


“Determinants of customers’ perception towards digital payment system”

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DETERMINANTS OF CUSTOMERS' PERCEPTION TOWARDS DIGITAL PAYMENT SYSTEM

Abstract

In today's competitive age, marketers have realized the need to identify the factors influencing customers' perceptions of digital payments. This study helps in developing sustainable marketing strategies for the firm. The study's major goal was to examine the factors influencing customers' perception towards digital payment in Nepal. Causal comparative research design has been used. This study has used the primary data, collected through the structured questionnaire based on the 6-point Likert scale. Purposive sampling was employed, and 394 sample size was taken because at least 384 responses are representative sample for the unknown population. The study population was consumers who use digital payment systems in Nepal. The survey was conducted from June to October 2024 in Nepal. The questionnaire was distributed to the digital payment system users because they might have adequate knowledge regarding the digital payment systems. The path analysis examined the impact of ease of use, self-efficacy, perceived trust, perceived usefulness, and privacy and security on customers' perception towards digital payment using the structural equation modeling. The result showed that ease of use ($\beta = .189, p < 0.05$), self-efficacy ($\beta = .595, p < 0.05$), and perceived usefulness ($\beta = .168, p < 0.05$) significantly impact customer perception towards digital payment. However, it was also discovered that perceived trust ($\beta = .084, p > 0.05$) and privacy and security ($\beta = .044, p > 0.05$) do not considerably influence customers' perception towards digital payment in the Nepalese market. It is concluded that ease of use, self-efficacy, and perceived usefulness play an essential role in the perception development of customers towards digital payment system. Still, consumers have no trust and do not believe in the security towards digital payment. The study's findings might be helpful for business people and future researchers to understand new market conditions and growth.

Keywords

perceived usefulness, ease of use, self-efficacy, perceived trust, privacy and security

JEL Classification

M31, D11, D83

INTRODUCTION

Cashless communities and technological advancement are gaining popularity (Fabris, 2019). Today's generations are accustomed to the world of online shopping. Since all sectors of the economy rely on digital technologies and the information technology sector is crucial to the growth of the national economy in the current situation.

The quick advancement of information technology makes things easier by offering unique payment system features. Consumers are shifting from cash-based transaction systems to cashless transaction systems due to the proliferation of e-payment systems. However, the transition to a cashless economy is not easy and the behaviors of cash-based transactions are still deeply ingrained in society (Yaokumah et al., 2017).

Bagra et al. (2023) found that self-efficacy has a significant effect on digital transactions, but Raj et al. (2024) and Singh and Srivastava (2018) discovered that there is no discernible relationship between digital payment and self-efficacy. Bagra et al. (2023) and Karim et al.

(2022) found that the satisfaction of consumers with e-payment systems is significantly and positively affected by privacy and security. Conversely, Suprpto (2020) showed that privacy and security have no discernible impact on customer perception. This indicates that there is a gap between the findings of previous researchers. Therefore, this research may minimize these gaps between the various conclusions of other researchers.

Digital system has many advantages, such as reducing transaction costs and being easy and convenient. Still, they suffer from money theft, phishing scams, hacking, and cyber attacks. etc. Very little research has been conducted regarding this topic in the Nepalese context. Giri and Ghimire (2020) conducted a study to understand consumers' perceptions of adopting digital payment systems. Still, the study did not include self-efficacy, privacy and security to measure the customers' perception of the digital payment system. Therefore, these are the major issues to carry out this study.

1. LITERATURE REVIEW AND HYPOTHESES

Perception of customers' refers to the understanding of customers towards a brand, product or service. Consumer perception can be shaped by brand image, advertising and publicity, product quality and product performance, packaging, price, word-of-mouth, etc. Likewise, consumers' perception of digital payment can be influenced by self-efficacy, perceived ease of use, perceived trust, perceived usefulness, privacy, and security.

