

**“ADOPTION OF DIGITAL PAYMENT SYSTEM AMONG
YOUTHS IN POKHARA METROPOLITAN CITY”**

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*A Project Report Submitted to Pokhara University in a partial fulfillment of the
requirements for the degree of*

Bachelor of Business Administration (BBA)

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Faculty of Management

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DECLARATION

I hereby declare that this Summer Project Report entitled –Adoption of Digital Payment System among Youths in Pokhara Metropolitan City” submitted to the Faculty of Management, Nepal Tourism and Hotel Management College, Pokhara University, is my own original work prepared under the guidance and supervision of Prakash Regmi, Principal

This report has been prepared for the partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA). This report has not been submitted to any other university or institution for the award of any degree, diploma, or fellowship.

.....

Sarman Rajbhandari

Roll No: 23030666

August, 2026

Certificate from the Supervisor

ACKNOWLEDGEMENT

This summer project report on **“Adoption of Digital Payment System among Youths in Pokhara Metropolitan City”** has been prepared as a partial requirement for the Bachelor of Business Administration (BBA) program. I would like to express my sincere gratitude to everyone who supported me throughout this study.

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My sincere thanks go to all the respondents from Pokhara Metropolitan City who spared their valuable time to fill out the survey questionnaire, without whom this study would not have been possible. Finally, I extend my heartfelt appreciation to my family and friends for their continuous support and motivation.

Thankfully,

Sarman Rajbhandari

NTHMC, Pokhara

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EXECUTIVE SUMMARY

Digital payment systems have transformed the way financial transactions are carried out in Nepal, particularly with the rapid expansion of internet penetration, smartphone usage, and fintech platforms such as eSewa, Khalti by IME , IME Pay, ConnectIPS, and mobile banking applications. This study examines the adoption of digital payment systems among youths in Pokhara Metropolitan City, a rapidly urbanizing area with a high concentration of students and young working professionals.

The primary objective of this study is to identify the level of awareness and usage of digital payment systems among youths, and to examine the key factors — namely perceived usefulness, perceived ease of use, trust and security, social influence, and cost — that influence their adoption decisions. The study also aims to identify the major challenges faced by youths while using digital payment platforms.

The study adopts a descriptive and quantitative research design. Primary data were collected through a structured questionnaire distributed to 120 respondents aged between 18 and 35 years residing within Pokhara Metropolitan City, using a convenience sampling technique. The data collected was analyzed using descriptive statistics (frequency, percentage, mean, and standard deviation) with the help of MS Excel/SPSS.

The findings reveal that a majority of youths in Pokhara are aware of and actively use digital payment systems, primarily for mobile top-up, online shopping, and utility bill payments. Perceived usefulness and ease of use emerged as the strongest positive predictors of adoption, while concerns about security, transaction failure, and limited merchant acceptance were identified as the major barriers. The report concludes with recommendations for service providers, policymakers, and financial institutions to enhance the adoption of digital payment systems among youths.

CHAPTER I

INTRODUCTION

1. Background of the Study

A digital payment system refers to any mode of payment that is carried out electronically, without the physical exchange of cash, using platforms such as mobile wallets, internet banking, mobile banking applications, and payment gateways. In Nepal, the digital payment ecosystem has grown rapidly over the past decade with the emergence of platforms such as eSewa, Khalti by IME, ConnectIPS, IME Pay, and various mobile banking applications offered by commercial banks, supported by Nepal Rastra Bank's push toward a cashless economy.

Pokhara Metropolitan City, being the second-largest city in Nepal and a major hub for education, tourism, and business, has witnessed a significant rise in smartphone penetration and internet usage among its youth population. Youths, being more technologically adaptive, are often the earliest adopters of digital innovations, including digital payment systems. However, the level of adoption still varies due to factors such as trust, security concerns, digital literacy, infrastructure, and habitual preference for cash transactions.

This study attempts to explore the extent to which youths in Pokhara Metropolitan City have adopted digital payment systems and to identify the factors that facilitate or hinder this adoption.

1.1. Statement of the Problem

Despite the growing availability of digital payment platforms in Nepal, cash remains the dominant mode of transaction in many parts of the country, including Pokhara. Many youths, despite owning smartphones and having access to the internet, either underutilize digital payment systems or use them only for limited purposes such as mobile recharge. There remains a gap in understanding the specific factors that drive or restrict the adoption of digital payment systems among the youth demographic in Pokhara.

