initiatives encouraging cashless practices, and growing trust in technology-based financial systems. Today's consumers look for speed, convenience, and security in their transactions, and digital payment provide these benefits more efficiently than cash. Even small transactions--- such as vegetables, groceries, snacks, or household items---are more frequently settled with QR codes and mobile payment applications. For many consumers, the convenience of not carrying cash,

the immediate tracking of transactions, and the chance for rewards or cashback further promote this change.

However, the change of behaviour in local small markets is influenced by factors beyond mere convenience. It also shows changing attitudes, risks, social influence, and the degree of comfort users experience when using digital tools. At the same time, small vendors are adjusting their business practices by adopting digital payment methods to satisfy customer demands, reduce cash-handling problem, and remain competitive.

The study examines the key factors behind the shift of consumers towards digital payments in local small markets, along with the obstacles that influence their decisions. It also explores how this behavioural change is reshaping daily market transactions. By analyzing these patterns, the study provides insights into the wider shift towards a digitally driven economy and the growing role of digital platforms in local trade.

2. LITERATURE REVIEW

Dr. Shilpa Bagdare, (2018) The paper shows that digital payments are reducing the costs, speeding up transactions, faster and more convenient, which encourages consumers to shift from cash to electronic methods. Research indicates that card and wallet payments often increase spending, while governmental efforts and technological growth have enhanced financial inclusion and usage. However, concerns about security still remain, even as digital payments continue to influence modern buying behaviour in India.

Faridha R, (2018) The paper examines how the initiative like demonetization and Digital India push digital payment adoption in Madurai. It finds that consumer prefer digital payments because they are easy, quick and convenient. However, some issues are still present. Still younger and educated users adopt more overall, digital payment are growing but still need better safety and awareness.

Dr. Sangeeta Kakar, (2023) The study indicates that the digital era has influenced consumer buying behaviour due to the rise of e-commerce, mobile shopping, and digital payments. Social media, influencer marketing, and data analysis have also become important in shaping purchase decisions and personalised experiences. Overall, technology

has enhanced shopping by making it more convenient, accessible and cashless for modern consumers.

Chandan Nandihal S, Dr. Atul Loomba, (2023) The paper examines the expansion of digital payments in Bangalore, especially after demonetization and COVID 19. Convenience, security, and government incentives are primary driving factors to go cashless. Most users rely on Google Pay, PhonePe, and Paytm for their daily transactions. However, some factor still hinders widespread adoption. Overall, digital payments are rising, but still many people remain hesitant due to low awareness and trust issues.

Avinash Kumar, (2025) The study shows that digital payment especially UPI, have transformed consumer behaviour in India. Young consumer prefers most because of their speed, convenience. Most users are satisfied, still security and fraud concern still remain. Digital payments have increased spending and also influenced buying behaviour. Overall, it's reshaping consumer habits but still need further growth.

3. RESEARCH METHODOLOGY

3.1 Sources of data: Both the primary sources and secondary sources of data have been used to conduct the study.

- Primary source of data is collected through questionnaire by approaching the suitable consumers directly and through google form.
- Secondary source of data is collected from Newspapers, Research articles and journals including e-journals.

3.2 Sampling technique: Convenience sampling technique is used for selecting respondents for the study.

3.3 Sampling design: Bar graphs are used for data presentation and analysis.

3.4 Sample size: A sample size of 30 respondents is selected for the purpose of the study.

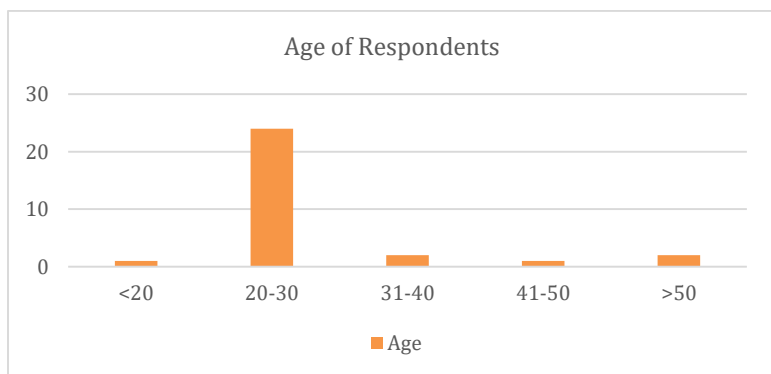
4. OBJECTIVES

- To examine the level of usage and preference of digital payment methods among consumers in local small markets of Agra.
- To identify the major factors that motivate consumers to adopt digital payments in local market transactions.
- To analyse the challenges and barriers faced by consumers while using digital payment systems.

