

## **Digital Payment System: A Comprehensive Study of Emotional, Cultural, And Religious Barriers to Mobile Payment Adoption in India**

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### **ABSTRACT**

Cash still has a significant hold on many aspects of Indian society, despite the country's remarkable acceptance of digital payments over the past ten years due to fintech breakthroughs, ubiquitous smartphone use, and concerted government measures. This study examines the more profound sociocultural, emotional, and theological factors that underlie people's continued desire for cash despite the development of sophisticated digital infrastructure.

Even with the quick rise of UPI-based apps, mobile wallets, and QR-based payment methods, a sizeable portion of Indians still use cash transactions, particularly in situations that are strongly tied to custom, emotion, and religion. This study focuses on the little-known behavioral and cultural factors that contribute to the deliberate avoidance or distaste for digital payments in particular contexts, including religious contributions, weddings, gift-giving traditions, and sentimental interpersonal transactions, despite their accessibility and availability.

In Indian temples, for example, the majority of followers prefer to show their devotion by giving priests and deities cash offerings, or Dakshina. Giving money in person is regarded as a sacred act that is connected to spiritual and emotional intentions and cannot be replicated by digital payments. Similarly, it is traditional to present Shagun (monetary blessings) in cash envelopes during marriages. This procedure is a cultural ritual that has been carried down through the generations, not just a transaction. In order to show affection and blessings in a material way, family members frequently give cash to youngsters or young family members. Furthermore, digital payments are either inaccessible, unwanted, or viewed as improper when helping beggars or paying traditional service providers like pandits, barbers, or employees in rural areas.

The study used a mixed-method approach, integrating primary insights from surveys and interviews with secondary data from papers and journals. These comprise answers from people in a variety of age groups, religious backgrounds, and urban/rural locations. The results show that the main reasons why people continue to use cash in these situations are emotional comfort, generational patterns, lack of digital literacy, trust concerns with technology, and the symbolic value of *actual money*.

The goal of this study is to refute the simplistic claim that digital adoption is solely a technological or infrastructure issue. Rather, it asserts that psychological and sociocultural elements are crucial in shaping financial behavior. Digital education and regulatory changes can hasten the adoption of digital technology, but they must take into account the cultural values and individual feelings that influence daily financial transactions.

The report concludes by emphasizing that India's transition to a fully digital economy must take into account the emotional and cultural factors that are entwined with the use of cash. In order to develop inclusive financial systems that go "beyond infrastructure" and address the human factors that actually affect adoption, it is imperative that these hurdles be recognized and respected. Governments, fintech firms, and social academics are among the stakeholders urged by the study to include cultural sensitivity in the planning and execution of upcoming digital payment systems.

**Keywords –** Dakshina, Shagun, Indian Society, Cash Envelopes, Digital Payment Systems.

### **INTRODUCTION**

The rapid digital transformation in India, especially in the financial sector, has led to a remarkable increase in the use of mobile-based payment platforms. With the advent of apps such as Paytm, Google Pay, PhonePe, and the government's own BHIM UPI, India is leading the charge in building a robust digital payment ecosystem. Initiatives like the Digital India campaign, Jan Dhan Yojana, and demonetization in 2016 have encouraged people to shift from traditional cash-based transactions to digital modes. However, despite this impressive progress and the availability of digital infrastructure, a significant portion of the Indian population continues to rely on cash for everyday transactions.

This brings up a crucial query: Why is adoption in some situations still lacking if the infrastructure is there? Although a lot of study has been done on things like digital literacy, smartphone ownership, and internet access, little is known about the cultural, religious, and emotional elements that make individuals prefer cash even when digital solutions are simple and easily accessible. This brings up a crucial query: Why is adoption in some situations still lacking if the infrastructure

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In many regions of India, cash is ingrained in social, cultural, and religious customs and serves as more than just a means of commerce. For example, even when QR codes are accessible, we still give cash to a priest (pandit ji) or place it in the donation box when we visit a temple. Family members frequently present money in envelopes (shagun) during marriages as a custom, blessing, and personal touch. Since digital transfers are difficult or improper in such impromptu gestures of charity, cash is naturally given to those in need, such as when giving alms to beggars. Similarly, it is traditional to give priests dakshina (cash offering) at religious events or pujas at home. Even among close family members, minor loans or presents are typically made in cash, frequently to avoid official documentation or to maintain emotional ties free from technological disruption.