This study seeks to address the following research questions:

What is the current level of awareness and usage of digital payment systems among youths in Pokhara Metropolitan City?

What factors (perceived usefulness, perceived ease of use, trust and security, social influence, and cost) influence the adoption of digital payment systems among youths?

What are the major challenges faced by youths while using digital payment systems?

What is the relationship between the identified factors and the overall adoption of digital payment systems?

1.2. Objectives of the Study

The general objective of this study is to examine the adoption of digital payment systems among youths in Pokhara Metropolitan City. The specific objectives are:

To assess the level of awareness and usage of digital payment systems among youths in Pokhara Metropolitan City.

To examine the influence of perceived usefulness, perceived ease of use, trust and security, social influence, and cost on the adoption of digital payment systems.

To identify the major challenges and problems faced by youths while using digital payment systems.

To provide suggestions and recommendations to enhance the adoption of digital payment systems among youths.

1.3. Significance of the Study

This study holds significance for multiple stakeholders. For digital payment service providers such as eSewa, Khalti by IME, and banks, the findings can help design better marketing strategies and product features that align with youth preferences. For policymakers and regulatory bodies like Nepal Rastra Bank, the study provides insights that can support the formulation of policies to promote a cashless economy. For academicians and future researchers, this study contributes to the limited literature available on digital payment adoption specific to Pokhara Metropolitan City and can serve as a reference for further research.

1.4. Limitations of the Study

The study is confined to Pokhara Metropolitan City only; hence, the findings may not be generalized to the entire country.

The sample size of 120 respondents, selected through convenience sampling, may not fully represent the entire youth population of Pokhara.

The study focuses only on youths aged 18–35 years, excluding other age groups.

The study relies on self-reported data collected through a structured questionnaire, which may be subject to respondent bias.

The study covers a limited time frame and may not capture rapidly evolving trends in digital payment technology.

CHAPTER II

LITERATURE REVIEW

2.1. Conceptual Review

2.1.1. Digital Payment System

A digital payment system is an electronic method of transferring money that eliminates the need for physical cash or cheques. It includes mobile wallets (e.g., eSewa, Khalti by IME, IME Pay), internet/mobile banking, QR code payments, and card-based payment gateways (e.g., ConnectIPS). These systems enable users to conduct transactions such as fund transfers, bill payments, merchant payments, and online shopping through smartphones or computers.

2.1.2. Technology Acceptance Model (TAM)

This study draws on the Technology Acceptance Model (TAM) proposed by Davis (1989), which suggests that the adoption of a technology is primarily determined by two factors: perceived usefulness (the degree to which a person believes that using a system would enhance performance) and perceived ease of use (the degree to which a person believes that using a system would be free of effort). TAM has been widely applied in studies related to mobile banking and digital wallet adoption.

2.1.3. Key Variables of the Study

Based on the review of theoretical and empirical literature, the following variables have been considered for this study:

Perceived Usefulness (PU): The extent to which youths believe that digital payment systems make transactions faster, easier, and more efficient.

Perceived Ease of Use (PEOU): The extent to which youths find digital payment platforms simple and convenient to use.

Trust and Security (TS): The level of confidence youths have regarding the safety of their money and personal data while using digital payment systems.

Social Influence (SI): The extent to which family, friends, peers, and social media influence a youth's decision to use digital payment systems.

Cost (Transaction Charges/Data Cost) (CO): The perceived financial cost associated with using digital payment platforms.

Adoption/Usage of Digital Payment System (DV): The dependent variable, measured through frequency and extent of use of digital payment platforms.

2.2. Review of Related Studies

Poudel, Ranabhat, Sapkota, and Ranabhat (2023) conducted a closely related study on the adoption of digital payment systems among youths in Pokhara Metropolitan City itself, surveying 400 respondents using a UTAUT-based model. Their structural equation modeling found that security and privacy, performance expectancy, and facilitating conditions had a significant positive effect on adoption intention, whereas effort expectancy and social influence did not significantly affect adoption — suggesting that, at least in Pokhara, ease of use and peer influence may matter less than how secure and genuinely useful youths perceive the system to be.

Manandhar and Kohsuwan (2022), applying the UTAUT model to mobile payment users in the Kathmandu Valley, similarly reported that facilitating conditions, effort expectancy, performance expectancy, and social influence significantly and positively affected consumers' behavioral intention to adopt mobile payment services. Maharjan et al. (2022) examined FinTech adoption among online grocery buyers during the COVID-19 lockdowns in Nepal and found that the pandemic acted as a strong external trigger that accelerated the shift toward digital payment methods nationwide.