5. DATA ANALYSIS AND INTERPRETATION

5.1 Age of the respondents

Age	Number of respondents	Percentage
<20	1	3.3%
20-30	24	80%
31-40	2	6.7%
41-50	1	3.3%
>50	2	6.7%



Source: Researcher Compiled

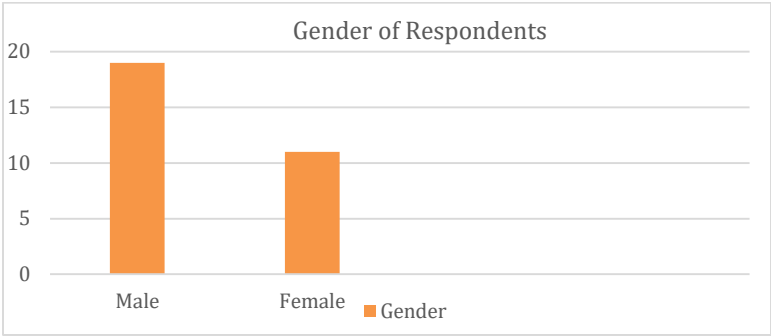
Interpretation:

Out of 30 respondents surveyed, 3.3% respondent's age is below 20 years, 80% respondents age is in between 20-30, 6.7% respondents age is in between 31-40, 3.3% respondents age is in between 41-50 and remaining 6.7% respondents age is above 50 years.

5.2 Gender of the respondents

Gender	Number of respondents	Percentage
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Male	19	63.3%
Female	11	36.7%



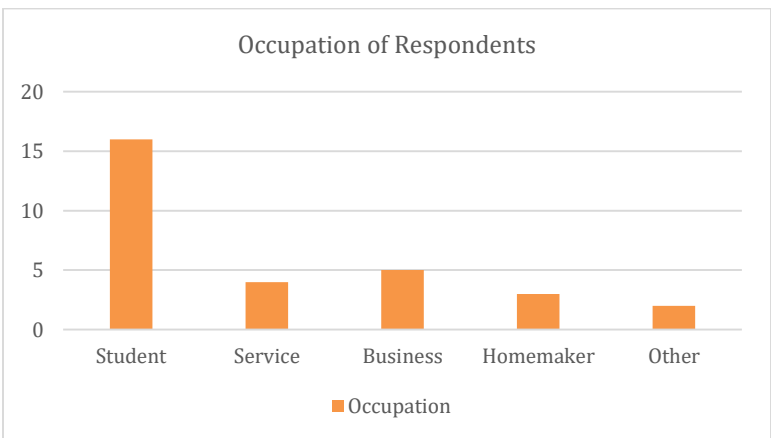
Source: Researcher Compiled

Interpretation:

Out of 30 respondents surveyed, 63.3% are male and 36.7% are female.

5.3 Occupation of the respondents

Occupation	Number of respondents	Percentage
Student	16	53.3%
Service	4	13.3%
Business	5	16.7%
Homemaker	3	10%
Other	2	6.7%



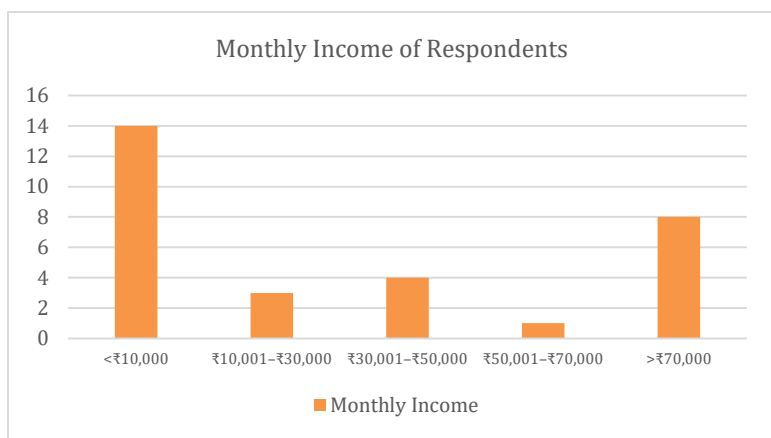
Source: Researcher Compiled

Interpretation:

Out of 30 respondents surveyed, 53.3% respondents are student, 13.3% respondents do service, 16.7% respondents do business, 10% respondents are homemaker and remaining 6.7% respondents are others.