Rai and Budhathoki (2023) performed a study and found that the product features significantly influences the customer's perception. Rai and Bhattarai (2024) also investigated and found the same line regarding consumer behavior. Bagra et al. (2023) examined the factors influencing the adoption of digital wallets and customer loyalty in e-payment systems by assessing the mediating effect of customer satisfaction. The researchers found that ease of use significantly impacts customer satisfaction with e-payment systems. Karim et al. (2022) examined the variables influencing Bangladeshi customer satisfaction with e-wallet payment systems. The findings displayed that there is a significant positive relationship between perceived ease of use and customer satisfaction. In their study on e-wallets, Chelvarayan et al. (2022) looked at university students' cashless transactions. Students' perceptions regarding e-wallets were measured using four independent variables: perceived utility, perceived risk, perceived ease of use, and perceived trust. The study discovered that perceived ease of use significantly affects students' perception. Najdawi and Said (2021) studied the factors

that influence digital payment and found that the intention of using e-wallets has a positive association with perceived ease of use. To better understand the topic of cashless transactions, Yang et al. (2021) looked into the adoption and intention of the use of e-wallets. The study's findings showed that attitudes to the usage and adoption of e-wallets are positively impacted by perceived ease of use. Numerous scholars have examined the influence of ease of use on attitudes toward adopting cashless transaction systems and perceived utility (Sarmah et al., 2021) and found that there is a significant effect of perceived ease of use on customer perception. A study on the factors influencing young adults in Malaysia who use e-wallets as a payment mechanism was conducted by Karim et al. (2020). They discovered that behavioral intention for using an e-wallet is positively affected by perceived ease of use. Thus, it can be stated that the ease of use can improve the customer's perception of digital payments. Digital payment systems are easier to use, leading to a positive perception among customers for cashless payment.

Raj et al. (2024) performed a study to identify which factor may influence to the adoption of cashless transactions during COVID-19. The researchers discovered that there is no discernible correlation between self-efficacy and cashless transactions. A study on the factors affecting the adoption of digital wallets and consumer loyalty for e-payment systems was done by Bagra et al. (2023). The researchers discovered that client satisfaction with e-payment systems is significantly impacted by self-efficacy. A study on the understanding the factors influencing adoption of digital payment systems was conducted by Amilan and Aparna

(2023). They discovered that self-efficacy significantly influences behavioral intention. Karim et al. (2022) examined the variables influencing customer satisfaction with e-wallet payment systems. The results demonstrated that technology, self-efficacy and contentment have positive relationship with customer satisfaction.

Furthermore, prior researches have shown that an individual's inclination to use cashless transaction techniques is significantly predicted by their level of self-efficacy (Lisana, 2021). Self-assurance reflects one's confidence level in overcoming challenges, such as using digital wallets for financial transactions and is associated with accomplishing particular activities. Self-efficacy has a beneficial effect on job satisfaction (Thakur et al., 2018). Conversely, those with poor self-efficacy regarding cashless transactions could be reluctant to use these payment methods, do not believe towards digital payment and refuse to accept (Singh & Srivastava, 2018). Hence, it is stated that self-efficacy is an essential factor that might improve the customer's perception of digital payment. Higher self-efficacy leads to the motivation for customers' perception of digital payment. It means an individual's belief in a digital payment system helps to enhance the customer's perception.

An investigation into the evaluation of consumer happiness and experience with digital payments in the meta-analysis review was conducted by Agarwal et al. (2023). The researchers discovered that consumer experience and satisfaction were significantly impacted by trust. A study on the variables impacting consumer loyalty in e-payment systems and the adoption of digital wallets was carried out by Bagra et al. (2023) by evaluating the function that customer satisfaction plays as a mediator. The researchers discovered that customer satisfaction with e-payment systems was significantly impacted by trust. Amilan and Aparna (2023) conducted a study to understand which factors influence the adoption of cashless transactions. They discovered that perceived trust significantly influences intention to use. In their study on e-wallets, Chelvarayan et al. (2022) looked at university students' cashless transactions. Students' perceptions regarding e-wallets were measured using four independent variables: perceived utility, perceived risk, ease of use, and perceived trust. The study discovered that

students' perceptions were significantly impacted by trust. Yang et al. (2021) looked into the adoption and intention of e-wallets to better understand the topic of cashless transactions. The study's findings showed that e-wallet adoption and usage intentions were significantly positively impacted by perceived trust. This notion involves having faith in service providers, including banks and telecom firms (Sarmah et al., 2021). Several studies about the impact of trust on customer happiness have been published. The trust positively and considerably impacted customers' satisfaction levels when utilizing digital wallets.

