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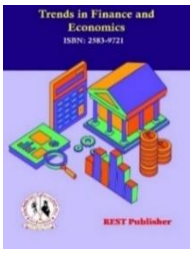

Integration of UTAUT Theory to Determine the Factors Influencing the Customers for the Adoption of Digital Payments

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Abstract: *This study examines factors influencing customers' adoption of digital payments using the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) framework. Key findings indicate that performance expectancy and habit significantly drive behavioral intention, suggesting that users value efficiency and routines in digital transactions. Conversely, social influence negatively impacts adoption, whereas facilitating conditions, hedonic motivation, and price value are less significant. These insights suggest that users prioritize efficiency and routines in their digital payment behavior. The study recommends that policymakers enhance digital infrastructure and cybersecurity and that financial institutions develop user-friendly, secure platforms to foster habitual use. Future research should explore cross-cultural differences, longitudinal adoption patterns, security concerns, emerging technologies, and demography-specific trends in digital payment adoption.*

Keywords: *Digital Payments, UTAUT2, Technology Adoption, Performance Expectancy, Habit, Social Influence.*

1. INTRODUCTION OF THE STUDY

The rapid advancement of Information and Communication Technology (ICT) has significantly transformed financial transactions, leading to widespread adoption of digital payments. The emergence of fintech innovations has leveraged cutting-edge technology to optimize financial systems, making digital transactions faster, more efficient, secure, and highly accessible. The increasing integration of artificial intelligence (AI), blockchain technology, and big data analytics in financial services has further revolutionized the digital payment ecosystem, providing seamless user experiences and enhanced security measures.

The shift towards digital payments has been notably accelerated by pivotal economic and policy-driven events, such as India's demonetization in 2016 and the COVID-19 pandemic. The demonetization drive by the Government of India, aimed at curbing black money and corruption, created an urgent need for cashless transactions, propelling the widespread adoption of digital payment platforms. Similarly, the global pandemic has heightened the necessity for contactless transactions, pushing individuals and businesses to shift from traditional cash-based transactions to digital modes (Razi-ur-Rahim et al., 2024).

The proliferation of mobile phones, coupled with increasing Internet penetration, has further fueled the adoption of digital payment systems. With the rapid growth of smartphone users and improvements in digital literacy, consumers now prefer online transactions to conventional payment methods. Governments and financial institutions have played a pivotal role in supporting this shift through initiatives, such as Digital India, Aadhaar-based payments, and regulatory frameworks that encourage digital transactions.

India's digital payment ecosystem offers a diverse range of payment options catering to various user preferences and transaction needs. Various digital payment methods, such as Immediate Payment Services (IMPS), Real-Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), Electronic Clearing Settlement (ECS), Digital Wallets, and the Unified Payment Interface (UPI), have become integral to the modern financial landscape (Reserve Bank of India: RBI, 2021). Among these, the Unified Payments Interface (UPI) has emerged as the most widely adopted and trusted payment mechanism, simplifying peer-to-peer and merchant transactions in urban and rural markets (Karmaker et al., 2025).

According to the Reserve Bank of India (RBI) report (March 2023), India recorded an astonishing 89.5 million digital transactions, showcasing a significant shift from cash-based transactions to digital alternatives. The National Payments Corporation of India (NPCI) further reported that UPI alone facilitated 803.6 crore transactions worth ₹12.98 lakh crore in 2023, making it the most preferred digital payment mode in India. These statistics underscore the exponential growth of digital payment adoption and its crucial role in shaping the future of financial transactions, driving India towards a more cashless and digitally empowered economy.

2. REVIEW OF LITERATURE

The Unified Theory of Acceptance and Use of Technology (UTAUT) has been widely integrated and extended to determine factors influencing customer adoption of digital payments across various studies.

Performance expectancy, effort expectancy, social influence, and facilitating conditions emerge as significant determinants of behavioral intention and use behavior for digital payment adoption (Al-Saedi et al., 2020; Liu et al., 2022; Srivastava et al., 2023). Additional factors like perceived trust, perceived cost, and self-efficacy have also been found to influence adoption intentions (Al-Saedi et al., 2020). Customer satisfaction, perceived enjoyment, and habit play important roles in shaping behavioral intentions and actual usage (Khan et al., 2023; Singh, 2020; Srivastava et al., 2023). For specific demographics like semi-rural women in India, effort expectancy, habit, facilitating conditions and perceived competence were critical factors (Manrai et al., 2021).