5.4 Monthly income of the respondents

Monthly Income	Number of respondents	Percentage
<₹10,000	14	46.7%
₹10,001–₹30,000	3	10%
₹30,001–₹50,000	4	13.3%
₹50,001–₹70,000	1	3.3%
>₹70,000	8	26.7%



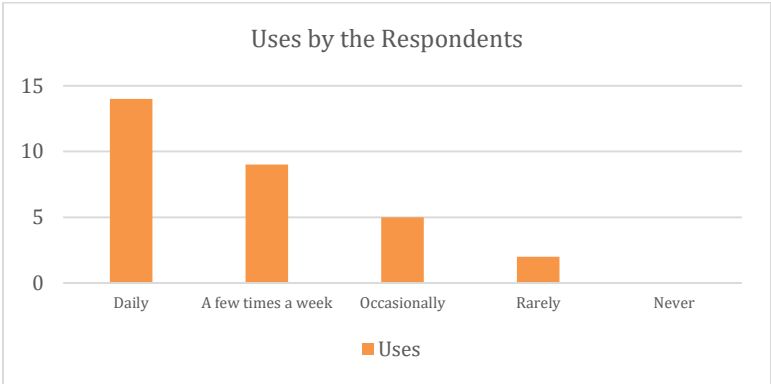
Source: Researcher Compiled

Interpretation:

From the above table it is clear that out of 30 respondents surveyed, 46.7% of respondent's salary is less than ₹10,000, 10% respondent's salary is in between ₹10,001–₹30,000, 13.3% respondent's salary is in between ₹30,001–₹50,000, 3.3% respondent's salary is in between ₹50,001–₹70,000 and 26.7% respondent's salary is above > ₹70,000.

5.5 How frequently do respondents use digital payments (UPI, wallets, cards)

Uses	Number of respondents	Percentage
Daily	14	46.7%
A few times a week	9	30%
Occasionally	5	16.7%
Rarely	2	6.7%
Never	0	0%



Source: Researcher Compiled

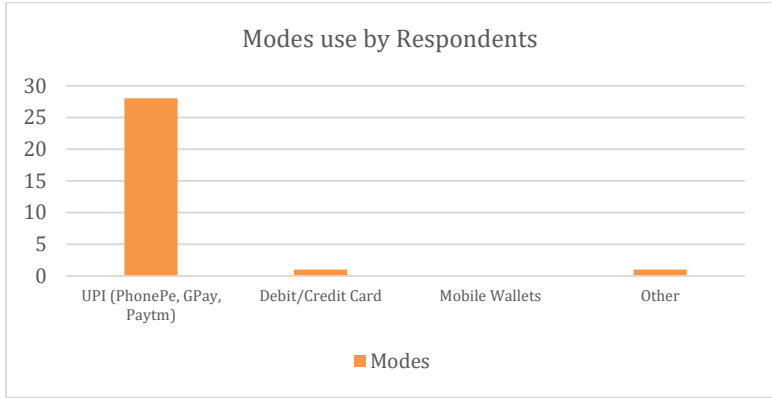
Interpretation:

The data in the above table indicates that out of 30 respondents surveyed, 46.7% of respondents use digital payment mode daily, 30% of respondents use digital payment mode few times a week, 16.7% of respondents use digital payment mode occasionally, 6.7% of respondents use digital payment mode rarely and 0% of respondents never use digital payment mode.