Furthermore, customers were more likely to use cashless transaction techniques when they felt secure, convenient, prestigious, familiar, and regulated (Chawla & Joshi, 2019). One study for understanding the customer's perception of the adoption of digital payment systems was conducted by Giri and Ghimire (2020) who found that the adoption of digital transaction methods is significantly influenced by trust. Many scholars have found that customers' beliefs about the digital payment system can improve their perceptions. It means perceived trust is significant in leading and enhancing the customer's perception.

Bagra et al. (2023) studied the variables affecting customer loyalty and the use of digital wallets in e-payment systems and found that perceived usefulness substantially impacts customer satisfaction with e-payment systems. Amilan and Aparna (2023) studied the factors influencing the acceptance of cashless transactions toward a unified view and found that perceived usefulness significantly impacts behavioral intention. Karim et al. (2022) examined the variables influencing Bangladeshi customer satisfaction with e-wallet payment systems and found that the perceived usefulness has no significant effect on customer perception towards digital payment system. In their study on e-wallets, Chelvarayan et al. (2022) looked at university students' cashless transactions and discovered that students' perceptions were significantly impacted by perceived usefulness. In the survey of the intention to adopt an electronic payment system, Yang et al. (2021) studied the subject of cashless transactions. According to the study's findings, perceived utility significantly and positively impacted e-wallet acceptance and usage intentions.

Furthermore, prior studies have demonstrated a strong association between a person's attitude toward cashless transactions, behavioral intention to utilize them, and perception of utility (Williams, 2021). Najdawi and Said (2021) performed a study using actual data from Dubai's Smart City to identify the variables influencing the adoption of digital transactions. The path analysis found that behavioral intention for using an e-wallet has a substantial and positive association with perceived utility. Yang et al. (2021) looked into the adoption and intention of electronic transactions to understand cashless transactions better. The study's findings showed that e-wallet acceptance and usage intentions are significantly impacted by perceived usefulness. To understand the perception of consumers for the adoption of digital transaction systems was conducted by Giri and Ghimire (2020). They revealed that the use of digital payment methods is significantly impacted by perceived utility. Thus, it can be stated that the perceived usefulness can improve the customer's perception of the digital payment system. The customer's perception can be enhanced through fraud reduction, real-time cash flow, security, efficiency, etc.

By evaluating the mediating effect of consumer satisfaction, Bagra et al. (2023) studied the factors impacting digital wallet use and customer loyalty toward e-payment systems. The researchers discovered that privacy and security substantially impact consumer satisfaction with e-payment systems. Karim et al. (2022) examined the variables influencing Bangladeshi customer satisfaction with e-wallet payment systems. The finding showed positive correlation between customer satisfaction and security. Najdawi and Said (2021) studied the variables influencing the uptake of digital payments. The study's finding displayed that the intention to use electronic transactions has a favorable and substantial association with privacy and security. Kumar and Menon (2020) investigated the role of national payment methods in India in encouraging digital transactions. They discovered that confidentiality and security significantly impact customer satisfaction with digital payments. A study investigating factors influencing the use of cashless mobile payments was conducted by Suprpto (2020). The finding showed that, in

contrast to financial costs and behavioral beliefs, which have no discernible impact on the intention to use cashless electronic payments but security, attitude, and social factors significantly and positively influence in intention to use cashless transaction. A study on the factors affecting young adults in Malaysia who use e-wallets as a payment mechanism was carried out by Karim et al. (2020). The study's results showed that behavioral intention for using an electronic transaction has a substantial and positive association with perceived utility, privacy, security, and ease of use. Rahman et al. (2020) studied Malaysian customers' perception to use of electronic transaction systems. The findings demonstrated a high relationship between adopting cashless transaction systems and perceptions of technological security. Therefore, ensuring privacy and security is vital to building a positive customer perception of the digital payment system. More privacy and security will increase the customer's perception of the digital payment system.