Poor connectivity or a lack of digital knowledge are not the only causes of these behaviors. Instead, they are a reflection of a complex web of religious beliefs (faith, tradition, sacredness), cultural rituals (customs, habits, etiquette), and emotions (trust, control, tangibility) that keep currency relevant. People's choice of payment method is greatly influenced by a variety of factors, including their emotional attachment to cash, their fear of financial monitoring, their need for privacy, their discomfort with change, and social norms.

## BACKGROUND AND CONTEXT

Due to rising smartphone adoption, more affordable data, and government assistance, India's fintech industry is currently among the most thriving in the world. As a global standard for smooth, instantaneous transactions, UPI has gained prominence. However, the numbers don't fully convey the situation. A 2024 survey conducted by the National Payments Corporation of India (NPCI) found that over 42% of Indian consumers still prefer to make daily purchases with cash, and a sizable portion of retailers—particularly small kirana shops, street vendors, and rural stores—continue to require cash even though their counters have QR code stickers.

This demonstrates that changing behavior requires more than just digital infrastructure. Despite the existence of technology, people still have a strong emotional, spiritual, and personal relationship to cash, particularly in situations where computerized transactions seem improper or impersonal. When handling cash, people feel more "in control," have greater faith in it, connect it to privacy, and, in many situations, believe it better fits their social and cultural context.

Elders in small towns and rural areas, for instance, continue to be suspicious of digital payments because they frequently worry about fraud or hacking. Offering digital payments at weddings is frequently viewed as impolite or casual, eliminating the ceremonial element of gifting. While making a digital transfer lacks the same "blessing," giving ₹101 in cash is considered a religious practice with symbolic meaning in temples.

## PROBLEM STATEMENT

There has been little scholarly research on the emotional, cultural, and religious aspects of why individuals still prefer cash, despite earlier studies concentrating on the technological and infrastructure barriers to the adoption of digital payments (such as a shortage of smartphones, inadequate internet, and digital illiteracy). Although more difficult to measure, these factors play an equally significant role in influencing financial behavior.

By going beyond the "technology vs. access" framework and investigating the personal, social, and spiritual elements that affect Indian consumers' decisions regarding payment methods, this study aims to close that gap. Our goal is to investigate why cash is still preferred—and probably will be for some time to come—in specific cultural, religious, and personal circumstances.

## IMPORTANCE OF THE STUDY

Understanding the non-technological barriers to the adoption of digital payments is essential for creating user-centric fintech solutions and effective legislative initiatives. A "one size fits all" approach is ineffective in a society as diverse and emotionally complex as India, even if the government and fintech companies continue to seek to promote digital inclusion. This study provides a more thorough knowledge of the elements that support or impede the usage of digital payments by examining religious practices, cultural conventions, and emotional comfort. Policymakers create more inclusive financial awareness programs, while fintech developers create products that are emotionally and culturally appropriate. The sociopsychological aspects of banking behaviour are better understood by scholars and researchers.

## RESEARCH OBJECTIVES

1. To identify emotional factors that influence consumers' preference for cash over digital payments.
2. To examine cultural practices that reinforce the use of cash in specific settings.

3. To analyse how religious beliefs impact the rejection or slow adoption of mobile payment systems.

4. To explore how emotional, cultural, and religious factors interact to influence payment choices.

## LITERATURE REVIEW

One of the main goals of India's financial inclusion initiatives has been the adoption of digital payment methods. The economic, infrastructural, and technological enablers and constraints have been studied by numerous academics and organizations. However, little study explores the non-technological elements that influence consumer behaviour with regard to the use of digital payments, including emotional, cultural, and religious aspects.

Studies by the Reserve Bank of India (RBI, 2021) and NITI Aayog (2020) highlight how smartphone penetration, UPI infrastructure, and digital banking policies have accelerated adoption. Research by Agarwal & Dey (2019) suggests that technological readiness, access to smartphones, and awareness campaigns significantly influence the use of mobile payments, especially in urban India.

Kumar and Gupta (2022) argue that while infrastructure is crucial, digital payment penetration is plateauing in areas where access is not the issue — indicating a need to examine deeper behavioural barriers.

Sheth et al. (2020), emotions like trust, fear of fraud, and need for control strongly affect adoption of fintech tools. Consumers with prior negative experiences (transaction failures, cyber fraud) often revert to cash due to its tangible and familiar nature.

Chaudhuri (2021) notes that many users feel anxiety when using mobile apps for transactions, especially for high-value payments, fearing irreversible errors or loss of funds.