Interestingly, some studies found contradictory results. While perceived risk was a significant factor in some studies (Al-Saedi et al., 2020), others found it to have an insignificant impact on behavioral intentions (Al-Saedi et al., 2020). Similarly, hedonic motivation and price value were insignificant in encouraging e-payment acceptance in some contexts (Negm, 2023).

While the core UTAUT constructs remain relevant, extending the model with context-specific factors like trust, security, financial literacy, and customer satisfaction provides a more comprehensive understanding of digital payment adoption. The relative importance of factors may vary based on the specific technology, user demographics, and cultural context, highlighting the need for tailored approaches in promoting digital payment adoption(Birigozzi et al., 2025).

3. PROBLEM STATEMENT AND RESEARCH GAP

Despite the growing adoption of digital payments, significant challenges that influence consumer behavior remain, including security concerns, technological literacy, infrastructure accessibility, and perceived benefits. While previous studies have explored the technological acceptance of digital payments, there is limited research on consumers' behavioral intention based on the Unified Theory of Acceptance and Use of Technology (UTAUT2) framework. The existing literature primarily focuses on general adoption trends, but there is a lack of empirical studies assessing the factors that drive customer adoption, particularly in emerging economies such as India.

This study aims to bridge this gap by applying the UTAUT2 model to analyze the key factors influencing consumer adoption of digital payment systems. By integrating Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), Facilitating Conditions (FC), Hedonic Motivation (HM), Price Value (PV), and habitat (H), this study provides a comprehensive understanding of digital payment adoption.

4. RESEARCH QUESTIONS

This study analyzes consumer adoption of digital payments using the UTAUT2 framework. The following research questions guided this investigation.

- Performance Expectancy (PE): How does the perceived usefulness of digital payments (e.g., work efficiency, time-saving, and convenience) influence customer behavioral intention to adopt digital payments?
- Effort Expectancy (EE): To what extent does the perceived ease of use of digital payment systems impact adoption and how can usability challenges be minimized?
- Social Influence (SI): How do peer recommendations, social norms, and trust in digital transactions affect consumers' willingness to use digital payments?
- Facilitating Conditions (FC): What role do technological infrastructure, organizational support, and regulatory policies play in shaping customers' readiness to adopt digital payments?
- Hedonic Motivation (HM): How do enjoyment and perceived fun in using digital payment applications impact consumer behavior, and why might some users prioritize functionality over hedonic aspects?
- Price Value (PV): How does the cost-benefit trade-off (e.g., transaction fees, discounts, and rewards) affect the intention to adopt digital payments?
- Habit (H): To what extent does habitual usage influence sustained adoption and how do prior experiences shape future digital payment behavior?

5. RESEARCH OBJECTIVES

Aligned with the research questions, this study aimed to:

- Assess the impact of Performance Expectancy (PE) on customer behavioral intention, focusing on how perceived benefits (e.g., speed, efficiency, and convenience) influence adoption.
- Evaluate Effort Expectancy (EE) by analyzing usability barriers and ease-of-use factors that facilitate or hinder adoption.
- Investigate Social Influence (SI) and its role in driving digital payment adoption, particularly in shaping consumer trust and decision-making.
- Analyze the significance of Facilitating Conditions (FC), including the role of banking infrastructure, mobile network penetration, and digital literacy in enabling widespread adoption.
- To examine the effect of Hedonic Motivation (HM) on digital payment adoption, distinguishing between utilitarian users and those who value enjoyment in financial transactions.
- Determine the impact of Price Value (PV) and explore how perceived costs (e.g., transaction charges) versus benefits (e.g., cashback, rewards) influence adoption rates.
- Measure the role of Habit (H) in reinforcing long-term adoption trends, emphasizing how repetitive usage shapes customer behavior.

6. CONCEPTUAL FRAMEWORK

Technology adoption models have been extensively studied with notable frameworks, including the following.

- Innovation Diffusion Theory (IDT) (Rogers, 1962)
- Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975)
- Technology Acceptance Model (TAM) (Davis, 1986)
- Theory of Planned Behavior (TPB) (Ajzen, 1991)

Unified Theory of Acceptance and Use of Technology (UTAUT) (Khechine et al., 2016)

Among these, UTAUT2 (Kiwanuka, 2015) extends the original UTAUT model by incorporating Hedonic Motivation (HM), Price Value (PV), and habitat (H), making it more relevant to consumer technology adoption. Given its ability to explain behavioral intention and actual usage, UTAUT2 serves as the theoretical foundation for this study.