In conclusion, ease of use, self-efficacy, perceived trust, perceived usefulness, and privacy and security positively influence on customers' perception towards digital payment system. It is expected that the perceive trust and privacy and security have not significant effect on customers' perception towards the digital system.

The study's general objective was to identify the factors affecting the customers' perception of the digital payment system in Nepal. The specific aim of the study was to examine the effect of self-efficacy, perceived ease of use, perceived trust, perceived usefulness, and privacy and security on the customer's perception towards the digital payment system.

Hence, to meet the research objectives, the following hypotheses have been proposed:

- H1: *Perceived ease of use significantly affects customer perception towards digital payments.*
- H2: *Self-efficacy significantly affects customer perception of digital payments.*
- H3: *Perceived trust significantly affects customer perception towards digital payments.*

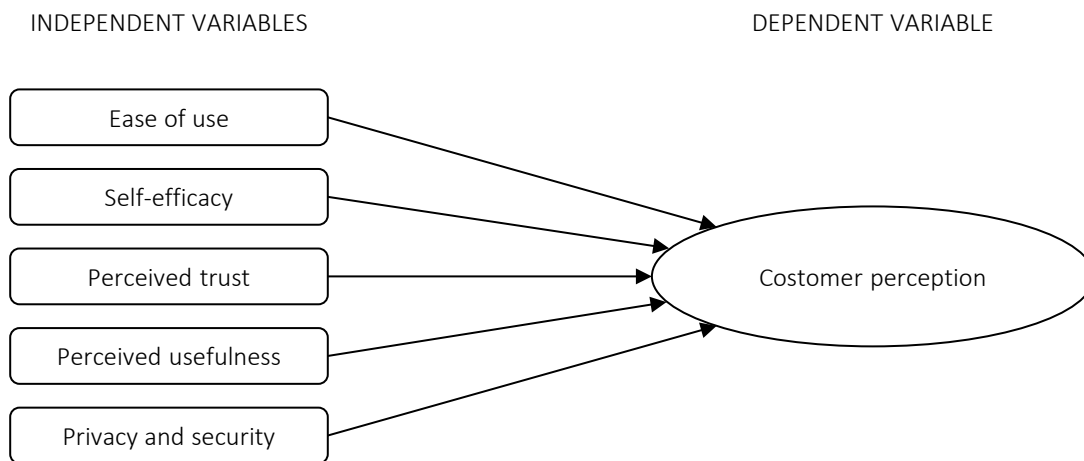


Figure 1. Variables

H4: Perceived usefulness significantly influences customer perception towards digital payments.

H5: Privacy and security significantly affect customer perception towards digital payments.

Various factors can be used to identify the customer perception towards digital payments. Among them self-efficacy, perceived ease of use, perceived trust, perceived usefulness, privacy, and security were used as independent variables to assess the customer perception towards electronic payments.

2. METHODOLOGY

This study is based on the post-positivist epistemological foundation and single reality ontological foundation to measure customers' perception towards digital payments. Quantitative techniques have been used in the study. A causal-comparative research design has been carried out to identify the influence of self-efficacy, ease of use, perceived trust, perceived usefulness, privacy and security on customers' perception towards digital payments. The study's target population consisted of digital payment system users in Nepal. The sample for this study was selected from purposive sampling method. Three hundred ninety-four responses were collected as the sample size for the study.

Based on the purposive sampling method, digital payment system users in Nepal were approached

and requested to facilitate the completion of survey questionnaires from June to October 2024. Therefore, the study's respondents were Nepal's digital payment system users.

Primary data have been collected by using a self-administered closed-ended questionnaire with sections for perceived ease of use (PEU), self-efficacy (SE), perceived trust (PT), perceived usefulness (PU), privacy and security (PS) and customer perception (CP) and personal information on digital payment users for understanding the perception of digital payment system users. Using a six-point Likert scale, the scale items in the questions included response options ranging from 1 (very unimportant) to 6 (highly important). Additionally, the survey included the participants' age and gender, among other demographic details. This led to a total of 27 questions in the survey instrument.

The structure of the questionnaire is presented in Table 1.