Sen and Bandyopadhyay (2018) observe that in India, ritualistic and ceremonial use of money remains cash-dominant. For instance, during weddings, cash gifts (shagun) hold symbolic value, and digital alternatives are seen as impersonal. Likewise, cash is preferred for informal loans within families, where emotional ties outweigh formal transaction records.

Verma and Singh (2020) emphasize the role of social norms — many people mimic the behavior of their elders or community leaders, especially in conservative or rural settings, perpetuating cash-based practices.

Iqbal (2020) and Deshpande (2019) suggest that some religious groups view certain digital or banking mechanisms as inappropriate due to reasons like interest (riba), traceability, or detachment from the spiritual act of giving.

In temples, mosques, and other places of worship, cash donations remain dominant, as devotees see it as a more heartfelt offering. Dakshina (cash offerings to priests) during rituals also reflect religious customs passed down over generations.

A holistic review by Rathore (2021) identifies that digital payment adoption is a multi-layered decision-making process, not only influenced by economic rationality but also social identity, emotional comfort, and religious adherence. The report concludes that fintech growth in India must address these deeper, often intangible, influences.

## RESEARCH METHODOLOGY

In order to investigate the emotional, cultural, and religious obstacles influencing mobile payment uptake in India, the study uses a descriptive and exploratory research design. A comprehensive understanding of user behavior that goes beyond digital infrastructure variables is made possible by the employment of a mixed-methods approach to obtain both quantitative measurement and qualitative depth.

### Approaches

#### Quantitative Approach:

To gauge the degree and impact of cultural, religious, and emotional elements on the uptake of mobile payments

#### Qualitative Approach:

To investigate personal experiences, beliefs, and perceptions that are not well captured by conventional questionnaires.

### POPULATION

The following people are part of the target population:

Users of mobile phones who are at least 18 years old

Mobile payment application users and non-users

People from both rural and urban places

Respondents from various Indian cultural and religious backgrounds

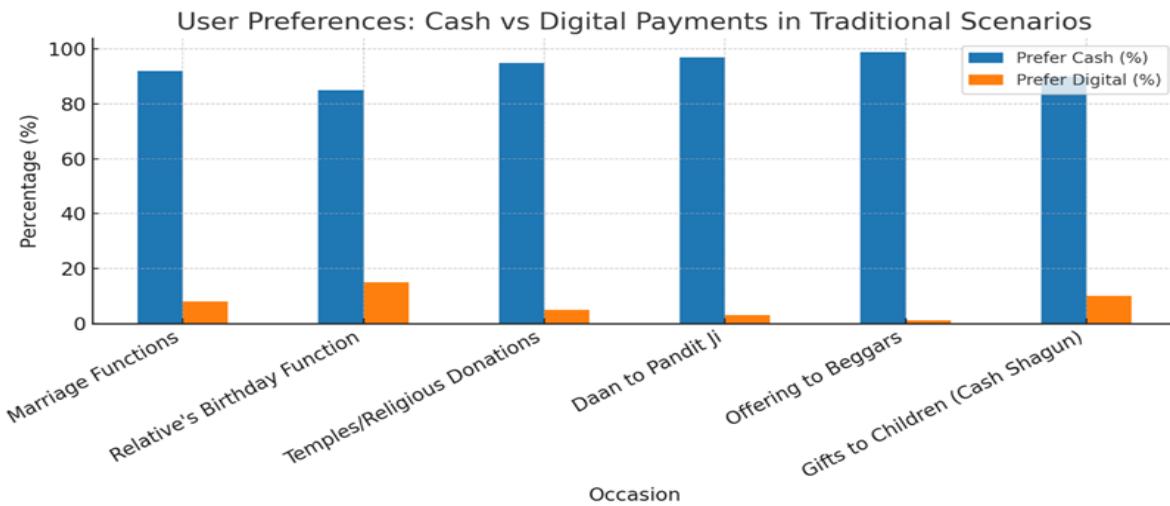
The majority of the secondary data included in this study came from institutional reports, government publications, and scholarly journals about the adoption of mobile payments in India. A structured questionnaire is used to collect primary data for a specific segment of the study. The insights gleaned from secondary sources are complemented and validated by the primary data, with a focus on how user behaviour is influenced by emotional, cultural, and religious aspects.