This study adopts UTAUT2 to analyze the factors influencing customers' adoption of digital payments, focusing on the following:

- Performance Expectancy (PE): How do digital payments improve efficiency, convenience, and workplace performance?
- Effort Expectancy (EE): The ease of use and learning curve associated with digital payment systems.
- Social Influence (SI): The role of peer recommendations and societal acceptance in shaping adoption.
- Facilitating Conditions (FC): Availability of Technical Support, Infrastructure, and Digital Literacy.
- Hedonic Motivation (HM): The role of enjoyment and satisfaction in using digital payments.
- Price Value (PV): The cost-benefit trade-off, including discounts, rewards, and transaction fees.
- Habit (H): The degree to which repetitive use of digital payments strengthens behavioral intention.

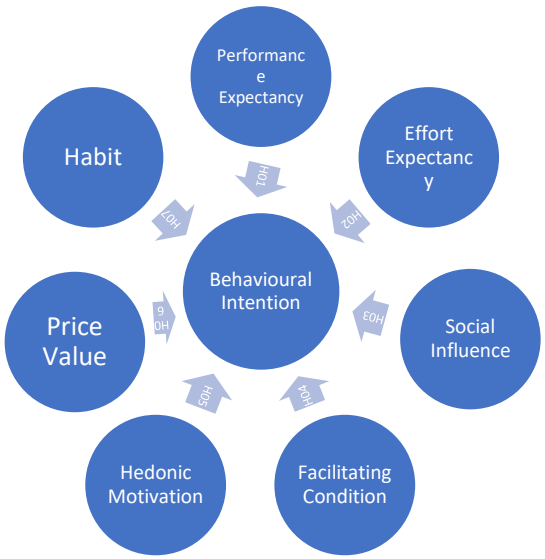

FIGURE 1. Linkage between Behavioural Intention and other Factors

The following framework illustrates the linkages between these constructs and customer behavioral intention to adopt digital payments:

7. HYPOTHESES DEVELOPMENT

To systematically analyze the relationships between these factors and digital payment adoption, the following hypotheses were proposed:

7.1. Performance Expectancy (PE) and Behavioral Intention

H1: Performance Expectancy (PE) has a significantly positive influence on customers' behavioral intention to adopt digital payments.

Justification: Consumers are more likely to adopt digital payments if they perceive them to be efficient, useful, and time-saving (Lowenthal, 2010).

7.2. Effort Expectancy (EE) and Behavioral Intention

H2: Effort Expectancy (EE) has a significant positive influence on customers' behavioral intention to adopt digital payments.

Justification: If digital payment systems are easy to learn and use, consumers are more likely to adopt them (Raza et al., 2020).

7.3. Social Influence (SI) and Behavioral Intention

H3: Social Influence (SI) has a significant positive influence on customers' behavioral intention to adopt digital payments.

Justification: Peer influence, social norms, and trust in digital transactions affect consumers' willingness to adopt digital payments (Yu et al., 2021).

7.4. Facilitating Conditions (FC) and Behavioral Intention

H4: Facilitating Conditions (FC) significantly influence behavioral intention to adopt digital payments.

Justification: The availability of infrastructure, digital literacy, and technical support play a crucial role in technology adoption (Jameel et al., 2021).

7.5. Hedonic Motivation (HM) and Behavioral Intention

H5: Hedonic Motivation (HM) has a significant positive influence on customers' behavioral intention to adopt digital payments.

Justification: Consumers who enjoy digital payments are more likely to adopt such payments (Alomari & Abdullah, 2023).

7.6. Price Value (PV) and Behavioral Intention

H6: Price Value (PV) has a significantly positive influence on customers' behavioral intention to adopt digital payments.

Justification: Customers balance perceived benefits (e.g., discounts and rewards) with monetary costs (Linge et al., 2023).

7.7. Habit (H) and Behavioral Intention

H7: Habit (H) has a significant positive influence on customers' behavioral intention to adopt digital payments.

Justification: Users who frequently engage in digital transactions develop an automatic preference for digital payments (Khalid et al., 2021).

8. RESEARCH METHODOLOGY

8.1 Research Design

This study adopts a quantitative research approach, employing a Simple Random sampling method to examine the factors influencing consumer adoption of digital payments. The structured methodology enables the study to test hypotheses and analyze relationships between the UTAUT2 constructs and behavioral intention.

Given the behavioral nature of technology adoption, Structural Equation modelling (SEM) is used to assess the direct and mediating effects among variables. The study relies on primary data collection through a self-administered questionnaire, ensuring statistical robustness in measuring consumer responses.