5.6 Which digital payment methods do respondents mostly use

Mode of payments	Number of respondents	Percentage
UPI (PhonePe, GPay, Paytm)	28	93.3%
Debit/Credit Card	1	3.3%
Mobile Wallets	0	0%
Other	1	3.3%

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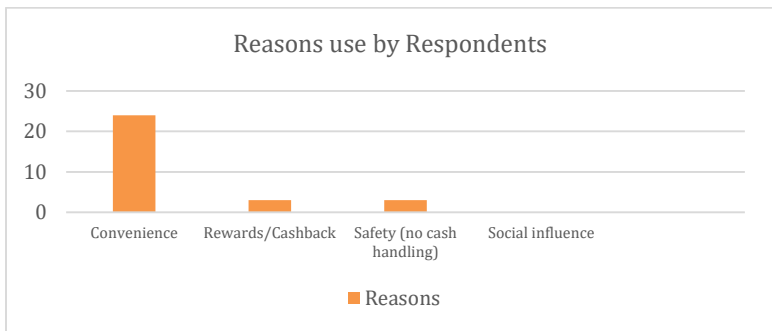
Source: Researcher Compiled

Interpretation:

From the above table it is clear that out of 30 respondents surveyed, 93.3% of respondents use UPI (PhonePe, GPay, Paytm) for payment, 3.3% of respondents use Debit/Credit Card for payment, 0% of respondents use Mobile Wallets and remaining 3.3% use other modes for payment.

5.7 What was the main reason respondents started using digital payments

Reasons	Number of respondents	Percentage
Convenience	24	80%
Rewards/Cashback	3	10%
Safety (no cash handling)	3	10%
Social influence	0	0%



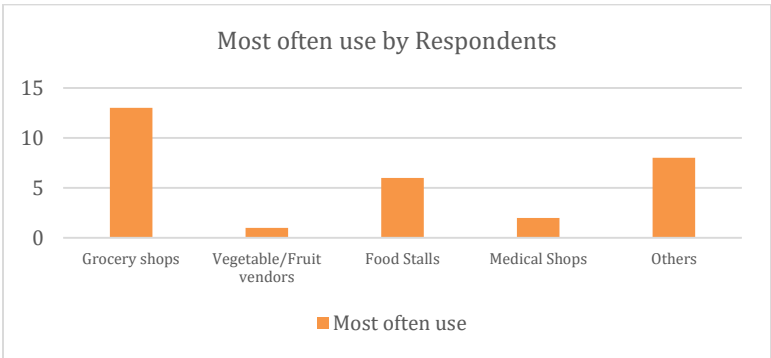
Source: Researcher Compiled

Interpretation:

Out of 30 respondents surveyed, 80% of respondents use digital payment for convenience, 10% of respondents use for rewards/cashback, 10% of respondents use for safety (no cash handling), 0% of respondents have social influence.

5.8 Where do respondents use digital payments most often in local markets

Most often use	Number of respondents	Percentage
Grocery shops	13	43.3%
Vegetable/Fruit vendors	1	3.3%
Food stalls	6	20%
Medical shops	2	6.7%
Others	8	26.7%



Source: Researcher Compiled

Interpretation:

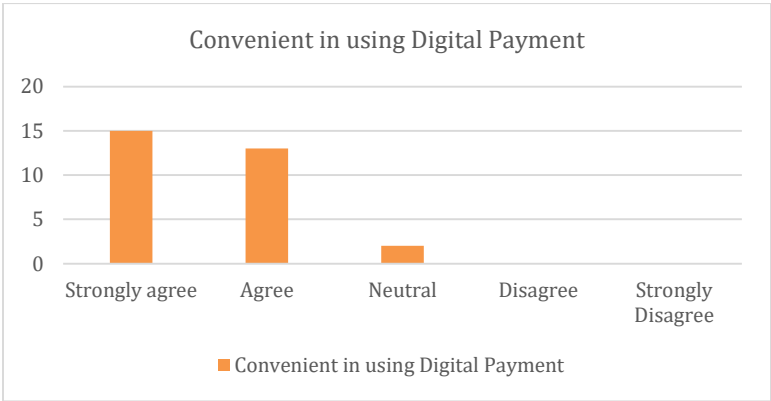
From the above table it is clear that out of 30 respondents surveyed, 43.3% of respondents use digital payment often in grocery shops, 3.3% of respondents use often to vegetable/fruit vendors, 20% of respondents use often to food stalls, 6.7% of respondents use often to medical shops and remaining 26.7% of respondents use for others purpose.

