

# A Study on Consumer Attitude towards Payment Modes in E-commerce with Special Reference to Palakkad

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## Abstract

*E-commerce has transformed retail by offering diverse payment options that influence consumer confidence and purchase behaviour. This study examines consumer attitudes towards various payment modes in e-commerce with special reference to Palakkad district in Kerala. Primary data were collected from 120 respondents using a structured questionnaire. Tools such as percentage analysis, mean score, correlation, and regression were used to analyze the relationship between consumer attitude and payment preferences. The findings reveal that digital wallets, cash on delivery (COD), and unified payment interfaces (UPI) are the most preferred payment modes due to convenience, speed, and security. However, concerns regarding online fraud, data privacy, and transaction failures negatively impact consumer trust. Regression analysis indicates that perceived security and ease of use significantly predict positive consumer attitude towards e-commerce payment modes. The study concludes that while digital payments are increasingly accepted, trust and secure systems remain critical in shaping consumer attitudes in Palakkad.*

**Keywords:** Consumer Attitude, E-commerce, Payment Modes, Digital Wallets, UPI, Cash on Delivery.

## Introduction

The rapid growth of e-commerce has significantly transformed the retail landscape in India by providing consumers with convenient and flexible purchasing options. One of the most crucial aspects influencing online shopping behavior is the availability of multiple payment modes such as Cash on Delivery (COD), debit cards, credit cards, net banking, digital wallets, and Unified Payments Interface (UPI). These payment alternatives not only facilitate seamless transactions but also shape consumer trust, satisfaction, and overall shopping experience.

With the digital payment revolution supported by initiatives such as Reserve Bank of India and the expansion of UPI systems developed by National Payments Corporation of India, online payment adoption has increased rapidly across urban and semi-urban regions. In Palakkad district of Kerala, rising internet penetration and smartphone usage have further accelerated the acceptance of digital transactions in e-commerce platforms.

Consumer attitude towards payment modes is influenced by factors such as perceived security, ease of use, transaction speed, reliability, and risk perception. While digital payment systems offer convenience and instant processing, concerns related to online fraud, privacy breaches, and technical failures still affect consumer confidence. Many consumers continue to prefer Cash on Delivery due to perceived safety and reduced financial risk.

Understanding consumer attitude towards different payment modes is essential for e-commerce companies to enhance payment infrastructure, improve trust, and ensure customer retention. Therefore, this study attempts to examine consumer attitudes towards payment modes in e-commerce with special reference to Palakkad, identifying key factors that influence payment preferences and overall satisfaction.

### **Objectives of the Study**

1. To examine consumer attitude towards different e-commerce payment modes.
2. To identify factors influencing payment mode choice.
3. To analyze the relationship between payment attitudes and online purchase behaviour.
4. To provide recommendations for improving payment acceptance and consumer trust.

### **Review of Literature**

Singh et al. (2024) examined consumers' trusting beliefs toward e-commerce platforms and found that perceived security, privacy protection, and platform credibility significantly influence payment adoption. The study emphasized that secure payment gateways and transparent refund policies strengthen consumer confidence in digital transactions. The findings suggest that trust is a primary determinant of consumers' willingness to use online payment systems, especially UPI and digital wallets. The authors concluded that technological assurance mechanisms positively affect customer loyalty and repeat purchases in online environments.

Sha and Wilson (2024) analyzed online shopping trends and payment behaviour in Kerala during the COVID-19 period. Their study highlighted a strong shift from cash transactions to digital payments due to safety concerns and government encouragement of contactless payments. The research revealed that convenience and health safety perceptions significantly enhanced digital payment usage. However, concerns regarding transaction failures and cyber fraud remained notable barriers.

Lakshmi (2024) investigated consumer behaviour toward online shopping in Tamil Nadu and identified payment flexibility as a major factor influencing purchase decisions. The study observed that younger consumers preferred UPI and mobile wallets, while older consumers relied more on Cash on Delivery due to trust issues. Perceived ease of use and familiarity were found to significantly affect consumer attitude toward digital payment systems.