The ethical approval was obtained from the ethics committee for the study. The ethics committee of Nepal Commerce Campus, Tribhuvan University, has provided ethical approval for the study. The ethical board approval reference number is 506/082/082.

Based on the sampling frame of the study, 394 informants provided accurate responses. Table 2 presents the responses of 394 respondents who have accurately completed the survey questionnaires. The researchers have obtained verbal con-

Table 1. Questionnaire structure

Group and area	Questions	Measurement scale	Remarks
Group A: Demographic information	2	Various options	
Group B: Ease of use	4	6-point Likert scale	1 = strongly disagree to 6 = strongly agree
Group C: Self-efficacy	4		
Group D: Perceived trust	4		
Group E: Perceived usefulness	4		
Group F: Privacy and security	5		
Group G: Customer perception	4		
Total	27		

sent for participation in the study. In social science research, 200 or more than 200 responses can test the research hypotheses in path analysis through structural equation modeling (Hair et al., 2018). Thus, the responses of 394 respondents included the data in the study. Path analysis through structural equation modeling has been used to examine the influence of ease of use, self-efficacy, perceived trust, perceived usefulness, and privacy and security on customers' perception towards digital payments.

Table 2. Profile of the respondents

Categorization variables	No.	%
Age group		
Below 20 years	33	8.4
21-30	46	11.7
31-40	115	29.2
41-50	147	37.3
Above 50 years	53	13.5
Respondent's gender		
Female	204	51.8
Male	190	48.2
Total	394	100.0

The research has conducted confirmatory factor analysis (CFA) through structural equation modeling (SEM) to explore the relationship between 25 variables under study. The consistency

of each latent variable was measured using Cronbach's Alpha (α), while the presence of common method bias (CMB) in all variables was observed using Harman's single-factor variance. The study's findings and the suggested threshold values are presented in Table 3.

As presented in Table 3, the outcome of internal consistency reveals that all Cronbach's Alpha values surpass the acceptable level of 0.70, as stated by Taber (2018). Besides, all 25 study variables exhibited a reported variation of 27.732 %, which is below the required threshold of 50 % proposed by Cho and Lee (2012). It is concluded that there is no threat of common method bias.

Hence, 25 observable variables were selected for subsequent analysis and grouped into six latent variables.

The external validity of the study was assessed using the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity. The Kaiser-Meyer-Olkin (KMO) sample adequacy test resulted in a test statistic of 0.863, above the preset prescribed value of 0.8 by Hair et al. (2018). Bartlett's test of sphericity indicated a substantial overall effect of all correlations in the correlation matrix. The test generated an approximate Chi-square value

Table 3. Internal consistency and common method bias

S.N.	Latent variables	Observed variables	Cronbach's Alpha (α)	Harman one-factor variance
1.	Ease of use (EU)	4	.931	27.732%
2.	Self-efficacy (SC)	4	.812	
3.	Perceived trust (PT)	4	.969	
4.	Perceived usefulness (PU)	4	.944	
5.	Privacy and security (PS)	5	.951	
6.	Customer perception (CP)	4	.818	
Suggested threshold values			≥ 0.70 (Taber, 2018)	≤ 50.0% (Cho & Lee, 2012)

Table 4. Internal validity insights

	CR	AVE	MSV	MaxR(H)	Security	Trust	Usefulness	Ease	Self-efficacy
Security	0.917	0.688	0.045	0.975	0.829				
Trust	0.906	0.699	0.086	0.977	0.177**	0.836			
Usefulness	0.890	0.655	0.180	0.968	0.079	0.157**	0.809		
Ease	0.874	0.620	0.124	0.985	0.212**	0.280**	0.217**	0.787	
Self-efficacy	0.800	0.454	0.180	0.827	0.168**	0.293**	0.424**	0.353**	0.674

Note: No validity concern.

of 9587, with 300 degrees of freedom and a significance level (Sig.) of 0.000. This research identified 25 observed variables and recommended applying SEM based on the given indicators.

The research evaluated the discriminant and convergent validities to ensure the internal validity of the latent variables before applying the SEM. The convergent validity was identified using the CR and the AVE.