5.9 Do respondents feel digital payments are more convenient than cash

Opinions	Number of respondents	Percentage
Strongly agree	15	50%
Agree	13	43.3%
Neutral	2	6.7%

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Disagree	0	0%
Strongly Disagree	0	0%



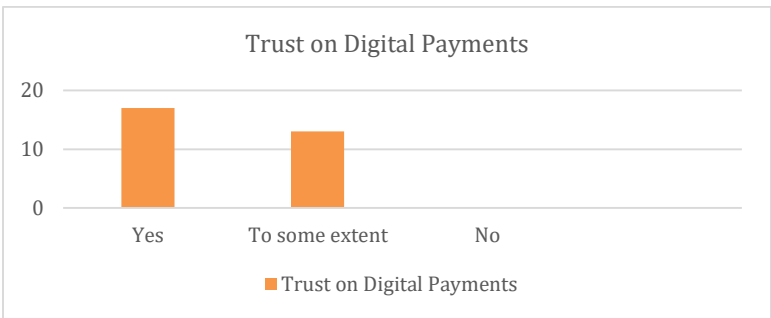
Source: Researcher Compiled

Interpretation:

The data in the above table indicates that out of 30 respondents surveyed, 50% of respondents strongly agree that digital payments are more convenient than cash, 43.3% of respondents agree that it is convenient, 6.7% of respondents are neutral about it and remaining 0% of respondents totally disagree and strongly disagree.

5.10 Do respondents trust digital payments for safety and security?

Responses	Number of respondents	Percentage
Yes	17	56.7%
To some extent	13	43.3%
No	0	0



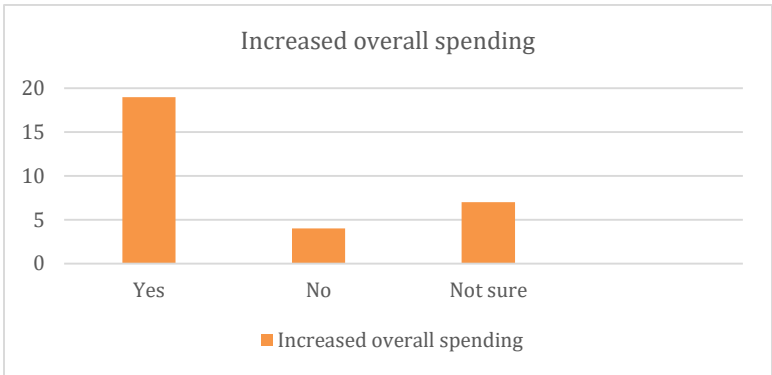
Source: Researcher Compiled

Interpretation:

From the above table it is clear that out of 30 respondents surveyed, 56.7% of respondents trust digital payments for safety and security, 43.3% of respondents trust digital payments for safety and security to some extent and remaining 0% of respondents not trust that digital payments for safety and security.

5.11 Has using digital payments increased respondents overall spending

Responses	Number of respondents	Percentage
Yes	19	63.3%
No	4	13.3%
Not sure	7	23.3%



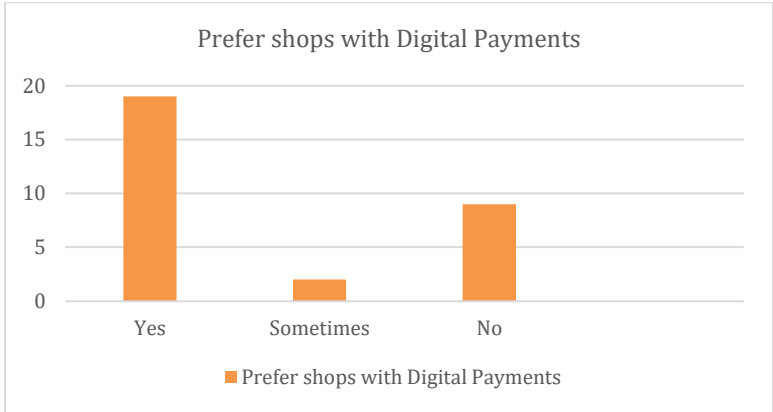
Source: Researcher Compiled

Interpretation:

Out of 30 respondents surveyed, 63.3% of respondents says that digital payments increased their overall spending, 13.3% of respondents says that it doesn't increased their overall spending and remaining 23.3% of respondents are not sure about it.