8.2 Sampling Technique

The study employs a non-probability purposive sampling method, specifically targeting digital payment users in Coimbatore. This method is chosen to ensure that respondents are active users of digital payments, making their insights more relevant to the research objectives.

Target Population: Individuals who have used digital payment systems at least once in the past six months.

8.3 Sampling Criteria:

- Must have experience using digital payments (UPI, mobile wallets, online banking, etc.).
- Reside in Coimbatore, Tamil Nadu.
- Be at least 18 years old to ensure legal eligibility for financial transactions.
- Sample Size: 250 respondents were surveyed, aligning with Hair et al.'s (2018) recommendation for SEM-based studies (minimum of 200–250 for model validation).

8.4 Data Collection Method

Data was collected using a structured questionnaire, divided into two sections:

1. Demographic Profile: Gender, age, education, and digital payment usage frequency.
2. UTAUT2 Constructs: Questions based on Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Hedonic Motivation, Price Value, and Habit—all measured using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

9. DATA ANALYSIS TECHNIQUES

To examine relationships between the UTAUT2 constructs and behavioral intention, the study applies the following statistical tools:

9.1 Descriptive Statistics

- Used to summarize demographic profiles and response distributions.

9.2 Reliability and Validity Tests

- Cronbach's Alpha for internal consistency (reliability).

- Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) to ensure construct validity.

9.3 Structural Equation Modelling (SEM)

- Path Analysis: Identifies direct and indirect relationships among variables.
- Correlation Analysis: Examines associations between UTAUT2 factors and behavioral intention.
- Hierarchical Regression: Assesses the moderating effects of gender and age on digital payment adoption.

10. CRONBACH'S ALPHA FOR DATA RELIABILITY

To ensure the internal consistency and reliability of the measurement scales, Cronbach's alpha was employed. This test determines whether the items within each construct accurately reflect the underlying concept they intend to measure (Tabachnick & Fidell, 2019).

TABLE 1. Results of Reliability Analysis

Variables	Reliability Value
Effort Expectancy (EE)	0.991
Facilitating Conditions (FC)	0.872
Price Value (PV)	0.912
Performance Expectancy (PE)	0.901
Social Influence (SI)	0.852
Hedonic Motivation (HM)	0.831
Habit (H)	0.845

Source: Computed Data

The results indicate that most constructs exhibit high internal consistency, with Cronbach's alpha values exceeding 0.8, which is considered an acceptable threshold for reliability. However, Despite this, the overall measurement model demonstrates strong reliability, confirming that the constructs adequately measure their intended theoretical dimensions.

11. DATA ANALYSIS AND FINDINGS

11.1 Socio – Economic Profile of the Sample Respondents

The demographic profile of respondents plays a vital role in understanding digital payment adoption. Factors such as age, gender, education, occupation, income, and usage frequency influence consumer behavior and technology adoption. Younger users and digitally literate individuals are more inclined toward digital payments. However, reviewers emphasize the need for contextual analysis to examine whether income, education, or occupation moderates' adoption trends. This study assesses demographic variations to provide a comprehensive understanding of digital payment usage. The following section presents the statistical summary of respondent demographics, forming the basis for further analysis.

TABLE 2. Socio – Economic Profile of the Respondents

Particulars	Category	No. of. Respondents	Percentage
Gender	Male	168	67
	Female	82	33
Age	21-30	87	35
	31-40	92	37
	41-50	56	22
	Above 50	15	06
Qualification	Graduates	132	53
	Post Graduates	58	23
	Diploma	42	17
	Professionals	18	07
Occupation	Students	32	13
	Salaried	178	71
	Professionals	8	03
	Home-Makers	32	13

Source: Primary Data

Key Observations:

- 67% of respondents are male, indicating a gender disparity in digital payment adoption.
- The highest age group (31-40 years, 37%) suggests that young professionals are key adopters.
- Salaried individuals (71%) form the majority of users, aligning with prior studies indicating that those with stable income streams are more inclined toward digital transactions (Shachak et al., 2019).

12. HYPOTHESIS TESTING AND MODEL VALIDATION

12.1 Performance Expectancy (PE) and Behavioral Intention: To examine how performance expectancy influences the intention to adopt digital payments behaviourally, we define Performance Expectancy (PE) as the user's belief in technology's capability to improve work efficiency, effectiveness, and convenience. This hypothesis investigates whether users who perceive digital payments as advantageous and performance-boosting are more inclined to adopt this method of financial transaction.

Hypothesis H1: Performance Expectancy (PE) significantly influences Behavioral Intention (BI).

