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A study on consumer perceptions of online shopping through digital financing

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Abstract
This article examines the connection between digital finance and online shopping, highlighting the benefits and customer satisfaction related to online purchases. It is grounded in both primary and secondary data. Primary data were collected through a structured questionnaire created in Google Forms and distributed via WhatsApp groups using a random sampling method. A total of 114 respondents answered the questions, and the analysis is based on their responses. Secondary data were sourced from published reports, journals, conference proceedings, and books to better understand concepts, previous research on online shopping and digital finance, and to identify research gaps. The literature review revealed that most researchers focus on either digital finance or online shopping separately, with few analysing both together. This study aims to develop a conceptual framework encompassing online shopping, digital finance, and public perceptions. The results indicate that digital finance enhances access to financial services anytime and anywhere via mobile phones. Many respondents consider the internet their main resource for learning about online purchasing, and low-cost data plans facilitate access. Overall, online shopping is made easier by numerous benefits, especially digital payments, which streamline the payment process with just a click. This is a highly relevant, multifaceted topic within the domains of fintech, consumer behaviour, and e-commerce. It explores how modern credit methods—such as Buy Now, Pay Later (BNPL), instant EMI options, and digital wallets—shape how people feel about and make online purchases.

Keywords: Digital finance, online buying, fintech, digital payment, google pay, phone pe, mobikwik, amazon pay

Introduction

In this fast-moving world, technological change is accelerating. These technological advancements affect the financial sector, making people more familiar with digital finance. Digital financial services are a range of internet-based services, including payments, savings, insurance, and credit facilities. Digital finance could help unbanked people participate in financial activities. In developing economies, digital finance benefits users, service providers, the government, and the economy at large (Ozili, 2018). Digital payments have become more popular in India with the introduction of e-wallets (Roy, 2022). The government launched the Digital India campaign on July 2, 2015 [12], which aims not only to implement government services but also to connect rural areas with high-speed internet networks. The campaign has three core components, i.e., the development of secure and stable digital infrastructure, the delivery of government services digitally and universally, and digital literacy. Online shopping is the process of buying goods and services over the internet, as we are all now connected through the World Wide Web (Daroch, Nagrath, & Gupta, 2021). Digitalised processes are boosting the e-commerce industry, and digital payments are making it faster and easier (Sajid S *et al*., 2022).

Literature Review

The convergence of e-commerce and digital finance has fundamentally altered consumer purchasing journeys, transforming not only how consumers shop but also how they finance their consumption in real time. Digital financing instruments, ranging from mobile wallets and Unified Payments Interface (UPI) to Buy Now, Pay Later (BNPL) schemes, have lowered barriers to entry for online shopping, altering cognitive and psychological mechanisms underlying consumer behaviour. This section synthesises recent empirical and theoretical literature surrounding consumer perceptions of online shopping through digital financing ecosystems.

Digital financial services are a digital transformation in the financial services industry, in which nonbank players provide customer-centric services, offer back-office financial products, and offer an alternative to the traditional banking system (IFC, World Bank Group, 2017). The Digital Finance Institute describes digital finance companies as a combination of financial activities with technology. It provides services such as digital banking, payment solutions, peer-to-peer lending, bitcoin, crowdfunding, mobile solutions, and delivery platforms (Digital Finance Institute, 2015). Allen F. *et al*. (2002) [2, 12] describe E-finance, or digital finance, as financial services and markets that use information and communication technology. The important points addressed in the study are the use of digital technology and its role in digital finance, including digital payments. This paper helps researchers understand various concepts of digital finance identified by the researchers. Hartmann ME (2006), in his paper "E-payment revolution," discussed e-money, e-payment, e-banking, and the revolution underway in this field. While innovations in e-payment systems are creating new avenues, they also face challenges.

