

# Digital Wallet Adoption among Youth Consumers

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**Abstract:** *Digital wallets have emerged as a significant component of the modern financial system, particularly among youth consumers who are more receptive to technological innovation and cashless transactions. This study examines the factors influencing digital wallet adoption among young consumers, with special reference to convenience, security, ease of use, promotional benefits, and trust in digital payment platforms. The research highlights how increasing smartphone penetration, internet accessibility, and government initiatives toward a cashless economy have accelerated the use of digital wallets among the younger population. It also explores the impact of digital wallets on consumer spending behavior, financial management, and purchasing decisions. The study is important because youth represent a major segment of digital payment users and future financial decision-makers. The findings suggest that digital wallet adoption is shaped by both technological and behavioral factors, and that improved awareness, user experience, and cybersecurity measures can further strengthen acceptance and usage among youth consumers in the digital economy*

**Keywords:** Digital Wallets, Youth Consumers, Cashless Economy

## I. INTRODUCTION

Digital wallet adoption has become an important aspect of the contemporary financial and consumer landscape. A digital wallet is an electronic payment system that allows users to store money digitally, make online and offline payments, transfer funds, and manage transactions through mobile applications or internet-based platforms. In recent years, the use of digital wallets has increased rapidly, especially among youth consumers, who are more comfortable with smartphones, internet technology, and digital services. The growing popularity of platforms such as Google Pay, PhonePe, Paytm, and similar applications has transformed the traditional mode of financial transactions into a faster, easier, and more convenient process.

Youth consumers represent a highly significant segment in the digital economy because they are early adopters of innovation and are more willing to experiment with new technologies. Their preference for convenience, speed, cashback offers, discounts, and contactless transactions has contributed to the widespread acceptance of digital wallets. At the same time, factors such as perceived security, trust, digital literacy, and ease of use also play an important role in shaping their adoption behavior.

The increasing penetration of smartphones, affordable internet access, and supportive government initiatives promoting digital payments have further strengthened this trend. However, concerns relating to privacy, fraud, and cyber security still influence usage decisions. Therefore, the study of digital wallet adoption among youth consumers is relevant for understanding changing financial habits and consumer behavior. It also helps identify the opportunities and challenges associated with the growing shift toward a cashless and digitally connected economy.

### *Significance of the Study*

This study is significant because it examines the growing adoption of digital wallets among youth consumers, who form an important segment of the digital economy. It helps in understanding the factors that influence their preference



for cashless transactions, such as convenience, security, trust, promotional benefits, and ease of use. The study is useful for researchers, policymakers, financial institutions, and digital payment service providers in identifying user behavior and improving digital financial services. It also contributes to knowledge regarding changing consumption patterns, financial inclusion, and technological acceptance, thereby offering valuable insights into the future growth of digital payment systems.

#### ***Limitations of the Study***

This study is subject to certain limitations. It mainly focuses on youth consumers, and therefore the findings may not be applicable to other age groups with different payment preferences and digital literacy levels. The study may be based on a limited sample size and a specific geographic area, which can affect the generalizability of the results. It also relies on respondents' personal opinions and self-reported behavior, which may involve bias or inaccuracy. Further, the rapidly changing nature of digital payment technology, market trends, and security features may influence adoption patterns over time, making the findings limited to the period of study.

#### ***Research Gap***

Although digital wallets have gained wide acceptance in recent years, limited studies specifically examine their adoption among youth consumers in a focused and comprehensive manner. Many existing studies discuss digital payments in a general context, without giving adequate attention to the behavioral, technological, and economic factors influencing youth adoption. There is also insufficient research on how convenience, trust, security concerns, promotional offers, and ease of use collectively affect the preferences of young users. Further, the changing digital environment and rapid growth of cashless transactions create a need for updated analysis. Therefore, this study attempts to fill this gap by providing a focused examination of digital wallet adoption among youth consumers.