For the convergent validity, the value of average variance extracted (AVE) must be more than 0.4 (AVE>0.4), composite reliability (CR) must be higher than 0.7 (CR>0.7) for reliability, and composite reliability (CR) must be more than AVE (Hair et al., 2006). Table 4 displays that all AVE values are more than 0.4, the CR values are more than 0.7, and the CR values are more than AVE. Therefore, there exists convergent validity. For discriminant validity, the AVE value must be higher than maximum shared variance (MSV), and the square root of the AVE for a specific construct should be higher than the correlations between other constructs, as prescribed by Fornell and Larcker (1981). The correlation matrix between the constructs is displayed in the last five columns of Table 4. AVE's square root is emphasized in bold on the diagonal. The convergent validity statistics, as presented in Table 4, indicates that the latent variables effectively measure theoretically supported concepts. The test statistics prove the constructs' differentiation and indicate no multicollinearity.

3. RESULTS

Following initial testing and data validation, the study employed path analysis (PA), confirmatory factor analysis (CFA), and structural equation modeling (SEM) by logging multiple correlation coefficients for each latent variable to assess the predictive power of the model and the significance of the hypothesized paths. The standardization of estimates and the applicability of the underlying model are shown in Figure 2.

Figure 2 shows the structural model for the study, and as presented in Figure 2, the model fit indices were all excellent, meeting the proposed threshold values: CMIN/DF = 2.008, RMSEA = 0.051, GFI = 0.907; AGFI = 0.882; CFI = 0.973; NFI = 0.947. All the values fall under the prescribed ranges by Byrne (2010). The significance of suggested pathways and the explanatory capability of the model were evaluated by presenting the R-squared values. The model's results indicated that the aggregated independent variables explained around 34.0% of the variation in customer perception towards digital payment in Nepal. Table 5 presents the parameter estimates for the regression routes.

The results presented in Table 5 illustrate that variables analyzed statistically significantly impacted perceived ease of use on customer perception ($\beta = 0.189$; $p < 0.05$). Likewise, perceived usefulness has significant effect on customer perception ($\beta = 0.168$; $p < 0.05$). It was also showed that self-efficacy influenced on customers' perception ($\beta =$

Table 5. Estimated parameters of the regression routes

Pathways	Estimate	SE	CR	p	Result
Customer perception ← privacy and security	.044	.066	.659	.510	Rejected
Customer perception ← perceived trust	.084	.061	1.372	.170	Rejected
Customer perception ← perceived usefulness	.168	.070	2.405	.016	Accepted
Customer perception ← perceived ease of use	.189	.070	2.698	.007	Accepted
Customer perception ← self-efficacy	.595	.102	5.811	***	Accepted