Tamang et al. (2021) found that perceived risk during the COVID-19 period was an important factor shaping Nepali consumers' willingness to adopt digital payment methods, reinforcing the role of trust and risk perception identified in other studies. Beyond the Nepali context, Alnemer (2022) investigated digital banking adoption in Saudi Arabia using an extended TAM and found that perceived ease of use and perceived usefulness had a significant positive effect on adoption, lending broader cross-country support to the TAM constructs used in this study. Ly and Ly (2024) integrated TAM and the Theory of Planned Behavior to study digital payment adoption in Cambodia and likewise found perceived usefulness and ease of use to be

key drivers, alongside financial literacy and public attitude. Nguyen and Huynh (2018) further emphasized that perceived risk and trust play a central mediating role in e-payment adoption decisions across different markets.

Taken together, these studies consistently point to performance-related factors (usefulness, performance expectancy) and trust/security as the most influential drivers of digital payment adoption, while the role of social influence and ease of use appears more context-dependent — an inconsistency this study also investigates for Pokhara's youth population specifically.

2.3. Research Gap

While there is a growing body of literature on digital payment adoption in Nepal's urban centers, particularly Kathmandu Valley, comparatively limited empirical research has focused specifically on Pokhara Metropolitan City and its youth demographic. This study attempts to fill this gap by providing localized empirical evidence on the factors influencing digital payment adoption among youths in Pokhara.

2.4. Conceptual Framework

Based on the reviewed literature, the following conceptual framework has been developed for this study, showing the relationship between the independent variables and the dependent variable:

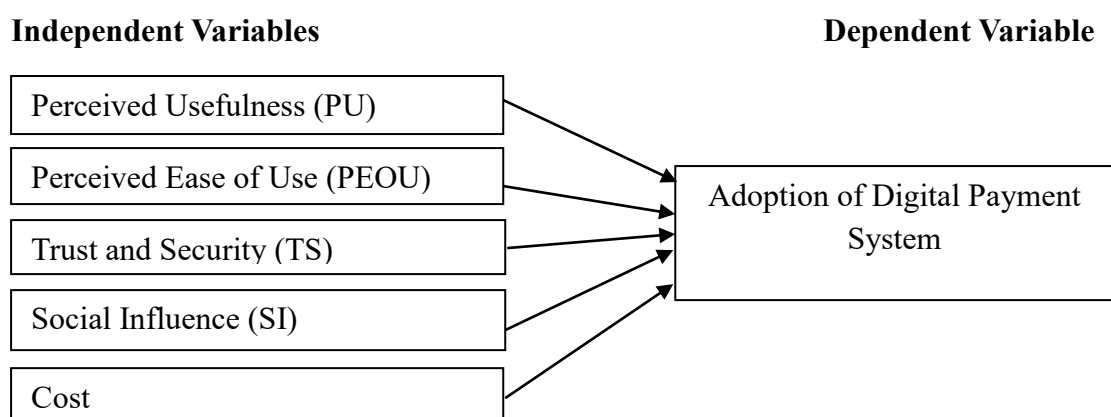


Figure 1: Conceptual Framework of the Study

CHAPTER III

RESEARCH METHODOLOGY

3.1. Research Design

This study adopts a descriptive and quantitative research design to examine the adoption of digital payment systems among youths in Pokhara Metropolitan City. A descriptive design is considered appropriate as it allows the systematic description of the characteristics, awareness levels, usage patterns, and perceptions of the target population.

3.2. Population and Sample

The population of this study consists of all youths aged 18 to 35 years residing in Pokhara Metropolitan City. Given the impracticality of surveying the entire population, a sample of 120 respondents was selected for this study.

3.3. Sampling Technique

A non-probability convenience sampling technique was used to select respondents from various wards of Pokhara Metropolitan City, including students, collegegoers, and young working professionals, based on their accessibility and willingness to participate in the survey.

3.4. Sources and Nature of Data

This study is primarily based on primary data, collected directly from respondents using a structured questionnaire. Secondary data, in the form of journal articles, previous research reports, and publications from Nepal Rastra Bank and Nepal Telecommunications Authority, were used to support the literature review and conceptual framework.