## DATA COLLECTION

### Primary Source

This information was gathered by means of in-person and telephone interviews with faculty and staff members of different academic institutions to learn about their preferences for making payments in a variety of contexts, including marriage ceremonies, birthday celebrations for relatives, temple or religious donations, daan to Pandit Ji, beggar offerings, and child gifts (cash shagun). The purpose was to investigate whether using digital or cash methods to make these payments results in greater pleasure for people. The answers show how emotional, conventional, and convenience-based aspects shaped their decisions; many people associate cash transactions with cultural values and personal touch, while others appreciate the simplicity of digital payments.

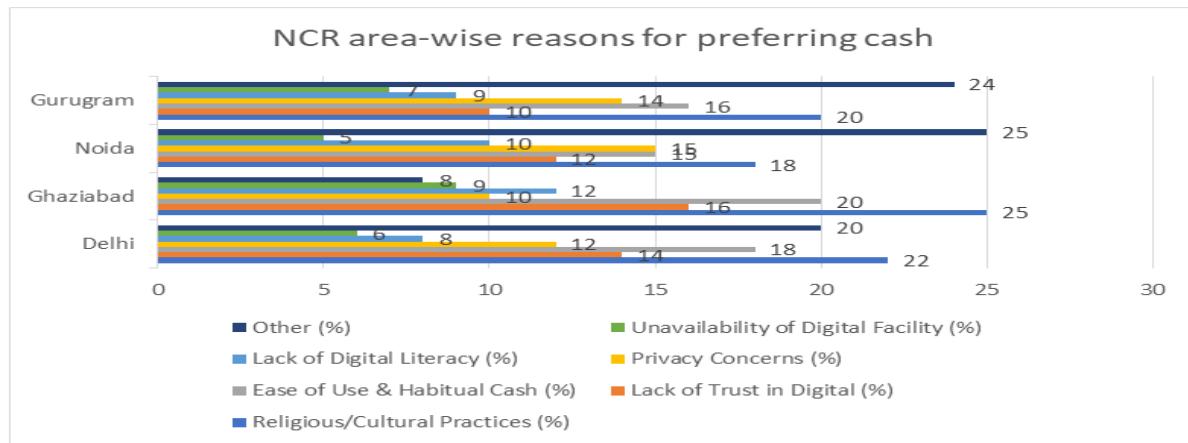
S.No	Occasion	Prefer Cash (%)	Prefer Digital (%)
1	Marriage Functions	92	8
2	Relative's Birthday Function	85	15
3	Temples/Religious Donations	95	5
4	Daan to Pandit Ji	97	3
5	Offering to Beggars	99	1
6	Gifts to Children (Cash Shagun)	90	10



### NCR Area-wise reasons for preferring cash

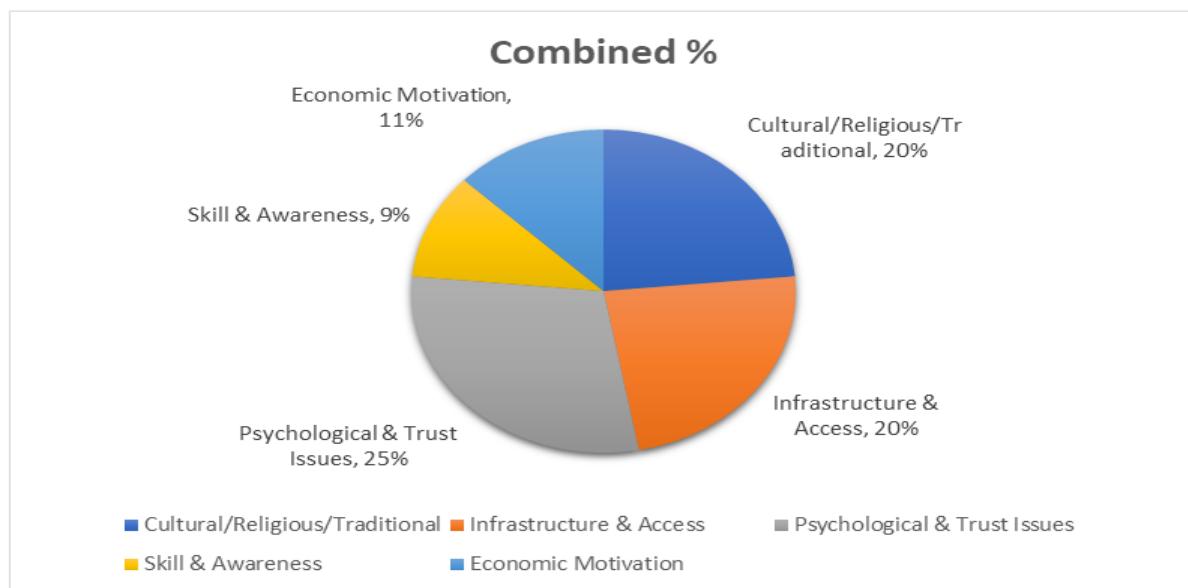
NCR Area	Religious/Cultural Practices (%)	Lack of Trust in Digital (%)	Ease of Use & Habitual Cash (%)	Privacy Concerns (%)	Lack of Digital Literacy (%)	Unavailability of Digital Facility (%)	Other (%)
Delhi	22	14	18	12	8	6	20
Ghaziabad	25	16	20	10	12	9	8

