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# Preference of Modern/Digital Payments Over Traditional Financial Services

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**Abstract:** This study explores the growing preference for modern digital payment systems over traditional financial services. Findings reveal that most users, especially those aged 18–25 and educated females, actively use and trust financial apps such as Google Pay and PhonePe. Convenience, time efficiency, and ease of use are the main reasons for this shift. However, concerns about security and limited adoption among older or less-educated groups persist. The study concludes that digital payments are rapidly transforming financial behavior, and further efforts are needed to make fintech platforms more secure, inclusive, and user-friendly.

**Keywords:** digital/modern payments, traditional payments, fintech, financial services.

## I. INTRODUCTION

Modern and digital payment technologies have already surpassed traditional financial services in today's quickly changing financial world. The way that people and organizations execute financial transactions has changed due to the growing use of Smartphone's, internet access, and fintech technologies. Compared to traditional cash or cheque-based systems, digital payment methods- such as mobile wallets, UPI, online banking, and contactless cards offer more convenience, speed, and security. Digital payments are changing financial behavior and accelerating the global transition to a cashless economy as consumers place a higher importance on accessibility, transparency, and real-time processing.

## II. OBJECTIVES

1. To make comparative study of modern/digital financial payments over traditional financial services.
2. To know the preference of people towards the usage of modern/digital financial payments over traditional financial services.

## III. RESEARCH METHODOLOGY

100 students of UG and PG put together were randomly picked up for the study and average percentage methods were used.

## IV. GIST OF THE STUDY

**Findings of the study**

1. Majority i.e 47% of respondents falls in the age group of 18-25 years.
2. Majority i.e 52% of them are females, who use modern financial services.
3. Majority i.e 84% of them are educated.
4. Majority i.e 87% believes that they handle financial app very smoothly.
5. Majority i.e 93% of them knows about financial apps.
6. Majority i.e 47% of them are very familiar with these financial apps.
7. Majority i.e 51% of them frequently use financial apps.
8. Majority i.e 67% of them prepares digital payments.
9. Majority i.e 47% of them prefer financial app, as it is time saving.
10. Majority i.e 57% of them use financial app for other purpose.
11. Majority i.e 45% of them are more concerned of security risk while going for financial payments.
12. Majority i.e 85% of them trust financial app for paying company bills.
13. Majority i.e 63% of them prefers artificial intelligence.

  

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14. Majority i.e 49% of them considers security factors while using financial apps.
15. Majority i.e 35% of them uses Google pay for their payments.
16. Majority i.e 55% of them stay updated with financial apps.
17. Majority i.e 55% of them agreed that there is very little changes in fintech apps and it won't affect them in managing their finances.
18. Majority i.e 65% of them think traditional banks may be replaced by fintech companies in the future.

## V. SUGGESTIONS

1. Majority i.e 47% of respondents fall in the age group of 18-25 years, then how about other age groups they are not familiar with the usage of fintech in their business, so more user friendly apps on fintech to be created.
2. Majority i.e 52% of them are females, who are well versed with modern financial services usage, so more men have to be encouraged to use modern financial services.
3. Why only 80% of them are educated, who use modern financial services even illiterates should be using modern financial services, if its made user-friendly.
4. 87% of them have confidence of handling financial apps very smoothly, if it is made user friendly then almost all or 100% of them will have confidence of handling financial apps.
5. 93% of them know about digital payment methods, but only 51% of them frequently use digital payment methods that mean still 49% of them are happy in using traditional payments methods.
6. 47% of them prefer digital payment services as it is time saving, so remaining others i.e 53% of them are not preferring digital methods even though it is time saving as they want secured, easily accessible and convenient thing in their financial services, so digital payment should try to add off more of features related to convenience, security and easy access.
7. Since the age group of 18-25 years is youngsters, they prefer modern financial services for shopping other than banking and business, so these modern financial services to be encouraged for more of Banking and business purpose also.
8. 49% of them prefer modern financial services for only security purpose remaining others i.e 51% of them prefer traditional financial services for reputation, just service and fee and charges purpose.
9. Majority i.e 35% of them prefer Google pay app for their payments purpose and 30% go for phone pay, so more people to be promoted or given more offer for using Bhim app, which is one Indian app for payments

## VI. CONCLUSION

The study clearly shows a shift in perspective from traditional banking services to modern digital payment methods. The results indicate that the younger generation, especially those between the ages of 18 and 25- as well as female and educated consumers is leading the way in the use of financial technology. Although there is a high level of awareness and usage, the study highlights the need for better accessibility and digital literacy activities to increase the inclusion of other age groups and those with lower levels of education. Users' decisions to accept or reject digital payment methods are still heavily influenced by security and trust. The findings also show that many consumers believe fintech firms will eventually displace traditional banks because of their effectiveness, creativity, and user-friendliness. Therefore, in order to create a more diverse and digitally empowered financial ecosystem, regulators, financial institutions, and fintech developers must work together to improve security features, streamline user interfaces, and raise awareness.

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