

ADOPTION OF DIGITAL PAYMENT IN SMALL BUISNESS IN COIMBATORE

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ABSTRACT

This study aims to explore the adoption of digital payment systems among small businesses in Coimbatore. With the growing emphasis on a cashless economy, digital payments have become an essential part of daily business transactions. The study focuses on analyzing the attitudes of small business owners towards digital payment systems, identifying the key factors influencing their preference, measuring their level of satisfaction, and understanding the challenges they face. Data was collected through surveys and interactions with local business owners, revealing that while many have adopted digital payment methods due to convenience, customer demand, and efficiency, some still face obstacles such as lack of technical knowledge, network issues, and concerns about transaction charges. The findings suggest that with proper awareness, training, and support, digital payment adoption in Coimbatore's small business sector can be significantly enhanced, leading to more efficient and transparent business practices.

Key words Digital payments, Small business, UPI, Cashless economy.

INTRODUCTION

Explore the adoption of digital payment systems among small businesses in Coimbatore. With the growing emphasis on a cashless economy, digital payments have become an essential part of daily business transactions. The study focuses on analyzing the attitudes of small business owners towards digital payment systems, identifying the key factors influencing their preference, measuring their level of satisfaction, and understanding the challenges they face. Data was collected through surveys and interactions with local business owners, revealing that while many have adopted digital payment methods due to convenience, customer demand, and efficiency, some still face obstacles such as lack of technical knowledge, network issues, and concerns about transaction charges. The findings suggest that with proper awareness, training, and support, digital payment adoption in Coimbatore's small business sector can be significantly enhanced, leading to more efficient and transparent business practices.

OBJECTIVES OF STUDY

- To analyse the small businesses attitudes towards digital payment system in coimbatore
- To determine the factors that influence the Small business owners to prefer a digital payment systems in coimbatore
- To ascertain the level of satisfaction of Small business owners towards digital payment systems
- To identify the problem faced by the Small business owners using digital payment system

RESEARCH METHODOLOGY

The research methodology adopted for this study is primarily descriptive and analytical in nature. Both primary and secondary data sources were used to collect relevant information. Primary data was gathered through structured questionnaires and interviews conducted with small business owners across various sectors in Coimbatore, such as street vendors, grocery stores, beauty parlours, medical shops, and stationery shops. Convenience sampling was used to select respondents, ensuring a diverse representation of businesses. Secondary data was obtained from journals, articles, government reports, and online sources related to digital payment systems and small business adoption. The collected data was analyzed to understand the level of digital payment adoption. And I used simple percentage and Litert scale tools

REVIEW OF LITERATURE

Ravikumar and Kumar (2025) conducted a study on “The awareness and adoption levels of digital payment methods among small businesses in Coimbatore”. The study found that while awareness levels were relatively high due to government initiatives like Digital India and demonetization, actual adoption remained moderate. The primary barriers included concerns over transaction security, additional costs associated with digital payment platforms, and the lack of technological literacy among small business owners. Additionally, the study revealed that businesses with younger entrepreneurs were more likely to adopt digital payments, as they were more comfortable with technology. However, traditional businesses that relied on older customer bases still preferred cash transactions. The research suggested that providing financial incentives, such as reduced transaction fees or tax benefits, could significantly increase digital payment adoption among small enterprises.

Sivasankari (2025) explored The digital payment systems affected small businesses in Coimbatore, focusing on operational efficiency and customer satisfaction. The study revealed that businesses that transitioned to digital payments experienced a significant reduction in cash- handling costs and an increase in transaction efficiency. Additionally, digital payments helped in maintaining proper financial records, which in turn improved business planning and credit accessibility from banks. However, the study also highlighted challenges such as high setup costs, unreliable internet connectivity, and reluctance from customers who were still accustomed to cash transactions. The research recommended that financial institutions and fintech companies should provide tailored training programs to small businesses to ensure a smooth transition to digital payments.

Banurekha and Pragadeeswaran (2023) analysed Customer satisfaction levels with digital payment services in Coimbatore. The research found that ease of use, transaction speed, and security were the primary factors influencing customer satisfaction. While most customers appreciated the convenience of digital payments, concerns over cyber fraud and failed transactions discouraged some from fully embracing cashless transactions. The study also noted that government initiatives such as UPI (Unified Payments Interface) and incentives like cashback offers played a crucial role in encouraging customers to shift to digital payments. The authors recommended further improvements in cybersecurity measures and the introduction of more localized digital payment solutions catering to small vendors.

PROFILE OF THE STUDY

Digital Payment refers to transactions that are made electronically without the use of physical cash. It allows individuals and businesses to send or receive money using digital platforms like mobile apps, internet banking, or cards. Digital payments are fast, convenient, and secure, making them an essential part of today's economy. In India, popular digital payment methods include UPI (Unified Payments Interface), mobile wallets (like Paytm, Google Pay), debit/credit cards, QR code payments, and internet banking. With the rise of smartphones and internet access, digital payments have become widely used even in small businesses, helping to promote transparency and efficiency.

DATA ANALYSIS AND INTERPRETATION

SIMPLE PERCENTAGE

HAVE YOU ADOPT DIGITAL PAYMENTS IN YOUR BUISNESS

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE%
1	YES	119	91.5%
2	NO	11	8.5%
	TOTAL	130	100

(SOURCE PRIMARY DATA)

INTERPRETATION

Table showing adoption of digital payment in small business survey 91.5% of the respondents are yes, 8.5% of the respondents are no. **Majority of the respondent are yes to adopted digital payment.**

LIKERT SCALE

TABLE SHOWING SATIFICATION OF DIGITAL PAYMENT SYSTEM

S.NO	PARTICULARS	NO. OF RESPONDENTS	LIKERT SCALE VALUE	TOTAL
1	VERY SATISFIED	40	5	200
2	SATISFIED	55	4	220
3	NEUTRAL	29	3	87
4	DISSATISFIED	4	2	8
5	VERY DISSATISFIED	1	1	1
	TOTAL	130		516

(SOURCE PRIMARY DATA)

$$\sum FX / \text{Total number of respondents}$$

$$= 516 / 130$$

$$= 3.96$$

INTERPRETATION

As a result of Likert scale analysis it was determine there have some of adoption of digital payment in small business survey . **Likert scale value 3.96 is lesser than mid value**

(3). So They satisfied to using Digital payment

FINDINGS

- Majority of the respondent are yes to adopted digital payment.
- Likert scale value 3.96 is lesser than mid value (3). So They satisfied to using digital payment

CONCLUSION

The study on the adoption of digital payment systems among small businesses in Coimbatore reveals that there is a growing acceptance and positive attitude toward digital transactions. Most small business owners recognize the benefits of digital payments, including convenience, faster transactions, improved record-keeping, and enhanced customer satisfaction. The adoption is mainly influenced by factors such as ease of use, customer preference, and availability of reliable internet connectivity. However, some business owners still face challenges like technical issues, lack of digital literacy, and concerns about transaction charges. Despite these obstacles, the overall level of satisfaction among users is relatively high, indicating a strong shift toward a digital economy. With continued awareness programs and proper support from financial institutions and the government, the adoption of digital payments in Coimbatore's small business sector is expected to grow even further in the coming years.

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