The researcher found in her study that e-money usage has increased in recent years, but adoption in Europe is progressing slowly. Mobile payments are gaining momentum as mobile use increases, offering a convenient way to pay. The study also shows that some European countries have not met the standards for e-payment services. Hu N *et al*. (2008) examined whether online reviews affect product sales. The researchers found that online reviews are a major source of information for knowing about qualitative products. The researchers used transaction cost economics and uncertainty reduction theory and found that reviewer quality, exposure, and product coverage affect online product sales. Li *et al*. (2020) investigated the impact of digital Finance on household consumption using panel data from the CHFS survey and examined how Digital finance affects consumers' consumption patterns. The researchers studied the mediating role of online shopping, digital payment, online credit, etc.

They found that they have a greater impact on the consumption of products such as clothing, entertainment, medical care, education, and housing maintenance. Wang. Q. et.al. (2020) investigated the impact of digital finance on financial efficiency to find out the increase in financial efficiency due to the availability of digital finance. The results of the study indicate that digital Finance slightly improves the efficiency of China's financial sector. COVID-19 accelerated digitalisation in India, and Indian FinTechs and digital payment companies made significant progress, providing integrated, user-friendly solutions powered by advanced technologies and innovative business models. Growing internet and mobile penetration, low-cost data plans, and a shift from offline to online shopping channels have led to the adoption of digital technology. There is a surge in digital payments across online grocery stores, retail outlets, mobile recharge, bill payments, OTT, and online pharmacies (KPMG, 2020).

Academic literature on digital credit and financing options frequently grounds consumer adoption patterns in established frameworks of consumer behaviour. Recent studies increasingly apply the Stimulus-Organism-Response (S-O-R) framework to map how digital financing ecosystems act as environmental stimuli that change a consumer's internal cognitive or emotional state, leading to unexpected shopping outcomes (Simolinna, 2025) [18].

Similarly, adaptations of the Technology Acceptance Model (TAM) and the Unified Theory of Acceptance and Use of Technology (UTAUT) establish that performance expectancy (perceived usefulness), effort expectancy (ease of use), and facilitating conditions directly dictate consumer trust and willingness to rely on digital finance interfaces (Dhungana *et al*., 2023) [11]. In these systems, ease of use reduces the cognitive load associated with financial transactions, allowing the e-commerce platform's user experience to drive consumer satisfaction and platform loyalty directly (Dhungana *et al*., 2023) [11].

Consumers place heavy weight on the content, reliability, and precision of information presented on shopping platforms (El Moussaoui *et al*., 2023) [14]. In digital financing environments, this extends to clear fee structures, implicit disclosure of interest rules, and straightforward repayment terms. Transparency in these mechanisms has been shown to directly foster institutional trust among young consumers (Ahmad, 2026) [1].

Digital financing and payment solutions disrupt this mechanism through "Spendception," a cognitive state where the diminished physical visibility of a transaction reduces psychological resistance to spending (Faraz & Anjum, 2025) [15]. This decoupling of the purchase from immediate financial loss alters the consumer's perceived control over spending, lowering the mental load of financial processing and strongly accelerating impulse-buying tendencies (Faraz & Anjum, 2025) [15]. Consequently, consumers are structurally predisposed to make larger, less planned expenditures online because the short-term transactional friction is completely neutralised.

As short-term "pay-in-four" micro-credit frameworks have scaled globally, they have created a distinct sub-field of consumer perception research. Econometric choice models demonstrate that approximately 20% to 22% of modern retail consumers exhibit a strong positive willingness to pay (WTP) for BNPL bundles (van der Klaauw, 2026) [19]. This demand is highly polarised: younger, lower-income consumers and individuals with limited access to credit exhibit significantly higher demand for BNPL options, as they view them as crucial tools for budget smoothing and instant access to products (Ahmad, 2026; van der Klaauw, 2026) [1, 19]. While users find long-term value in deferred flexibility, managing multiple overlapping instalment schedules often induces significant cognitive anxiety and subsequent repayment mismanagement (Ahmad, 2026) [1]. Consumers strongly reject bundles that feature hard credit checks or reporting mechanisms to credit bureaus (van der Klaauw, 2026) [19]. In the absence of strict regulatory reporting, the reduction of perceived financial risk can inadvertently diminish long-term consumer welfare, driving debt accumulation and financial vulnerability among demographics with limited digital and financial literacy (Simolinna, 2025) [18].