3.5. Data Collection Tools and Technique

A structured questionnaire, comprising both closed-ended and Likert-scale questions, was used as the primary data collection tool. The questionnaire was divided into three

sections: (a) demographic information, (b) awareness and usage of digital payment systems, and (c) factors influencing adoption, measured on a five-point Likert scale ranging from –Strongly Disagree (1)” to –Strongly Agree (5)”. Data was collected through both in-person distribution and Google Forms.

3.6. Data Processing and Analysis Tools

The collected data were coded, edited, and tabulated using MS Excel and analyzed using descriptive statistical tools such as frequency distribution, percentage, mean, and standard deviation. Simple correlation analysis was used to examine the relationship between the independent variables and the dependent variable. Tables and charts have been used to present the data in a clear and organized manner.

3.7. Variables of the Study

The following table presents the variables used in this study along with their operational definitions:

Variable	Description / Indicators	Type
Perceived Usefulness (PU)	Belief that digital payment systems make transactions faster, more convenient, and efficient	Independent
Perceived Ease of Use (PEOU)	Belief that digital payment platforms are simple and easy to operate	Independent
Trust and Security (TS)	Confidence in the safety of money, personal data, and transactions	Independent
Social Influence (SI)	Influence of family, friends, peers, and social media on usage decisions	Independent
Cost (CO)	Perceived transaction charges, data/internet costs associated with usage	Independent
Adoption of	Frequency and extent of use of digital	Dependent

Variable	Description / Indicators	Type
Digital Payment System	payment platforms	

Table 1: Variables of the Study

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

This chapter presents and analyzes the data collected from 120 respondents through the structured questionnaire. The data are presented using tables and interpreted with respect to the objectives of the study.

4.1. Demographic Profile of Respondents

4.1.1. Gender of Respondents

Gender	No. of Respondents	Percentage (%)
Male	62	51.7
Female	56	46.7
Other	2	1.6
Total	120	100.0

Table 2: Gender-wise Distribution of Respondents

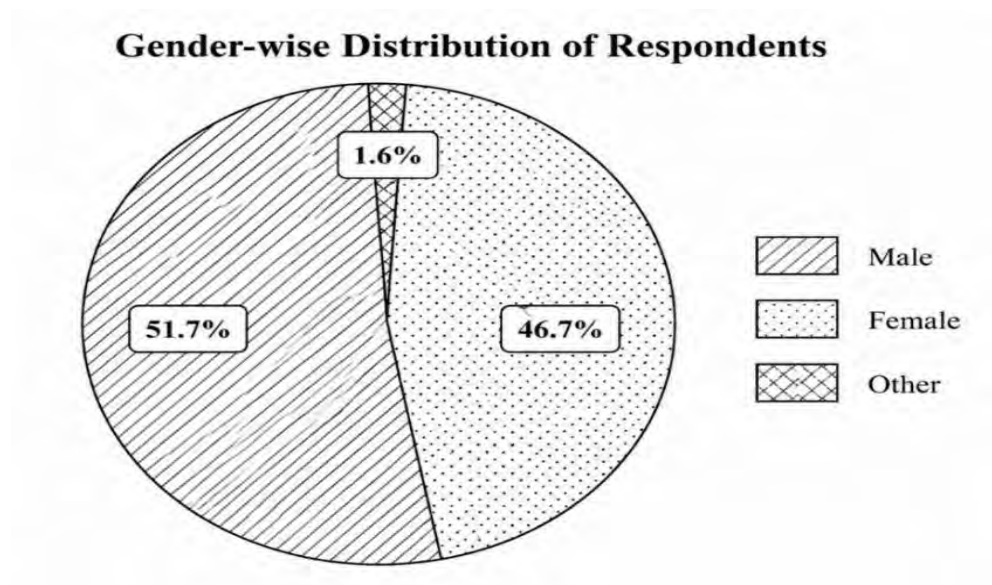


Figure 2: Pie-chart of Gender-wise Distribution of Respondents

The table above shows that among the 120 respondents, 51.7% were male and 46.7% were female, indicating a fairly balanced gender representation in the sample.