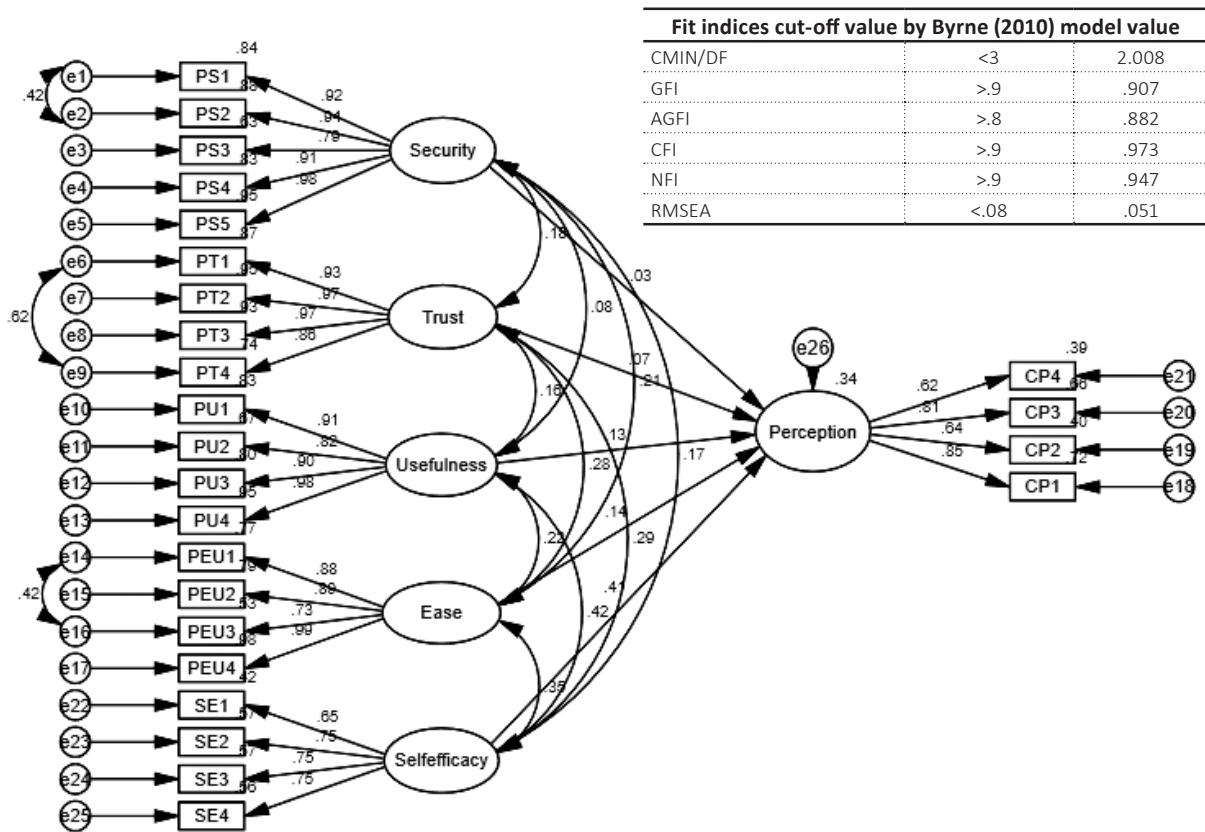


Figure 2. Structural model

0.595; $p < 0.05$) towards digital payment in Nepal. However, it was discovered that the privacy and security and perceived trust have not significant influence on customer perception respectively ($\beta = 0.044$; $p > 0.05$; $\beta = 0.084$; $p > 0.05$). These findings provide evidence in favor of hypotheses *H3*, *H4*, and *H5*. However, the research findings indicate that privacy and security and perceived trust did not positively impact customers' perception towards digital payment in Nepal, as shown by a p-value greater than 0.05.

4. DISCUSSION

Based on the hypothesis testing results, ease of use significantly shapes customers' perception towards digital payment ($\beta = 0.189$; $p < 0.05$). This means the hypothesis *H1* is accepted. The result shows that the ease of use of the digital payment system significantly impacts customer behavioral intentions. This finding was consistent with the findings of Amilan and Aparna (2023), Bagra et al. (2023), Chelvarayan et al. (2022), and Karim et al. (2022) who confirmed that the customer percep-

tion is significantly impacted by ease of use. This finding is in line with the general theory of consumer behavior. This means that digital transactions' perceived ease of use can satisfy customers' perception, and ease of use can positively influences their behavior.

Furthermore, the research result shows that self-efficacy positively and significantly impacts customers' perception towards digital payment ($\beta = 0.595$; $p < 0.05$). Therefore, hypothesis *H2* was also accepted. This study's outcome shows that customer self-efficacy significantly influences their perception towards digital payment. This research finding is aligned with the previous findings of Amilan and Aparna (2023), Bagra et al. (2023), and Karim et al. (2022) that the customer perception is significantly influenced by self-efficacy towards digital payment. So, self-efficacy influences customer perception towards digital payment in the Nepalese context. However, this finding is inconsistent with the previous finding of Raj et al. (2024) that self-efficacy does not influence customer perception towards digital payment. This finding is not in the line with the general theory

of consumer behavior, which states that the self-efficacy of consumers towards digital payment systems can influence and satisfy the customer's perception, and their behavior can be positively influenced by self-efficacy. The person's perception of their abilities and conviction or the affective state might influence the customer's perception of digital payments.