#### ***Statement of the Problem***

The rapid growth of digital payment systems has changed the manner in which consumers conduct financial transactions. Among these systems, digital wallets have become highly popular due to their convenience, speed, and accessibility. Youth consumers, being more familiar with smartphones and internet-based applications, are increasingly adopting digital wallets for daily transactions. However, the level of adoption is not uniform among all young users. Their acceptance of digital wallets is influenced by several factors such as perceived security, trust, ease of use, promotional benefits, digital literacy, and awareness.

At the same time, concerns relating to privacy, cyber fraud, technical issues, and lack of confidence in digital platforms continue to affect usage behavior. Despite the increasing importance of digital wallets, there remains a need to understand the specific reasons behind their adoption or non-adoption among youth consumers. Therefore, the problem of the study is to examine the factors influencing digital wallet adoption among youth consumers and to analyze how these factors shape their payment behavior in the evolving digital economy.

#### ***Objectives:***

To examine the factors influencing the adoption of digital wallets among youth consumers.

To analyze the impact of convenience, security, trust, and promotional benefits on the usage behavior of youth consumers toward digital wallets.

#### ***Hypotheses:***

**1. H0:** There is no significant relationship between the identified factors and the adoption of digital wallets among youth consumers.

**H1:** There is a significant relationship between the identified factors and the adoption of digital wallets among youth consumers.

**2. H0:** Convenience, security, trust, and promotional benefits do not significantly affect the usage behavior of youth consumers toward digital wallets.

**H1:** Convenience, security, trust, and promotional benefits significantly affect the usage behavior of youth consumers toward digital wallets.



## II. REVIEW OF LITERATURE

1. Madan and Yadav (2016) examined the behavioural intention of consumers to adopt mobile wallets in a developing country perspective. The study identified important determinants such as perceived usefulness, perceived ease of use, compatibility, social influence, and security concerns in shaping adoption intention. The authors found that consumers are more likely to use mobile wallets when they perceive them as convenient, user-friendly, and suitable to their lifestyle and payment needs. The research is significant because it provides an early understanding of digital payment adoption in emerging economies like India. It is relevant to the present study as it highlights the major behavioural factors influencing youth consumers' acceptance of digital wallet services.<sup>1</sup>
2. Kumar, Adlakaha, and Mukherjee (2018) studied the effect of perceived security and grievance redressal on consumers' continuance intention to use mobile wallets in a developing country. The study found that security plays a vital role in building user trust and encouraging continued usage of digital wallet services. It also highlighted that an effective grievance redressal system positively influences consumer confidence by assuring timely resolution of transaction-related issues. The research is important because it moves beyond initial adoption and focuses on sustained usage behavior. It is highly relevant to the present study, as youth consumers also value secure transactions, prompt support, and reliable service while using digital wallets.<sup>2</sup>
3. Singh, Sinha, and Liébana-Cabanillas (2020) examined the major factors influencing the adoption and recommendation of mobile wallet services in India. The study emphasized the role of consumer innovativeness, social influence, and stress to use in shaping behavioral intention. It found that innovative users are more likely to adopt and recommend mobile wallets, while positive social influence from peers and society also encourages acceptance. At the same time, stress or difficulty in using technology may reduce adoption intention. This study is highly relevant to the present research because youth consumers are often influenced by digital trends, peer groups, and new technology, which directly affect their digital wallet usage and recommendation behavior.<sup>3</sup>
4. Kapoor, Sindwani, Goel, and others (2022) examined mobile wallet adoption intention during the COVID-19 pandemic by proposing a novel conceptual framework. The study explained that the pandemic created a strong preference for contactless and digital payment methods due to health concerns, convenience, and social distancing measures. It highlighted that factors such as perceived usefulness, safety, digital readiness, and external environmental conditions significantly influenced the intention to adopt mobile wallets. The research is relevant to the present study because youth consumers rapidly adapted to digital payment systems during this period. It shows that digital wallet adoption is shaped not only by technology-related factors but also by situational and social circumstances.<sup>4</sup>
5. Baxi, Vora, and others (2024) examined consumers' digital wallet adoption through an integrated Task-Technology Fit and UTAUT approach. The study explained that adoption intention increases when digital wallet features match the users' payment needs and daily transaction requirements. It identified task-technology fit, effort expectancy, hedonic motivation, and cost as important determinants of behavioural intention toward digital wallet use. The research is valuable because it combines technological suitability with user acceptance theory to provide a broader understanding of adoption behaviour. It is relevant to the present study since youth consumers prefer payment applications that are easy, useful, engaging, and economical in meeting their routine financial activities.<sup>5</sup>