4.1.2. Age Group of Respondents

Age Group (Years)	No. of Respondents	Percentage (%)
18–21	38	31.7
22–25	45	37.5
26–30	22	18.3
31–35	15	12.5
Total	120	100.0

Age-wise Distribution of Respondents

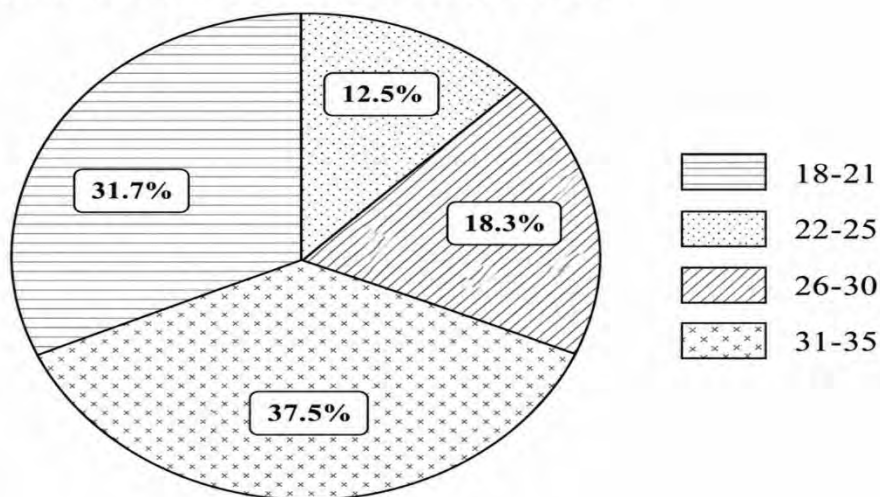


Table 3: Age-wise Distribution of Respondents

Figure 3: Pie-chart of Age-wise Distribution of Respondents

The majority of respondents (37.5%) fall within the 22–25 age group, followed by the 18–21 age group (31.7%), suggesting that the sample is largely represented by college-going and early working-age youths.

4.1.3. Educational Qualification

Educational Qualification	No. of Respondents	Percentage (%)
+2 / Intermediate	20	16.7
Bachelor's Level	68	56.7
Master's Level	26	21.6
Others	6	5.0
Total	120	100.0

Table 4: Educational Qualification of Respondents

Educational Qualification of Respondents

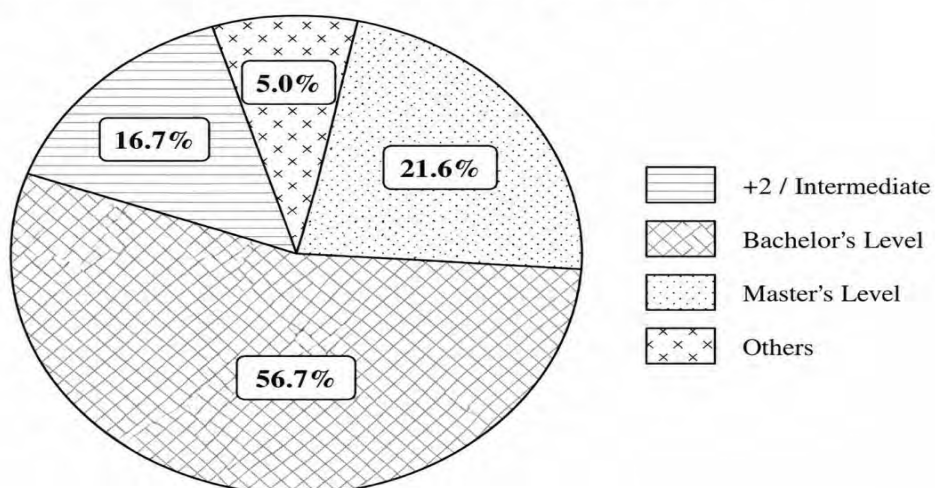


Figure 4: Pie-chart of Educational Qualification of Respondents

4.1.4. Occupation

Occupation	No. of Respondents	Percentage (%)
Student	74	61.7
Service/Job Holder	28	23.3
Business/Self-employed	12	10.0
Unemployed/Other	6	5.0
Total	120	100.0