Additionally, it was found that the perceived trust does not significantly affect customer perception towards digital payment ($\beta = 0.084$; $p > 0.05$). So, hypothesis *H3* was rejected. This result of the study is not aligned with the earlier findings of Amilan and Aparna (2023), Agarwal et al. (2023), Bagra et al. (2023), Raj et al. (2024), and Yang et al. (2021), demonstrating that the perceived trust significantly influences the customer perception towards digital payment. So, the perceived trust does not influence customers' perception towards digital payment in Nepal. This means the Nepalese consumers do not trust to the digital payment system. Nepalese people have no faith towards the digital payment system to safeguard their money and personal information against theft and misuse.

The fourth independent variable used to measure the customers' perception towards digital payment was the perceived usefulness. The finding of the research result shows that the customers' perception towards digital payment is significantly affected by perceived usefulness ($\beta = 0.168$; $p < 0.05$). This finding supports the hypothesis *H4* that the customers' perception towards digital payment is substantially influenced by perceived usefulness. This finding is consistent with the previ-

ous findings of Amilan and Aparna (2023), Bagra et al. (2023), Chelvarayan et al. (2022), Karim et al. (2022), and Yang et al. (2021), demonstrating that there is a significant influence of perceived usefulness on customer perception towards digital payment. So, perceived usefulness influences customer perception towards digital payment in the Nepalese context. This finding aligns with the "consumer behavior" theory that the perceived usefulness factor influences the customer's perception of digital payments. This means Nepalese consumers assess digital payment as an efficient and convenient method; it helps store and transfer money and is more beneficial for immediate payment and transactions.

Lastly, privacy and security was used to measure the customers' perception towards digital payment in Nepal. It was found that there is no positive and significant impact of privacy and security on customers' perception towards digital payments ($\beta = 0.044$; $p > 0.05$). This research finding does not support hypothesis *H5*. This finding is inconsistent with the prior findings of Bagra et al. (2023), Karim et al. (2022), Kumar and Menon (2020), and Najdawi and Said (2021), who revealed that the customers' perception towards digital payments is positively and significantly affected by privacy and security. So, privacy and security have not positively impacted customer perception towards digital payment in the Nepalese context. This means Nepalese people feel insecure about the digital payment system; there may be chances of sharing sensitive information and theft of money. Privacy and security may not influence customers' perception of digital payment in Nepal.

CONCLUSION

The study's main objective was to identify the factors affecting the customers' perception of the digital payment system in Nepal. The findings revealed that all three factors of digital payment- ease of use, self-efficacy, and perceived usefulness-significantly affect customers' perception of digital payment. These factors have a significant role in shaping and improving customers' perception of the digital payment system. Consumers consider ease of use, self-efficacy, and perceived usefulness factors more critical for digital transactions in Nepal due to the convenience, efficiency, speed, visibility, and cost reduction. On the other hand, perceived trust, privacy and security do not significantly increase customers' perception of digital payment. Customers do not trust the digital payment system due to a lack of security. There may be a chance of tracking customer behavior, unauthorized access to financial information, hacking, cyberattacks, phishing scams, and data breaches. Therefore, it is concluded that customers have lacking of trust, privacy and security towards the digital payment system in Nepal.

Based on the study's limitations, there are some suggestions for future research guidelines. Firstly, this study was conducted in Nepal, a developing country. So, this research can be carried out in other underdeveloped and developed countries where respondents might have diverse socio-economic backgrounds, characteristics, cultures, perceptions, customs, attitudes, behaviors, etc. Second, this model can be applied with minor modifications to the model of customer perception towards the digital payment system. Third, this model can be utilized by using demographic factors as moderating factors to measure the customers' perception of the digital payment system. Fourth, customer perceptions can be measured by adding other independent factors not captured in the model of the study in digital payment systems.

AUTHOR CONTRIBUTIONS

Conceptualization: Gyan Mani Adhikari, Bharat Rai, Ganesh Bhattarai.

Data curation: Bharat Rai, Ganesh Bhattarai.

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We obtained verbal consent from the respondents to survey their opinions, as their anonymity was assured, the nature of the study posed no risk of harm, and no vulnerable participants were involved. There were no regulatory requirements for written consent.

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