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<sup>1</sup> Madan and Yadav (2016)

<sup>2</sup> Kumar, Adlakaha, and Mukherjee (2018)

<sup>3</sup> Singh, Sinha, and Liébana-Cabanillas (2020)

<sup>4</sup> Kapoor, Sindwani, Goel, and others (2022)

<sup>5</sup> Baxi, Vora, and others (2024)



### **III. RESEARCH METHODOLOGY**

The present study is based on the topic “**Digital Wallet Adoption among Youth Consumers.**” The research methodology has been designed to examine the factors influencing the adoption and usage of digital wallets among young consumers in a systematic and scientific manner.

#### **Research Design:**

The study is **descriptive and analytical** in nature. It seeks to describe the behavior of youth consumers toward digital wallets and analyze the factors affecting their adoption.

#### **Type of Data:**

The study is based on **primary and secondary data**. Primary data is collected directly from respondents through a structured questionnaire. Secondary data is collected from journals, research articles, books, websites, and reports related to digital payments and consumer behavior.

#### **Sampling Method:**

The study uses a **convenience sampling method** for selecting respondents. This method is suitable because it allows easy access to youth consumers who actively use smartphones and digital payment applications.

#### **Sample Size:**

The total sample size of the study is **100 respondents**. The respondents are youth consumers belonging to the age group of **18 to 30 years**.

#### **Area of Study:**

The study is limited to a selected urban or semi-urban area, where digital wallet usage is common among young consumers.

#### **Research Instrument:**

A **structured questionnaire** is used as the main tool for data collection. The questionnaire includes close-ended questions based on factors such as convenience, security, trust, ease of use, and promotional benefits.

#### **Data Analysis Tools:**

The collected data is classified, tabulated, and analyzed using **percentage method, charts, and chi-square test** for interpretation and hypothesis testing.

#### **Objective of Methodology:**

The methodology aims to provide reliable and valid findings regarding the adoption behavior of youth consumers toward digital wallets.

#### **Data Analysis by Using Chi-Square Method**

The collected data from 100 respondents was analyzed with the help of the **Chi-Square Test** to examine the relationship between important factors and digital wallet adoption among youth consumers. The Chi-Square test is useful for testing whether there is a significant association between two categorical variables.

The formula of Chi-Square is:

$$\chi^2 = \sum (O - E)^2 / E$$

Where:

**O = Observed Frequency**

**E = Expected Frequency**

#### **Objective 1**

**To examine the factors influencing the adoption of digital wallets among youth consumers.**

#### **Hypothesis 1**

**H0:** There is no significant relationship between influencing factors and the adoption of digital wallets among youth consumers.

**H1:** There is a significant relationship between influencing factors and the adoption of digital wallets among youth consumers.

For testing this objective, the relationship between **Convenience** and **Digital Wallet Adoption** is examined.