Table 5: Occupation-wise Distribution of Respondents

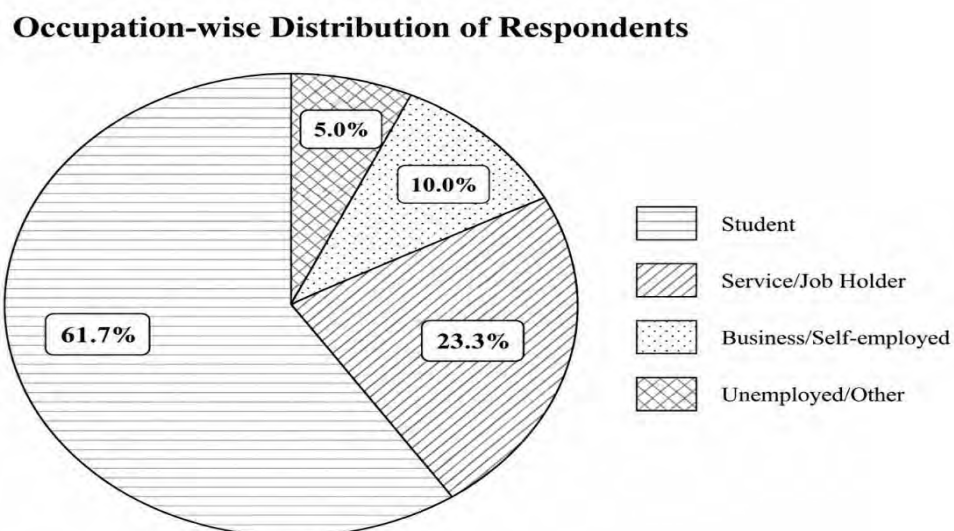


Figure 5: Pie-chart of Occupation-wise Distribution of Respondents

4.2. Awareness and Usage of Digital Payment Systems

Digital Payment Platform	Aware (%)	Currently Using (%)
eSewa	98.3	87.5
Khalti by IME	91.7	70.8
Mobile Banking Apps	85.0	62.5
ConnectIPS	72.5	40.0
IME Pay	68.3	35.0

Table 6: Awareness and Usage of Different Digital Payment Platforms

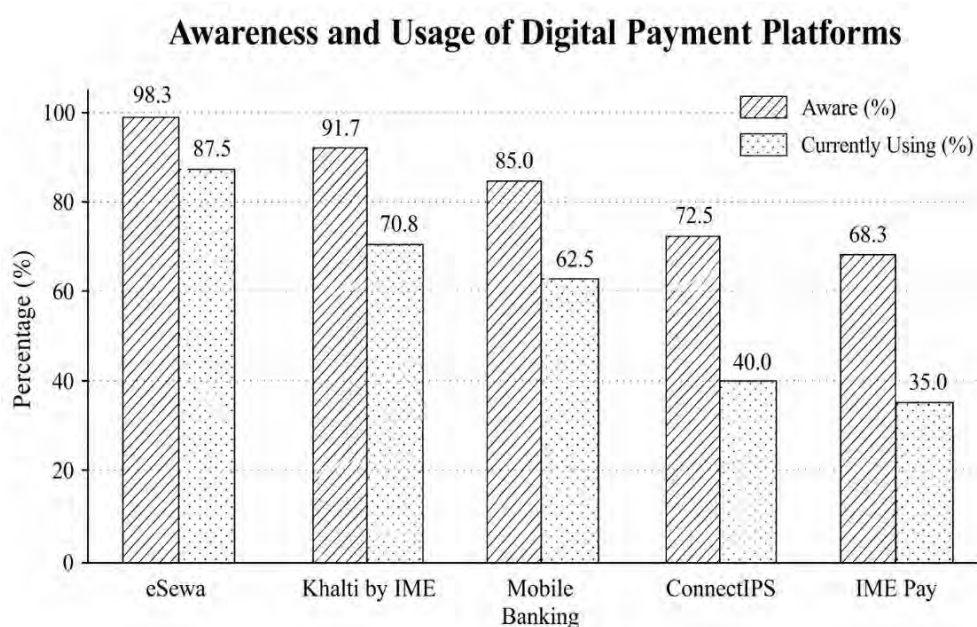


Figure 6: Bar graph representing Awareness and Usage of Different Digital Payment Platforms

The data reveal that eSewa has the highest level of awareness (98.3%) and usage (87.5%) among respondents, followed by Khalti by IME and mobile banking applications. This indicates that eSewa and Khalti by IME dominate the digital payment landscape among youths in Pokhara.

4.3. Purpose of Using Digital Payment Systems

Purpose of Use	No. of Respondents*	Percentage (%)
Mobile Recharge/Top-up	108	90.0
Online Shopping/E-commerce	92	76.7
Utility Bill Payments	85	70.8
Fund Transfer (P2P)	78	65.0
Movie/Ticket Booking	54	45.0

Table 7: Purpose of Using Digital Payment Systems (*Multiple responses)