5.12 Do respondents prefer shops that accept digital payments over those that don't

Responses	Number of respondents	Percentage
Yes	19	63.3%
Sometimes	2	6.7%
No	9	30%



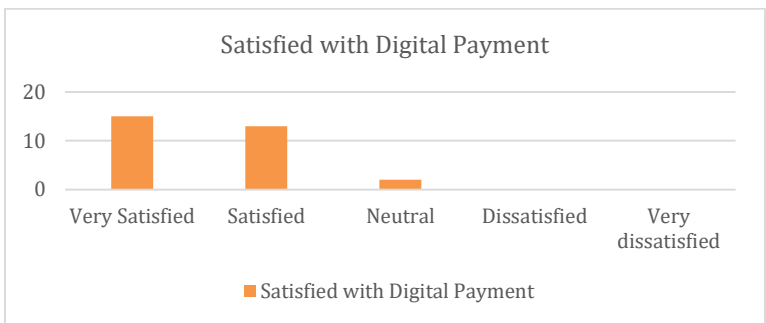
Source: Researcher Compiled

Interpretation:

From the above table it is clear that out of 30 respondents surveyed, 63.3% of respondents prefer shops with digital payments, 6.7% of respondents sometimes prefer shops with digital payments and remaining 30% of respondents doesn't prefer shops with digital payments.

5.13 How satisfied are respondents with digital payment services in Agra's local markets

Opinions	Number of respondents	Percentage
Very Satisfied	15	50%
Satisfied	13	43.3%
Neutral	2	6.7%
Dissatisfied	0	0%
Very dissatisfied	0	0%



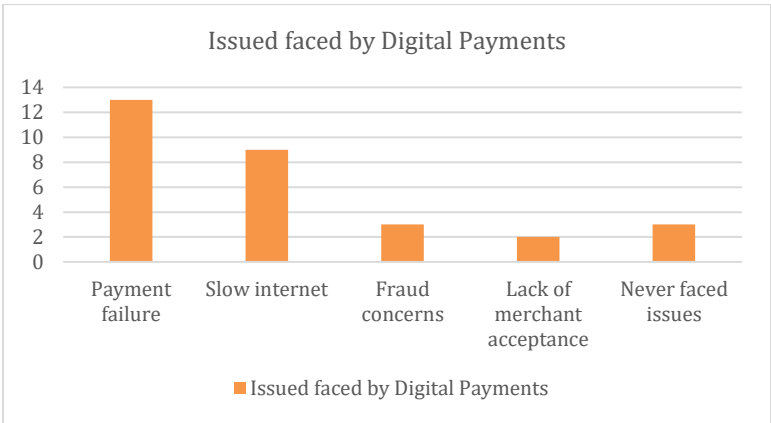
Source: Researcher Compiled

Interpretation:

Out of 30 respondents surveyed, 50% of respondents are very satisfied with digital payment services in Agra’s local markets, 43.3% of respondents are satisfied, 6.7% of respondents are neutral about it and remaining 0% of respondents are dissatisfied and very dissatisfied.

5.14 Have respondents ever faced issues while making digital payments

Issues	Number of respondents	Percentage
Payment failure	13	43.3%
Slow internet	9	30%
Fraud concerns	3	10%
Lack of merchant acceptance	2	6.7%
Never faced issues	3	10%



Source: Researcher Compiled

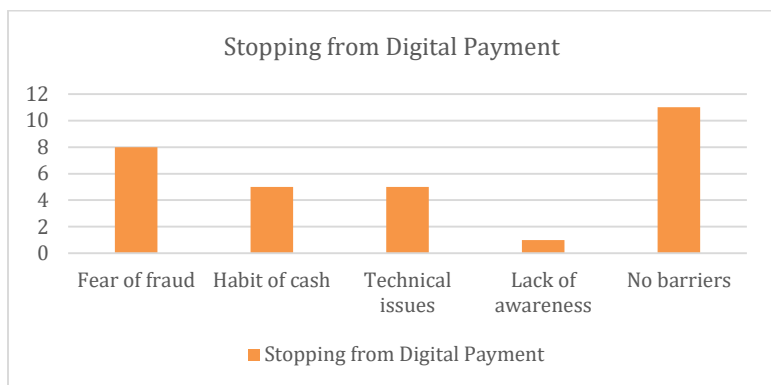
Interpretation:

Out of 30 respondents surveyed, 43.3% of respondents faced payment failure issue while making digital payments, 30% of respondents faced slow internet as issue, 10% of respondents faced fraud concerns as issue, 6.7% of respondents faced lack of merchant acceptance as issue and remaining 10% of respondents never faced any issues.

5.15 What stops respondents from using digital payments more often

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Opinions	Number of respondents	Percentage
Fear of fraud	8	26.7%
Habit of cash	5	16.7%
Technical issues	5	16.7%
Lack of awareness	1	3.3%
No barriers	11	36.7%



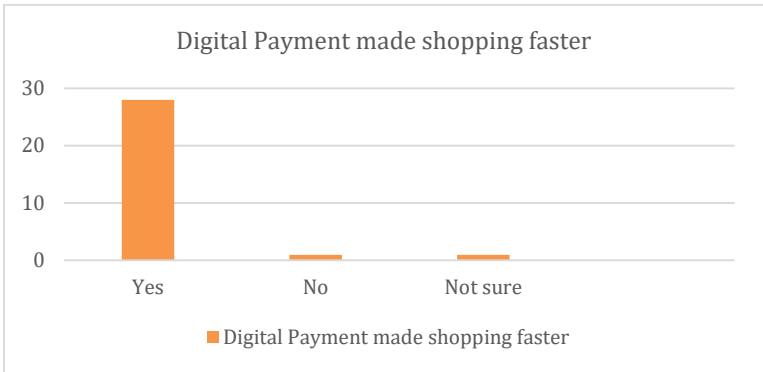
Source: Researcher Compiled

Interpretation:

The data in the above table indicates that out of 30 respondents surveyed, 26.7% of respondent's stops using digital payments more often because of fear of fraud, 16.7% of respondents have habit of cash, 16.7% of respondents faced technical issues, 3.3% of respondents have lack of awareness and remaining 36.7% of respondents have no barriers.

5.16 Do respondents think digital payments have made shopping faster in local markets

Responses	Number of respondents	Percentage
Yes	28	93.3%
No	1	3.3%
Not sure	1	3.3%



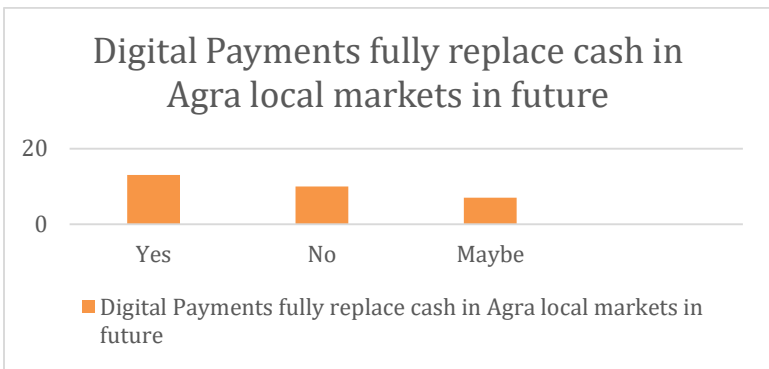
Source: Researcher Compiled

Interpretation:

From the above table it is clear that out of 30 respondents surveyed, 93.3% of respondent think digital payments have made shopping faster in local markets, 3.3% of respondent think it doesn't and remaining 3.3% are not sure.

5.17 Do respondents believe digital payments will fully replace cash in Agra's local markets in the future

Responses	Number of respondents	Percentage
Yes	13	43.3%
No	10	33.3%
Maybe	7	23.3%



Source: Researcher Compiled

Interpretation:

The data in the above table indicates that out of 30 respondents surveyed, 43.3% of respondents believe digital payments will fully replace cash in Agra's local markets in the future, 33.3% of respondents doesn't believe it and remaining 23.3% of respondents says maybe.