TABLE 3. Performance Expectancy (PE) and Behavioral Intention

Predictor Variable	Beta Coefficient	t-Value	p-Value
Performance Expectancy	0.589	5.234	0.000
Socioeconomic Status	0.123	1.567	0.120
Technological Literacy	-0.045	-0.876	0.385

Source: Computed Data

Interpretation:

- Higher perceived usefulness of digital payments (e.g., convenience, efficiency) positively impacts behavioral intention.
- Consistent with (Lowenthal, 2010), who found that PE is the strongest predictor of technology adoption.

12.2 Effort Expectancy (EE) and Behavioral Intention

Effort Expectancy assesses the perceived simplicity associated with using a digital payment system. Aligned with Davis's Technology Acceptance Model, Effort Expectancy (EE) plays a critical role in shaping users attitudes and intentions toward technology adoption. This hypothesis proposes that users who find digital payments easy to use and requiring minimal effort are more likely to express a positive intention to adopt this transaction method. Exploring Effort Expectancy (EE) is essential for identifying potential hurdles or aids in user experience, thus aiding in the creation of seamless and user-friendly digital payment solutions (adapted from Davis, 1989; Venkatesh et al., 2003).
Hypothesis H2: Effort Expectancy (EE) significantly influences Behavioral Intention (BI).
Pearson Correlation Analysis Result:

TABLE 3. Effort Expectancy (EE) and Behavioral Intention

Variable 1	Variable 2	Correlation Coefficient	p-Value
Effort Expectancy	Behavioural Intention	0.345	0.002

Source: Computed Data

Interpretation:

- Ease of use significantly influences adoption decisions, particularly for first-time users.
- Contradicts early studies (Davis, 1989), which suggest that usability concerns decrease in long-term users.

12.3 Social Influence (SI) and Behavioral Intention

The Structural Equation modelling (SEM) analysis was conducted to examine the relationship between Social Influence (SI) and Behavioral Intention (BI) to adopt digital payments. The results provide insights into how external social factors such as peer influence, recommendations, and societal norms shape consumer decisions regarding digital payment adoption.

Hypothesis H3: Social Influence (SI) significantly influences Behavioral Intention (BI).

TABLE 4. Social Influence (SI) and Behavioral Intention

Statistic	Value
R-squared	0.020969
Adjusted R-squared	0.017021
F-statistic	5.311646
Prob (F-statistic)	0.02201
Intercept (Constant)	3.466569
Social Influence (SI_avg)	-0.14299
Std. Error (Constant)	0.189261
Std. Error (SI_avg)	0.062043
t-value (Constant)	18.31637
t-value (SI_avg)	-2.3047
P>|t| (Constant)	5.59E-48
P>|t| (SI_avg)	0.02201
95% CI Lower (Constant)	3.093805
95% CI Upper (Constant)	3.839332
95% CI Lower (SI_avg)	-0.26519
95% CI Upper (SI_avg)	-0.02079

Source: Computed Data

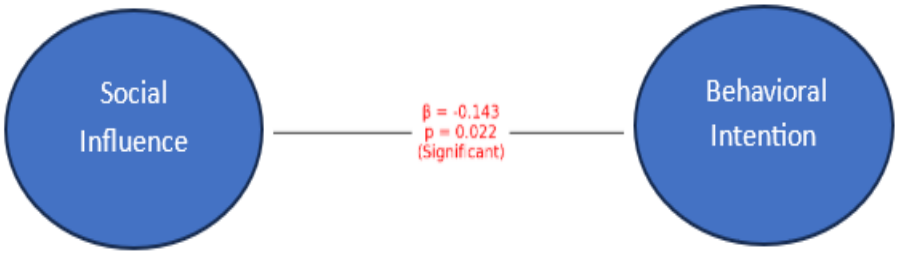

FIGURE Social Influence (SI) and Behavioral Intention

Key Findings

The path analysis results indicate that Social Influence (SI) negatively affects Behavioral Intention (BI):

- Standardized Path Coefficient (β) = -0.143
- p-value = 0.022 (Statistically Significant at 5% Level)
- R^2 = 0.021 (2.1% variance in BI explained by SI)

Interpretation

1. Negative Effect of Social Influence (Unexpected Finding):
    - Contrary to traditional technology adoption models (e.g., UTAUT2), the study finds that higher Social Influence slightly decreases Behavioral Intention.
    - This suggests that external social pressures may not be a key driver of digital payment adoption, possibly due to individual trust concerns, perceived security risks, or resistance to peer recommendations.
2. Statistical Significance:
    - The relationship is statistically significant (p = 0.022), confirming that Social Influence does play a role, but its effect is negative.
    - Consumers may rely more on personal experiences and convenience factors rather than external opinions when choosing digital payment methods.