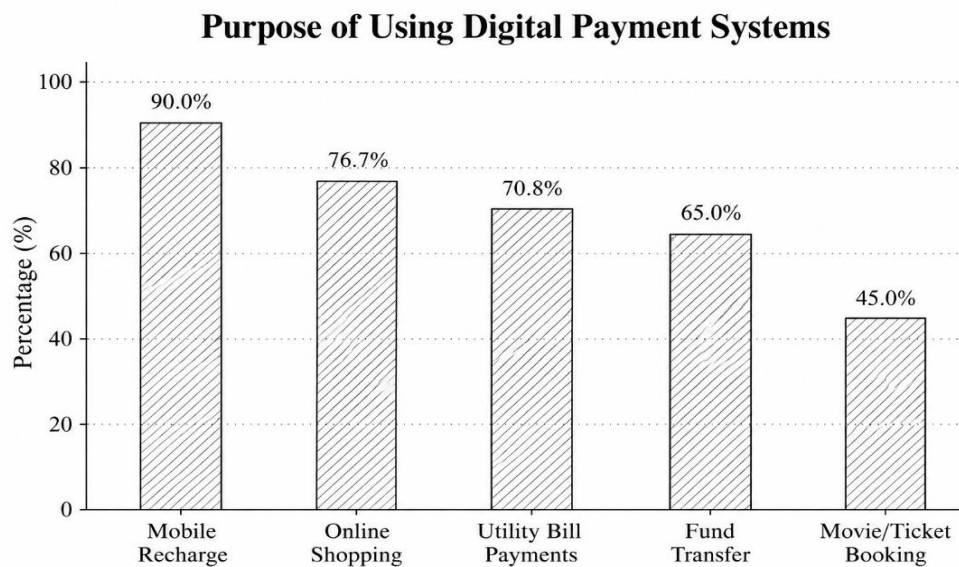


Figure 7: Bar graph representing Purpose of Using Digital Payment Systems (*Multiple responses)

4.4. Factors Influencing Adoption of Digital Payment System

The respondents' level of agreement with statements related to each factor was measured on a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The mean score and standard deviation for each variable are presented below:

To provide a more detailed picture of respondents' opinions, the frequency and percentage distribution of responses to each of the four statements under every factor

is presented below, along with a graphical representation of the response pattern for each factor.

4.4.1. Perceived Usefulness (PU)

Table below shows the frequency (f) and percentage (%) of the 120 respondents' ratings for each of the four statements measuring Perceived Usefulness, on a five-point Likert scale.

Frequency and Percentage Distribution of Responses Perceived Usefulness (PU)

Code	Statement	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean
PU1	Using digital payment systems allows me to complete transactions more quickly.	0 (0.0%)	1 (0.8%)	15 (12.5%)	67 (55.8%)	37 (30.8%)	4.17
PU2	Digital payment systems make it easier to manage my daily financial activities.	0 (0.0%)	1 (0.8%)	10 (8.3%)	59 (49.2%)	50 (41.7%)	4.32
PU3	Overall, digital payment systems are useful for my day-to-day transactions.	0 (0.0%)	0 (0.0%)	8 (6.7%)	55 (45.8%)	57 (47.5%)	4.41
PU4	Digital payment systems often make my transactions more complicated and time-consuming. *	30 (25.0%)	70 (58.3%)	19 (15.8%)	1 (0.8%)	0 (0.0%)	1.92

Table 8 : Frequency and Percentage Distribution of Responses — Perceived Usefulness (PU)