**Table 1: Convenience and Digital Wallet Adoption**

Convenience Level	Adopted Digital Wallet	Not Adopted Digital Wallet	Total
High	40	10	50
Low	20	30	50
<b>Total</b>	<b>60</b>	<b>40</b>	<b>100</b>

**Calculation of Expected Frequencies**

Expected frequency formula:

$$E = (\text{Row Total} \times \text{Column Total}) / \text{Grand Total}$$

For High Convenience & Adopted:

$$E = (50 \times 60) / 100 = 30$$

For High Convenience & Not Adopted:

$$E = (50 \times 40) / 100 = 20$$

For Low Convenience & Adopted:

$$E = (50 \times 60) / 100 = 30$$

For Low Convenience & Not Adopted:

$$E = (50 \times 40) / 100 = 20$$

**Table 2: Observed and Expected Frequencies**

Cell	O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
High Convenience & Adopted	40	30	10	100	3.33
High Convenience & Not Adopted	10	20	-10	100	5.00
Low Convenience & Adopted	20	30	-10	100	3.33
Low Convenience & Not Adopted	30	20	10	100	5.00

**Chi-Square Value**

$$\chi^2 = 3.33 + 5.00 + 3.33 + 5.00 = 16.66$$

**Degree of Freedom**

$$df = (r - 1)(c - 1)$$

$$= (2 - 1)(2 - 1)$$

$$= 1$$

**Table Value**

At 5% level of significance and 1 degree of freedom, the table value of Chi-Square is 3.84.

**Result**

The calculated value of Chi-Square is 16.66, which is greater than the table value of 3.84.

**Interpretation**

Since the calculated value is greater than the table value, the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is a **significant relationship between convenience and digital wallet adoption among youth consumers**. This means convenience is an important factor influencing the adoption of digital wallets.



**Objective 2**

To analyze the impact of convenience, security, trust, and promotional benefits on the usage behavior of youth consumers toward digital wallets.

**Hypothesis 2**

**H0:** Convenience, security, trust, and promotional benefits do not significantly affect the usage behavior of youth consumers toward digital wallets.

**H1:** Convenience, security, trust, and promotional benefits significantly affect the usage behavior of youth consumers toward digital wallets.

For testing this objective, the relationship between **Promotional Benefits** and **Frequency of Digital Wallet Usage** is examined.

**Table 3: Promotional Benefits and Usage Behavior**

Promotional Benefits	Frequent Usage	Rare Usage	Total
Yes	35	15	50
No	20	30	50
<b>Total</b>	<b>55</b>	<b>45</b>	<b>100</b>

**Calculation of Expected Frequencies**

For Yes & Frequent Usage:

$$E = (50 \times 55) / 100 = 27.5$$

For Yes & Rare Usage:

$$E = (50 \times 45) / 100 = 22.5$$

For No & Frequent Usage:

$$E = (50 \times 55) / 100 = 27.5$$

For No & Rare Usage:

$$E = (50 \times 45) / 100 = 22.5$$

**Table 4: Observed and Expected Frequencies**

Cell	O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Yes & Frequent Usage	35	27.5	7.5	56.25	2.05
Yes & Rare Usage	15	22.5	-7.5	56.25	2.50
No & Frequent Usage	20	27.5	-7.5	56.25	2.05
No & Rare Usage	30	22.5	7.5	56.25	2.50

**Chi-Square Value**

$$\chi^2 = 2.05 + 2.50 + 2.05 + 2.50 = 9.10$$

**Degree of Freedom**

$$df = (2 - 1)(2 - 1) = 1$$

**Table Value**

At 5% level of significance and 1 degree of freedom, the table value is 3.84.

**Result**

The calculated Chi-Square value is 9.10, which is greater than the table value of 3.84.



### **Interpretation**

Since the calculated value exceeds the table value, the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, **promotional benefits significantly affect the usage behavior of youth consumers toward digital wallets**. This shows that cashback, discounts, and offers influence the frequency of digital wallet use.

### **Overall Findings of Chi-Square Analysis**

The Chi-Square analysis shows that the major factors such as **convenience** and **promotional benefits** have a significant association with digital wallet adoption and usage behavior among youth consumers. Youth are more likely to adopt digital wallets when they find them easy, fast, and useful in daily transactions. Similarly, attractive rewards and cashback offers increase repeated usage. The test results support the view that behavioral and service-related factors play an important role in shaping the acceptance of digital wallets.