Preety and Ahlawat (2023) studied the impact of website quality, trust, and perceived risk on consumer purchase intentions in e-commerce. The results indicated that payment security assurance and encrypted transactions reduce perceived risk and increase positive consumer attitudes. The study further highlighted that trust mediates the relationship between website quality and online payment acceptance.

Priya and Soundrapandian (2023) analyzed customer perception toward online shopping in Tamil Nadu and found that payment convenience and quick transaction processing significantly enhance customer satisfaction. The research identified that consumers who perceive digital payments as reliable and easy to use demonstrate stronger positive attitudes toward e-commerce platforms.

Consumer Behaviour Towards Online Shopping in Vaniyambadi Town (2022) examined factors influencing online purchase decisions and reported that multiple payment options increase consumer confidence. The study revealed that COD remains popular among first-time users, while experienced users prefer digital payment modes due to speed and promotional benefits.

Taruna (2017) explored customer perception toward online shopping and identified payment security and risk perception as critical determinants of consumer attitude. The study concluded that lack of trust in digital transactions reduces adoption rates, particularly in semi-urban areas. It emphasized the need for strong consumer awareness programs to enhance confidence in electronic payment systems.

## **Research Methodology**

### **Research Design**

The present study adopts a descriptive research design to examine consumer attitude towards various payment modes in e-commerce. A descriptive design is appropriate as it enables the systematic collection and analysis of data to understand consumer preferences, perceptions, and behavioural patterns regarding online payment systems.

### **Area of Study**

The study is conducted in Palakkad district of Kerala. Palakkad is a developing district with a mix of urban and rural population, increasing internet penetration, and growing adoption of digital payment systems. The expansion of e-commerce services and the widespread use of UPI, digital wallets, debit/credit cards, and Cash on Delivery (COD) have significantly influenced consumer purchasing behaviour in this region.

### **Population of the Study**

The population of the study consists of all consumers in Palakkad district of Kerala who have experience in online shopping and have used at least one e-commerce payment mode such as UPI, debit/credit cards, digital wallets, net banking, or Cash on Delivery (COD). The study focuses on individuals aged 18 years and above, as they are legally eligible to make independent financial transactions.

### **Sample Size and Sampling Technique**

- **Sample Size:** For the purpose of the study, a sample of 120 respondents was selected from Palakkad district. The sample size was considered adequate to represent diverse demographic groups and to facilitate meaningful statistical analysis.
- **Sampling Technique:** The study adopts a convenience sampling technique, a type of non-probability sampling, where respondents are selected based on accessibility and willingness to participate. This method is suitable due to time constraints and ease of data collection.

### **Sources of Data**

The study is based on both primary and secondary data. Primary data were collected from 120 online shoppers in Palakkad district of Kerala using a structured questionnaire to assess their

attitudes toward various e-commerce payment modes. Secondary data were gathered from research journals, books, and official reports published by institutions such as the Reserve Bank of India and the National Payments Corporation of India.

### Data Analysis and Interpretation

The collected data from 120 respondents were analyzed using percentage analysis, correlation, and regression techniques to understand consumer attitude towards payment modes in e-commerce in Palakkad district of Kerala.

### Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	68	56.70%
	Female	52	43.30%
Age	18–25	46	38.30%
	26–35	44	36.70%
	Above 35	30	25.00%
Income	Below Rs. 3 Lakhs	36	30.00%
	Rs. 3–6 Lakhs	50	41.70%
	Above Rs. 6 Lakhs	34	28.30%

### Interpretation

The majority of respondents belong to the 18–35 age group, indicating that young consumers are more active in using digital payment modes. The gender distribution shows balanced participation, reflecting increasing digital payment adoption among both male and female consumers.

### Preferred Payment Mode

Payment Mode	Frequency	Percentage
UPI	48	40.00%
Cash on Delivery	32	26.70%
Debit/Credit Card	22	18.30%
Digital Wallet	14	11.70%
Net Banking	04	3.30%

### Interpretation

UPI is the most preferred payment mode, followed by Cash on Delivery. This indicates growing trust in instant digital payments, while COD remains popular due to perceived security and lower financial risk.