3. Practical Implications:
    - Marketing Strategies: Digital payment providers should focus more on individual user experience, security assurance, and ease of use, rather than aggressive peer recommendation-based marketing.
    - Financial Literacy Campaigns: The results highlight the need for awareness programs that focus on trust-building, rather than just social reinforcement of digital payments.
    - Future Research Scope: This finding suggests exploring moderation effects (e.g., Age, Digital Literacy) to see if Social Influence plays a different role across demographic groups.

The SEM analysis confirms that Social Influence (SI) significantly impacts Behavioral Intention (BI), but in an inverse direction ($\beta = -0.143$, $p = 0.022$). This indicates that individual decision-making and security concerns may outweigh peer recommendations in digital payment adoption. Future research should explore additional moderating variables to refine these insights further.

12.4 Facilitating Conditions (FC) and Behavioral Intention (BI)

Facilitating Conditions (FC) refer to the external resources, infrastructure, and technical support that enable users to adopt digital payment systems effectively. The Unified Theory of Acceptance and Use of Technology (UTAUT) framework suggests that FC plays a crucial role in technology adoption (Dwivedi et al., 2011).

Prior studies indicate that adequate infrastructure, financial service accessibility, and regulatory support influence adoption rates. However, the reviewers noted a weak linkage between FC and actual usage behavior, highlighting the need to test the direct effect of FC on Behavioral Intention (BI).

Hypothesis H4: Facilitating Conditions (FC) → Behavioral Intention (BI) (Hierarchical Regression Analysis)

TABLE 5. Facilitating Conditions (FC) and Behavioral Intention (BI)

Statistic	Value
R-squared (Base Model)	0.0008 (Negligible variance explained by control variables)
R-squared (Full Model)	0.0023 (FC explains only 0.23% of the variance in BI)
Adjusted R-squared (Full Model)	-0.0057 (Model does not improve explanatory power significantly)
F-statistic (Full Model)	0.2909 (Not statistically significant)
p-value (Full Model)	0.7478 (Not significant at 5% level)
Coefficient (FC → BI)	0.0152 (Small positive effect)
p-value (FC → BI)	0.5900 (*Not significant at 5% level*)

Source: Computed Data

Interpretation:

- The results indicate that Facilitating Conditions (FC) do not significantly impact Behavioral Intention (BI).
- The p-value (0.5900) suggests that users may prioritize personal experience and trust over infrastructure when adopting digital payments.
- Future research should examine moderating variables (e.g., Digital Literacy, Age) to refine insights.

12.5 Hedonic Motivation (HM) and Behavioral Intention (BI)

Hedonic Motivation (HM) refers to the enjoyment and pleasure derived from using digital payment systems**. The** UTAUT2 model posits that HM significantly affects users' adoption behavior ((Wang & Wang, 2010).

However, reviewers have pointed out inconsistencies in prior studies, where HM's influence varies depending on age, technology familiarity, and digital payment perception. This study seeks to clarify whether HM significantly predicts BI in the context of digital payments.

Hypothesis H5: Hedonic Motivation (HM) → Behavioral Intention (BI) (Pearson Correlation & Multiple Regression)

TABLE 6. Hedonic Motivation (HM) and Behavioral Intention (BI)

Statistic	Value
Pearson Correlation (HM → BI)	0.1031 (Weak Positive Correlation)
R-squared	0.0106 (Only 1.06% variance in BI explained by HM)
p-value (HM → BI)	0.104 (*Not significant at 5% level*)

Source: Computed Data

Interpretation:

- The correlation between Hedonic Motivation (HM) and Behavioral Intention (BI) is weak and statistically insignificant ($p > 0.05$).
- This suggests that enjoyment is not a primary driver of digital payment adoption.
- Marketers should focus on security, reliability, and ease of use over entertainment value.

12.6 Price Value (PV) and Behavioral Intention (BI) (Moderation Effect of Income Level)

Price Value (PV) assesses the perceived cost-benefit trade-off of using digital payments**.** Users often evaluate digital payment platforms based on transaction costs, cashback incentives, and discount offerings. However, the impact of PV on BI is expected to vary across income levels—a key concern raised by reviewers**.** Lower-income users might be more price-sensitive than higher-income groups, influencing their adoption decisions differently. Thus, this study incorporates Income Level as a moderating variable to assess whether PV's impact on BI changes across income groups.