### **Conclusion of Data Analysis**

On the basis of the Chi-Square test, both objectives of the study are supported by statistical analysis. The study concludes that there is a significant relationship between selected factors and digital wallet adoption among youth consumers. Hence, digital wallet providers should focus on convenience, trust, security, and promotional strategies for improving adoption and continued use among young consumers.

### **Challenges:**

#### **1. Security and Privacy Concerns**

One of the major challenges in digital wallet adoption among youth consumers is concern regarding security and privacy. Many young users hesitate to use digital wallets because they fear cyber fraud, hacking, data theft, unauthorized access, and misuse of personal financial information. Even though digital wallet providers use advanced encryption and authentication methods, the perception of risk remains high. Cases of phishing, fake payment links, and online scams further reduce trust in digital transactions. Youth consumers may adopt digital wallets for convenience, but continued concerns about safety and privacy can negatively influence their confidence, frequency of usage, and long-term acceptance.

#### **2. Lack of Digital and Financial Literacy**

Another significant challenge is the lack of adequate digital and financial literacy among some youth consumers. Although young people are generally considered technologically aware, not all users possess complete knowledge about digital wallet operations, payment authentication, transaction limits, security features, and responsible financial management. Many users can operate mobile applications but may not understand how to protect themselves from fraud or use digital payment services efficiently. This gap in knowledge creates confusion, fear, and misuse of digital wallets. Limited awareness about terms and conditions, grievance mechanisms, and transaction security may reduce confidence and prevent wider and more effective adoption among youth consumers.

#### **3. Internet Connectivity and Technical Issues**

Digital wallet usage depends heavily on smartphones, internet access, and technical support systems. Poor internet connectivity, application errors, server failures, payment delays, and transaction failures create serious obstacles for youth consumers. In many areas, especially semi-urban and rural regions, unstable network availability limits the smooth use of digital wallets. Technical issues such as app crashes, delayed payment confirmation, failed transfers, and poor user interface reduce user satisfaction and trust. When consumers repeatedly face inconvenience during urgent transactions, they may return to cash payments. Therefore, the lack of reliable technological infrastructure remains an important challenge in the regular and confident use of digital wallets.

#### **4. Limited Trust in Digital Payment Platforms**

Trust plays a central role in the adoption of digital wallets, but many youth consumers still lack full confidence in digital payment platforms. Some users doubt whether their money is safe, whether transactions will be completed



properly, or whether failed payments will be refunded in time. Negative experiences, lack of customer support, hidden charges, and unclear policies often weaken trust. In addition, first-time users may feel uncertain about linking bank accounts or storing money in wallet applications. This trust deficit becomes a major barrier to adoption. Without transparency, timely grievance redressal, and consistent performance, youth consumers may hesitate to depend fully on digital wallet services.

### **5. Overdependence on Offers and Promotional Benefits**

A growing challenge in digital wallet adoption is the overdependence of youth consumers on cashback offers, discounts, rewards, and promotional incentives. Many young users begin using digital wallets mainly because of attractive financial benefits rather than genuine trust or long-term preference for digital payment systems. When such offers are reduced or discontinued, their interest in using the wallet may also decline. This creates temporary adoption rather than sustainable usage. Excessive reliance on incentives can distort actual consumer behavior and does not always reflect true satisfaction with the service. Therefore, digital wallet providers face the challenge of converting promotional usage into regular, reliable, and lasting adoption.

#### **Remedies:**

#### **1. Strengthening Security and Data Protection Measures**

A major remedy for increasing digital wallet adoption among youth consumers is the strengthening of security and data protection measures. Digital wallet providers should use advanced encryption, two-factor authentication, biometric verification, and real-time fraud detection systems to protect user accounts and transactions. Regular security updates and prompt alerts for suspicious activity can further improve confidence among users. In addition, companies should clearly communicate their privacy policies and security features in simple language. When youth consumers feel that their personal and financial information is properly safeguarded, their trust in digital wallets increases, leading to more regular, secure, and long-term usage.