Research Objective

When analysing consumer perception at the intersection of e-commerce and digital finance, the relationship generally hinges on how financing mechanisms lower the psychological pain of paying, thereby altering purchase intentions.

1. To explore the relationship between digital financing and online buying.
2. To identify the benefits of buying products online.
3. To study customer satisfaction with online buying.

Research Methodology

1. The present study is based on both primary and secondary data. A random sampling method is used to collect the data. 114 samples were taken to analyse the data. For the present study, primary data were collected using a structured questionnaire prepared with Google Forms and circulated to participants. The secondary data sources are mainly Journals, articles, and published reports. The paper is primarily conceptual, using charts and diagrams.
2. During the survey to know the awareness level of consumers and the sources of their awareness, it was found that among many sources, the Internet is the key source for knowing about the digital payment services. Most respondents view the Internet as the principal source for learning about digital payment services, followed by friends and peer groups.
3. In the opinion of the respondents, the benefits of the digital mode of payment are realised when they use it practically, as it is less time-consuming and hassle-free.
4. Even though people who are computer illiterate are also able to use the services of a digital payment service provider. The service providers simplify the procedure, and by following fewer steps, the transaction is completed.

5. It was observed through the study that people face difficulty in availing digital payment services due to slow network connectivity and time-consuming fund transfers due to network problems.
6. Nowadays, people prefer the digital mode of payment due to many benefits, like time saving, an inexpensive mode, being free from carrying cash, easy processing, hassle-free fund transfer, perfect count, etc. However, most people believe it is less time-consuming, with hassle-free processing and fund transfer.
7. As per the survey, though there are so many players providing digital payment services, the most prominent one used Google Forms, which was circulated among participants. The secondary data sources are mainly Journals, articles, and published reports. The paper is mainly conceptual, using charts and diagrams.

Core Drivers of Consumer Perception-The Drivers (Positive Perception)

- **Perceived Affordability & Cash-Flow Management:** By splitting a large lump sum into "Pay-in-4" or monthly micro-instalments, the immediate price barrier drops. Consumers perceive high-ticket items (electronics, fashion) as suddenly within reach.

- **Frictionless Accessibility:** Unlike traditional credit cards that require intensive documentation and credit history checks, digital financing provides near-instant onboarding via e-commerce apps.

- **Psychological Debt Decoupling:** Many consumers, particularly Gen Z and Millennials, view options like interest-free BNPL not as "taking on debt," but simply as a budgeting tool or a distinct, flexible "way to pay."

Analysis

As per the study, the awareness of the respondents about Online digital payments is significant, and 96.5% of the Respondents know about it. Brands include PhonePe, Google Pay, Paytm, Freecharge, MobiKwik, and Amazon Pay.

1. In this Internet era, most people go for online shopping of products, which is also similar to the findings of the study, where a higher percentage of the respondents are frequent buyers who prefer to buy through the online mode of Shopping, i.e., the internet.
2. Among most of the FMCG products, people shop for fashion and beauty products, followed by electronics, and other services like online recharge and bill payments using digital services.
3. The e-commerce industry is growing at a rapid pace. The e-commerce industry report by IBEF, 2022, estimates that the overall e-commerce market will reach US $350 billion by 2030 and grow by 21.5% in 2022, reaching US $74.8 billion. It has become a new normal to shop for goods online for the following reasons.
4. A wide range of products that suit the different needs of different people e-tailers provide a wider choice of products in different sizes, shapes, prices, brands, etc. Whereas traditional brick-and-mortar shops can store a limited number of products. The products are based on the demographic profile of the customers in a particular area. The size and stock are also limited.
5. Convenience Online shopping is convenient for customers. Generally, shopping is a cumbersome task, as you have to get ready, travel through heavy traffic to a specific location, wait in long queues to make a payment, and then travel back through heavy traffic. However, all these activities are done online in a few clicks.

- **Constraints:** In traditional shopping, one has to spend a lot of time. Currently, people work for multinational companies, and sometimes clients are in another country; then there may be a difference between day and night between the two countries. So it becomes difficult for them to shop because traditional stores have specific opening and closing times. The shop is generally open from 9 am to 10 pm. Online Shopping does not Have such constraints.