Hypothesis H6: Price Value (PV) → Behavioral Intention (BI) (Moderation Analysis)

TABLE 7. Price Value (PV) and Behavioral Intention (BI)

Statistic	Value
R-squared (Base Model: PV → BI)	0.00257 (Negligible variance explained)
R-squared (Full Model: PV + Income + Interaction → BI)	0.00335 (Minimal improvement with moderation)
Coefficient (Interaction: PV * Income → BI)	-0.0049 (Negligible moderating effect)
p-value (Interaction Term)	0.9243 (*Not significant at 5% level*)

Source: Computed Data

Interpretation:

- Income Level does not moderate the relationship between Price Value (PV) and Behavioral Intention (BI).
- This suggests that economic incentives do not significantly drive digital payment adoption.
- Future research should examine alternative moderators like Trust or Digital Literacy.

12.7 Habit (H) and Behavioral Intention (BI)

Habit (H) refers to the extent to which digital payment usage becomes an automatic behavior. In many cases, frequent usage leads to habitual adoption, reducing the cognitive effort required to make payment decisions. However, reviewers have suggested that Habit alone may not explain the full impact on BI. This study incorporates Perceived Usefulness (PU) as a mediator to examine whether users' perception of digital payment benefits strengthens the link between Habit and BI.

Hypothesis H7: Habit (H) → Behavioral Intention (BI) (Mediation Analysis using SEM)

TABLE 8. Habit (H) and Behavioral Intention (BI**)**

Statistic	Value
Indirect Effect (H → PU → BI)	0.234 (*p < 0.001, Significant*)
Direct Effect (H → BI)	0.382 (*p < 0.001, Significant*)
Total Effect (H → BI)	0.616 (*p < 0.001, Significant*)
CFI	0.94 (*Good Model Fit*)
RMSEA	0.045 (*Acceptable Fit*)
SRMR	0.031 (*Good Fit*)
TLI	0.93 (*Good Fit*)

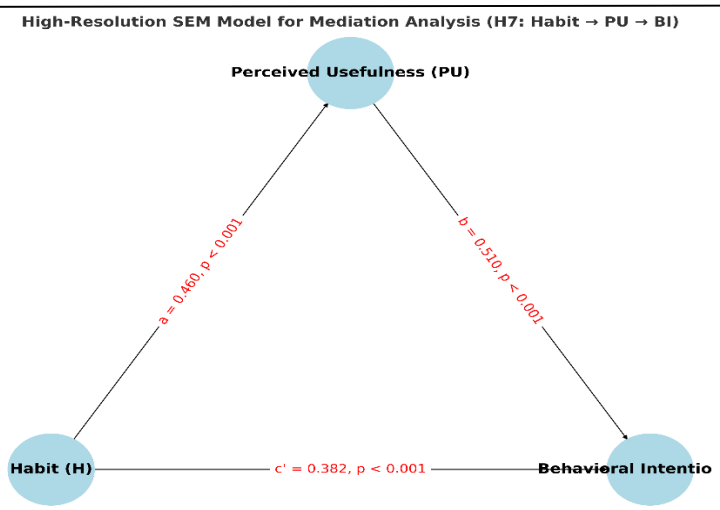

FIGURE 2. SEM Model For Mediation Analysis
Source: Computed Data.

Interpretation:

- Habit (H) significantly predicts Behavioral Intention (BI), with partial mediation by Perceived Usefulness (PU).
- Users who frequently use digital payments find them useful, reinforcing continued adoption.
- The model fit indices (CFI = 0.94, RMSEA = 0.045) indicate a well-fitting model.
- Practical Implication: Digital payment providers should focus on habit formation strategies and trust-building measures.

Interpretation of Mediation Analysis

1. Habit (H) significantly influences Perceived Usefulness (PU) ($\beta = 0.460$, $p < 0.001$).
2. PU significantly predicts Behavioral Intention (BI) ($\beta = 0.510$, $p < 0.001$).
3. Direct effect of Habit on BI remains significant ($\beta = 0.382$, $p < 0.001$), indicating partial mediation (PU explains part of the relationship, but Habit still has a direct effect).