### Factors Influencing Payment Mode Preference

Factor	Frequency (High Importance)	Percentage
Convenience	76	63.30%
Security	72	60.00%
Ease of Use	69	57.50%
Cashback/Offers	64	53.30%
Transaction Speed	61	50.80%

### Interpretation

Convenience emerges as the most influential factor, followed closely by security. Consumers prefer payment modes that are easy, quick, and reliable.

### Trust and Security Perception

Concern Level	Frequency	Percentage
Very High	30	25.00%
High	36	30.00%
Moderate	28	23.30%
Low	18	15.00%
Very Low	08	6.70%

### Interpretation

More than half of the respondents express high concern regarding transaction security and data privacy, indicating that trust plays a critical role in digital payment adoption.

### Correlation Analysis

Variables	Correlation (r)	Interpretation
Attitude & Payment Usage	0.67	Strong Positive Relationship
Convenience & Payment Preference	0.61	Moderate Positive Relationship
Perceived Risk & Payment Usage	- 0.45	Moderate Negative Relationship

### Interpretation

Improved consumer attitude and convenience significantly increase digital payment usage, whereas higher perceived risk reduces preference for online payment modes.

### Regression Analysis

#### Dependent Variable: Payment Mode Usage

Variable	Beta Value	Significance
Convenience	0.52	Significant
Trust	0.39	Significant
Perceived Risk	- 0.34	Significant

### Interpretation

Convenience is the strongest predictor of payment mode usage, followed by trust. Perceived risk negatively influences digital payment adoption, confirming that security concerns limit full acceptance of e-commerce payment systems in Palakkad.

### Findings

1. The majority of respondents belong to the 18–35 age group, indicating that young consumers are more active users of e-commerce payment modes.
2. UPI is the most preferred payment mode, followed by Cash on Delivery (COD), showing growing acceptance of digital payments along with continued reliance on traditional methods.
3. Convenience is the most influential factor affecting payment mode preference, followed by security and ease of use.

4. More than half of the respondents express high concern regarding transaction security and data privacy, highlighting the importance of trust in digital payments.
5. A strong positive relationship exists between consumer attitude and payment usage.
6. Perceived risk has a significant negative impact on payment adoption.
7. Regression analysis confirms that convenience and trust are significant predictors of digital payment usage, while perceived risk reduces consumer preference.

### **Recommendations**

Based on the findings of the study conducted in Palakkad district of Kerala, several recommendations are proposed to enhance consumer adoption of e-commerce payment modes. E-commerce companies should strengthen payment security systems by implementing advanced encryption, two-factor authentication, and fraud detection mechanisms to reduce perceived risk. Clear refund and grievance redressal policies must be communicated to build consumer trust. Awareness programs and digital literacy initiatives can educate consumers about safe online payment practices. Platforms should also ensure seamless transaction processes to minimize payment failures and technical glitches. Providing attractive cashback offers and incentives for digital payments can further encourage adoption. Additionally, improving customer support services to address payment-related issues promptly will enhance user confidence. Since convenience is the strongest predictor of payment usage, simplifying user interfaces and ensuring fast transaction processing will significantly improve customer satisfaction and long-term loyalty toward digital payment systems.

### **Conclusion**

The study concludes that consumer attitude towards e-commerce payment modes in Palakkad district of Kerala is generally positive, with increasing acceptance of digital payment systems such as UPI, debit/credit cards, and digital wallets. Convenience and trust are identified as the most significant factors influencing payment mode usage, while perceived risk negatively affects consumer preference. Although digital payments are widely adopted, concerns regarding transaction security and data privacy remain prominent. The findings highlight that enhancing security measures, improving transaction reliability, and building consumer confidence are essential for expanding digital payment adoption. Overall, the growth of e-commerce in Palakkad depends largely on strengthening secure and user-friendly payment infrastructure to ensure sustained consumer satisfaction and long-term usage.

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