#### **2. Promoting Digital and Financial Literacy**

Improving digital and financial literacy is an effective remedy for the wider adoption of digital wallets among youth consumers. Educational institutions, government agencies, and financial service providers should organize awareness campaigns, workshops, and training sessions to educate young people about the use, benefits, and risks of digital wallets. Such programs should focus on transaction processes, password safety, fraud prevention, grievance redressal, and responsible money management. Clear guidance on secure digital payment practices can reduce fear and confusion. When youth consumers become more informed and confident in handling digital payment tools, they are more likely to adopt digital wallets effectively and use them responsibly.

#### **3. Improving Internet and Technical Infrastructure**

A practical remedy for digital wallet adoption is the improvement of internet connectivity and technical infrastructure. Smooth and uninterrupted access to digital wallets depends on stable network services, efficient application design, and fast transaction processing systems. Telecom providers, technology companies, and payment platforms should work together to reduce server failures, payment delays, and application errors. Digital wallet applications should be user-friendly, lightweight, and compatible with a wide range of smartphones. Better customer support should also be available to address technical issues quickly. When youth consumers experience reliable and efficient transaction services, their satisfaction increases, encouraging greater dependence on digital wallets for daily payments.

#### **4. Building Trust through Transparency and Customer Support**

Building trust is essential for the sustained use of digital wallets among youth consumers. This can be achieved by ensuring transparency in policies, charges, refund procedures, and transaction records. Digital wallet providers should clearly explain terms and conditions and avoid hidden fees that may reduce user confidence. Fast and effective customer support systems should be established to handle complaints, failed transactions, and account-related issues. Grievance redressal mechanisms must be simple, responsive, and accessible. Positive user experiences and transparent operations can significantly improve trust. Once youth consumers believe that the platform is dependable and accountable, they are more likely to adopt and continue using digital wallets.





### **5. Encouraging Sustainable Usage beyond Promotional Offers**

To ensure long-term digital wallet adoption, service providers should encourage sustainable usage beyond cashback offers and promotional benefits. While discounts and rewards may attract first-time users, regular adoption depends on convenience, security, reliability, and user satisfaction. Therefore, digital wallet companies should focus on improving service quality, expanding merchant acceptance, and creating seamless payment experiences. They should develop loyalty through value-added services such as bill payments, budgeting tools, and easy money transfers rather than temporary incentives alone. When youth consumers begin to recognize the practical usefulness of digital wallets in everyday life, their usage becomes more consistent, genuine, and independent of short-term promotional schemes.

### **IV. CONCLUSION**

Digital wallet adoption among youth consumers reflects the growing transformation of the financial and consumer environment in the digital age. The study shows that youth consumers are increasingly inclined toward digital wallets because of convenience, speed, ease of access, contactless transactions, and attractive promotional benefits. As young individuals are more familiar with smartphones and internet-based services, they form an important segment in the expansion of cashless payment systems. Their readiness to adopt technological innovations has significantly contributed to the increasing popularity of digital wallets in everyday transactions.

At the same time, the study also reveals that digital wallet adoption is not free from challenges. Issues such as security concerns, privacy risks, lack of digital and financial literacy, unstable internet connectivity, technical failures, and limited trust in digital platforms continue to influence usage behavior. In many cases, the dependence on cashback offers and discounts creates temporary usage rather than long-term acceptance. Therefore, sustained adoption requires more than short-term incentives.

The study concludes that the future of digital wallet usage among youth consumers depends on the combined effect of technological reliability, user awareness, trust, and policy support. Strengthening cyber security, promoting digital literacy, improving infrastructure, ensuring transparent customer support, and enhancing service quality are essential steps for encouraging regular and responsible use. Overall, digital wallets have emerged as an important tool of modern financial transactions, and their effective adoption among youth consumers can contribute to financial inclusion, economic modernization, and the development of a stronger digital economy.

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