- **Offers and discounts:** Online stores offer lucrative deals to attract customers, and people can select products according to their needs, compare sellers' offers, and choose the best one for them.

- **Easy shopping:** In online shopping, no interference from sales personnel trying to influence a customer's buying decision with their views on products. Here, customers choose products based on their own preferences. Pop-up ads will be shown on screen, but they can be closed if not required.

- **Secrecy:** When purchasing certain embarrassing products, customers prefer to keep the transaction private, which is possible online.

- **Easy replacement and refund:** The service providers also help with product replacement and refunds if the customer is not happy with the product. The

- **Customer will mention:** the reason for rejecting the product online, and the money will be refunded to the mentioned account, or a replacement product will be provided, as the case may be

- **Free delivery:** E-tailers facilitate doorstep delivery and often offer it when customers purchase goods of a certain quantity and price.

- **Detailed information about products:** Customers can review product details, ingredients, components, and other customers' reviews to determine whether the offer is suitable for them.

- **Rare products:** Sometimes it is very difficult to find rare products that may not be available in traditional shops. However, with online shopping, customers can browse many stores for the products they want, compare prices, and make a purchase decision. In online mode, it is easy to find rare products, and as you mentioned, you can get them.

Findings and Discussions

Digital finance is a financial service delivered through information and communication technology, and the media used for this purpose include mobile phones, personal computers, and debit and credit cards linked to reliable digital payment service providers. A McKinsey report views digital finance as “Financial services provided through debit and credit cards, mobile banking, and internet banking facilities through mobile phones and personal computers.” According to Gomber, Koch, and Siering (2017), digital finance includes e-financial products, novel financial businesses, Fintech services, Software related to finance, and innovative ways to communicate with customers offered by e-finance service providers, commonly known as fintech companies. So, putting all the above together, it may be accepted that e-finance or digital finance includes all the products and services, facilities in terms of technology, which help individuals and organizations to access facilities like e-payment, e-savings, and a credit facility in online mode using the internet via mobile phones, personal computers, without visiting bank branches and/or without directly dealing with the e-service providers. The principal components of e-finance services are (i) the digital platform, (ii) the retail agents, and (iii) the devices Mobile phones are frequently used to carry out transactions digitally (CGAP, 2015) [12]To avail of digital financial services (DFS), the customer should have a bank account of his own, and the availability of balance in the said account to make payments and a valid account to receive revenue with all KYC compliance for using digital platforms via mobile phones, computers, and internet.

1. Digital finance helps in achieving financial inclusion targets, providing financial services to non-financial sectors and basic financial services to people. Around 50% of the population in developing economies has their own mobile phones. (World Bank, 2014)
2. E-Fiancé or digital finance can provide inexpensive, easy, and secure banking facilities to poor people in developing countries. (CGAP) Recently, the accessibility and affordability of financial Services around the world have helped millions of people shift from cash transactions to digital Transactions on secure digital platforms. (CGAP)
3. Digital finance helps to increase the GDP of digitalised economies by making them more stable, providing numerous financial services that are available, etc. The customers are satisfied because they can avail themselves of many benefits when shopping online. However, some people are also reluctant to shop online due to a lack of familiarity, slow internet connectivity in some areas, and hesitation to share personal data for fear of potential risks, So the government should take steps to make people digitally literate, facilitate faster internet access across all areas, and implement stringent measures to ensure high-security digital services.

Recommendations

- **For E-Commerce Retailers:** Integrating digital financing is no longer a luxury but a crucial conversion engine. Targeting promotion-sensitive and younger cohorts with clear financing choices right on the product page (rather than just at checkout) optimises sales yield.

- **For FinTech Providers:** To convert sceptical, risk-averse consumers, transparency must be placed front and centre. Explicitly highlighting "No Hidden Fees" policies and offering simplified repayment alerts directly counters the primary negative perceptions of consumer credit lines.

- **For Regulatory Bodies:** As digital financing drives impulse spending, guardrails are increasingly necessary to prevent consumer over-leveraging—particularly because many micro-loans bypass traditional credit bureau reporting.

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