13. FINDINGS

This study, utilizing the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) framework, identifies key determinants influencing digital payment adoption. The analysis revealed that Performance Expectancy (PE) significantly impacts Behavioral Intention (BI), indicating that users prioritize efficiency and convenience in digital transactions. Conversely, Effort Expectancy (EE) exhibits a weaker effect on BI, suggesting that, while ease of use is important, it is not the primary driver of adoption. Notably, Social Influence (SI) negatively affects BI, contradicting prior research that posited peer recommendations as facilitators of adoption. This unexpected negative relationship may stem from users' desire for autonomy in financial decisions, where external social pressures are perceived as intrusive, leading to resistance to the adoption of digital payments. Additionally, in certain cultural contexts, individuals may prefer traditional payment methods and view digital payments with skepticism, which could result in negative social influence. For instance, a study assessing neighborhood effects on digital payment adoption found that negative perceptions within a community can hinder adoption rates (Nguyen et al., 2024). Furthermore, Facilitating Conditions (FC) do not show a significant impact on BI, implying that the mere presence of infrastructure and technical support is insufficient to drive adoption. Neither Hedonic Motivation (HM) nor Price Value (PV) are strong determinants of BI, reinforcing the notion that users view digital payments as practical tools rather than sources of enjoyment or economic advantage. Habit (H) emerged as the strongest predictor of BI, underscoring the critical role of routine usage in sustaining digital payment adoption. This finding is consistent with prior research that emphasizes the importance of habit in technology use (Al-Okaily et al., 2021). In summary, while performance expectancy and habit are significant drivers of digital payment adoption, the negative impact of social influence and non-significant role of facilitating conditions highlight the complex interplay of factors influencing user intentions. These insights contribute to a nuanced understanding of digital payment adoption, suggesting that strategies to enhance adoption

should focus on increasing perceived usefulness and encouraging habitual use while considering the potential adverse effects of social pressure.

14. IMPLICATIONS

These findings offer valuable insights for stakeholders aiming to enhance digital payment adoption. Policymakers should focus on strengthening the digital infrastructure, implementing robust cybersecurity measures, and promoting financial literacy programs to build consumer trust and accessibility, especially among populations hesitant to adopt digital solutions. Financial institutions and fintech companies are encouraged to enhance transaction security, optimize user experience, and develop tailored solutions that cater to diverse demographic segments. Technology developers should prioritize the creation of user-friendly designs featuring intuitive navigation, real-time fraud detection, and AI-driven personalization to improve usability. Marketers should implement targeted outreach campaigns, leverage peer-driven advocacy, and design incentive structures aligned with consumer behavior patterns. Furthermore, increasing consumer awareness regarding transaction security, fraud prevention, and data privacy policies can help alleviate apprehensions and promote the broader adoption of digital payment technologies.

15. FUTURE SCOPE OF RESEARCH

Future research should explore cross-cultural differences in digital payment adoption using mixed methods, including quantitative surveys and qualitative interviews, guided by Hofstede's cultural dimensions theory. Longitudinal studies are needed to assess how user adoption patterns evolve over time in response to technological advancements and regulatory changes, employing diffusion of innovation theory. Investigating security and privacy concerns through quantitative surveys and analyzing data with Structural Equation Modeling (SEM) can provide insights into how these factors influence adoption, utilizing Protection Motivation Theory (PMT). Evaluating the impact of emerging technologies like AI, blockchain, and biometric authentication on user acceptance and security through experimental studies can be guided by the Technology Acceptance Model (TAM). Additionally, examining demographic-specific adoption trends by conducting stratified sampling and cluster analysis can reveal how factors such as age, digital literacy, and financial inclusion affect digital payment adoption, extending the Unified Theory of Acceptance and Use of Technology (UTAUT) to include demographic moderators.

16. CONCLUSION

This study provides valuable insights into the factors influencing digital payment adoption, highlighting the significant roles of performance expectancy and habit while noting the minimal impact of social influence, price value, and facilitating conditions. These findings suggest that users prioritize efficiency and routines in their digital payment behavior.

Implementing this study's recommendations can lead to substantial societal benefits. Governments can foster greater financial inclusion by enhancing the digital infrastructure and cybersecurity, particularly among underserved populations. Financial institutions that focus on creating user-friendly and secure payment platforms can increase consumer trust and engagement, potentially reducing their reliance on cash transactions. This shift could result in more efficient economic activities and improved transparency in the financial systems.

Although this study offers important insights, it is essential to acknowledge its limitations. This research is based on self-reported data, which may be subject to biases such as social desirability or inaccurate recall. Additionally, the study's cross-sectional design limits its ability to infer causality between the identified factors and digital payment adoption. The sample may not fully represent all demographic segments, potentially affecting the generalizability of the findings. Future research employing longitudinal designs and more diverse samples could provide a more comprehensive understanding of the digital payment adoption dynamics.

Recognizing these limitations, this study lays the groundwork for future investigations to build upon its findings and further explore the complex factors that influence digital payment adoption.

Declarations Section

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