6. FINDINGS OF THE STUDY

6.1 Young population dominates digital payments usage

- 80% of respondents are between 20-30 old, are major adopters of digital payments in local markets.
- Students represent the largest user group (53.3%), shows strong adoption among the youth.

6.2 UPI is the most preferred payment method

- A massive 93.3% respondents use UPI apps (PhonePe, Google Pay, Paytm).
- Debit/credit cards and mobile wallets are barely used, confirming UPI dominance in small market transactions.

6.3. Digital payments are frequently used

- 46.7 % use digital payments daily and 30% use them several times a week.
- No respondent reported never using digital payments which demonstrating nearly total adoption within the sample.

6.4 Convenience is the primary factor for adoption

- 80% started using digital payments for convenience.
- Cashback and safety are secondary motivators.
- Social influence played almost no role.

6.5 Digital payments are widely used in routine local shopping

- The majority of usage takes place in grocery stores (43.3%), followed by food stalls and other daily purchases.
- This proves adoption even for small-value transactions.

6.6. Strong perception of convenience and satisfaction

- 93.3% believe digital payments make shopping faster.

- 93.3% agree digital payments are more convenient than cash.
- 93.3% are satisfied or very satisfied with digital payment services.

6.7. Moderate trust but still some concerns

- 56.7% fully trust digital payments.
- 43.3% trust them only to some extent.
- This shows trust is improving but not complete.

6.8. Digital payments influence spending behavior

- 63.3% said their spending increased after using digital payments.
- Indicates ease of payment encourage more purchases.

6.9. Digital payment acceptance affects shop preference

- 63.3% prefer shops that accept digital payments.
- This is pushing small vendors to adopt QR payments to stay competitive.

6.10. Common problems faced by users

- Payment failure 43.3% and slow internet 30% are the biggest issues.
- Fraud concerns exist but are relatively lower 10%

6.11. Barriers for wider adoption still exist

- Fear of fraud 26.7% is biggest barrier.
- Habit of cash and technical issues are also important.
- However, 36.7% reported no obstacles, reflecting increasing acceptance.

6.12. Future outlook: Digital payments will increase, yet cash will persist

- 43.3% believe cash will completely replace by digital payments.
- 33.3% do not agree and 23.3 % are unsure.
- This suggests a hybrid cash + digital future.

7. CONCLUSION

The present study examined how consumer behaviour has changed regarding digital payments in local small markets of Agra City. The findings show that digital payment systems have moved beyond urban

areas and are now deeply impacting daily transactions in conventional local markets. The shift from cash to digital payment methods is no longer limited to large purchases or organised retail; instead, it has become a regular aspect of everyday expenditures for groceries, food stalls, and other low-value purchases.

The research highlights that convenience continues to be the primary driver of digital payment adoption. The majority of participants prefer digital transactions because they are quicker, more convenient, and remove the necessity to carry cash. The dominance of UPI-based apps shows how straightforward and user-friendly technology has accelerated adoption even among consumers who previously relied on cash before. The research also demonstrates that younger consumers, particularly students and those aged 20-30 are main contributors of this change, indicating that digital behaviour is strongly influenced by technological knowledge and experience.

At the same time, the research reveals that this change is still evolving. While trust in digital payments is improving, issues related about fraud, payment failures and internet connectivity remain a barrier in full adoption. The habit of utilizing cash is still remains deeply established among a portion of consumers. These challenges indicate that the transition toward a completely cashless society is progressive rather than instant.

Another important outcome of the research is the impact of digital payments on local businesses. Consumers mostly prefer shops that accept digital payments, which prompting small vendors to adopt QR based payment systems to remain competitive. This mutual shift between consumer expectations and vendor practices is transforming the dynamics of local markets and improving transaction efficiency.

Overall, the research concludes that digital payments are gradually changing consumer habits in Agra's local small markets, but a hybrid system of cash and digital transactions will likely continue in the near future. Ongoing initiatives in digital literacy, stronger security measures, upgraded internet infrastructure, and awareness programs are crucial for building trust and promoting inclusive growth. With consistent development in these areas, digital payments can further improve financial inclusion, transparency, and the long-term growth of local market economies.

8. REFERENCE

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