Noida	18	12	15	15	10	5	25
Gurugram	20	10	16	14	9	7	24



Overall observations and summary which shows the combined result and reasons that why people are giving more preference to cash in comparison to digital payments

Category	Combined %	Reasons Included
Cultural/Religious/Traditional	20%	Temples, marriage functions, festivals, religious rituals
Infrastructure & Access	20%	No smartphone/internet, no QR/digital facility, no bank account
Psychological & Trust Issues	25%	Trust issues, privacy concerns, habitual use
Skill & Awareness	9%	Lack of digital literacy
Economic Motivation	11%	Cash discounts, tax avoidance



## DATA ANALYSIS

Despite growing digitization, cultural and emotional elements continue to play a big role in India's continuous use of cash, according to user preference studies. The primary cause, which accounts for 20% of the total, stems from religious and cultural customs where real money has traditional and symbolic meaning, such as giving it to priests and beggars or at temples or weddings. An additional 15% of participants express a lack of confidence in digital payments, citing worries about fraud or unsuccessful transactions. Another significant hurdle is a strong habitual reliance on cash (13%) and inadequate access to smartphones or the internet (14%). Digital illiteracy (9%) and privacy concerns (10%) particularly affect older and rural communities.

Economic factors, including cash-based discounts and the absence of digital payment options, collectively account for an additional 13%. Due to a lack of bank accounts or to prevent transaction records, a tiny percentage still prefers cash. All things considered, the research shows that the problem is not just technological but also intricately linked to social behavior, emotional comfort, and traditional values. To address these issues, specific awareness-raising, trust-building, and behavioral change initiatives are needed in addition to infrastructural improvements to promote the use of mobile payments in a variety of contexts.

## FUTURE PERSPECTIVE OF THE STUDY

As India continues to move toward a financial ecosystem dominated by digital technology, the study's future is extremely important. The long-term success of mobile payment systems will mostly depend on resolving human, emotional, cultural, and religious aspects, even while technology infrastructure like internet access and smartphone usage is quickly improving. This study lays the groundwork for future researchers to take a more behavioral and sociocultural approach, moving away from technology-focused models.

In order to capture differences in attitudes, customs, and feelings around digital payments, researchers can broaden this study in the future by gathering extensive primary data from various parts of India. Comparative studies conducted at the state or regional level can assist in identifying specific obstacles and facilitate the creation of tailored policy measures. Further, longitudinal studies can be undertaken to examine how emotional trust, cultural habits, and religious perceptions evolve as users gain more exposure to digital financial systems

## CONCLUSIONS

- The use of money is still largely supported by cultural and religious traditions, particularly when it comes to rites, marriages, and temple gifts.
- Despite advancements in digital technology, use of mobile payment systems is still significantly hampered by concerns about fraud and trust.
- Many people still do not have access to smartphones or reliable internet, particularly in rural and isolated areas.
- Because cash dependence is ingrained in daily routines, behavioural change is difficult and sluggish.
- Many users prefer cash for untraceable transactions because of privacy issues, which are a reflection of worries about data misuse and surveillance.
- The efficient use of digital payment platforms is hampered by a lack of digital literacy, particularly among the elderly and those with lower levels of education.
- Due to cash incentives or discounts provided by sellers attempting to evade transaction fees or taxes, many users choose to pay with cash
- Why There is often no infrastructure, such as QR codes, to collect digital payments in many unorganized sectors (such as street sellers, priests, and beggars).
- A small portion of businesses continue to function without bank accounts, which restricts their access to online resources.
- In addition to infrastructure, trust-building, financial education, and culturally relevant promotions are necessary to promote mobile payments.

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