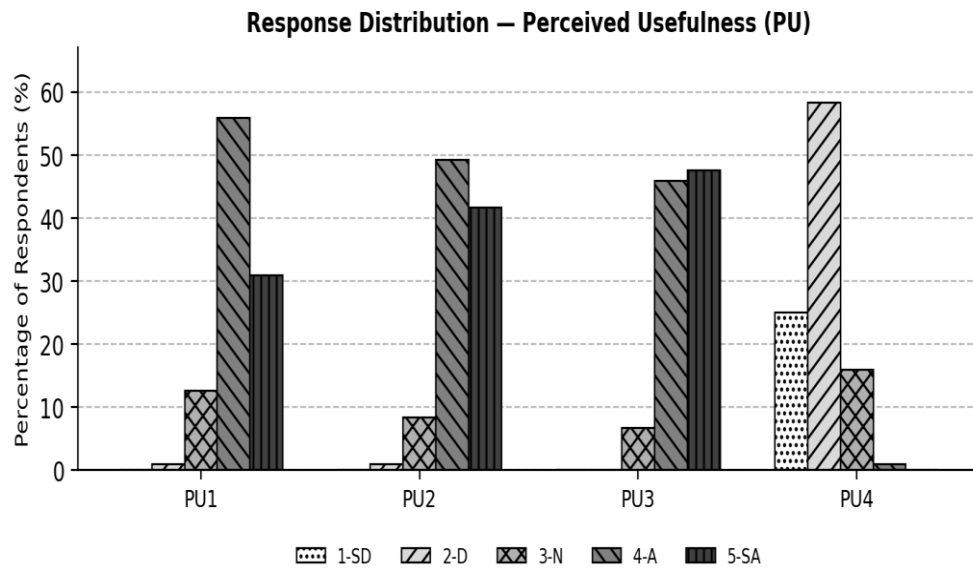


Figure 8: Graph Representing Response Distribution — Perceived Usefulness (PU)

Graph Representing Response Distribution — Perceived Usefulness (PU)

Across all four Perceived Usefulness statements, the majority of respondents selected “Agree” or “Strongly Agree,” and correspondingly disagreed with the reverse-worded item (PU4), indicating that youths consistently perceive digital payment systems as useful for their day-to-day transactions.

4.4.2. Perceived Ease of Use (PEOU)

Table below shows the frequency (f) and percentage (%) of the 120 respondents' ratings for each of the four statements measuring Perceived Ease of Use, on a five-point Likert scale.

Frequency and Percentage Distribution of Responses — Perceived Ease of Use (PEOU)

Code	Statement	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean
PEOU1	Learning to use digital payment systems is easy for me.	0 (0.0%)	1 (0.8%)	17 (14.2%)	68 (56.7%)	34 (28.3%)	4.12
PEOU2	I find digital payment platforms clear and understandable to navigate.	0 (0.0%)	2 (1.7%)	24 (20.0%)	71 (59.2%)	23 (19.2%)	3.96
PEOU3	It is easy for me to become skillful at using digital payment systems.	0 (0.0%)	1 (0.8%)	14 (11.7%)	65 (54.2%)	40 (33.3%)	4.20
PEOU4	I often find digital payment platforms confusing or difficult to operate. *	25 (20.8%)	70 (58.3%)	23 (19.2%)	2 (1.7%)	0 (0.0%)	2.02

Table 9: Frequency and Percentage Distribution of Responses — Perceived Ease of Use (PEOU)

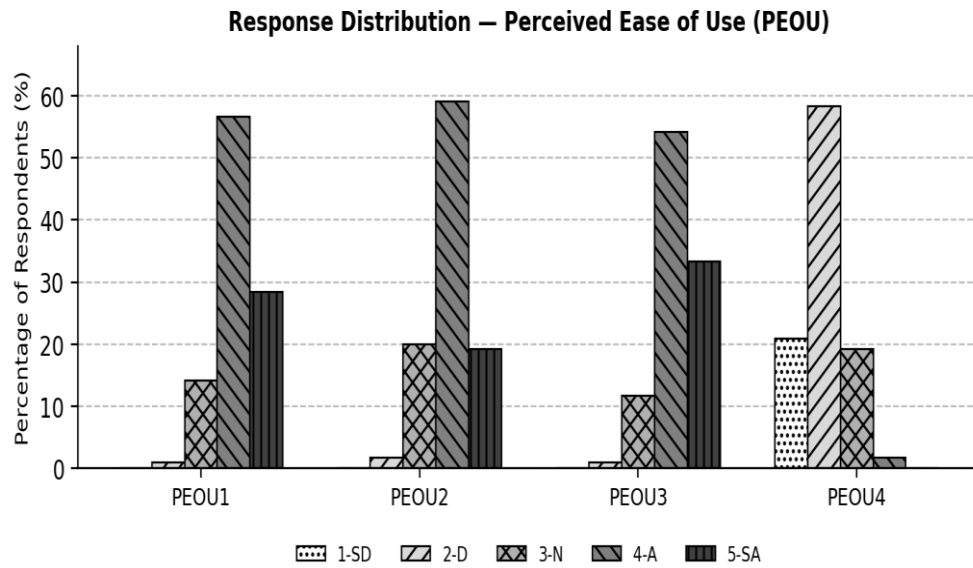


Figure 9: Graph Representing Response Distribution — Perceived Ease of Use (PEOU)

Graph Representing Response Distribution — Perceived Ease of Use (PEOU)

Most respondents agreed that digital payment systems are easy to learn and navigate, with relatively few reporting difficulty, which is reflected in the low agreement with the reverse-worded item (PEOU4).

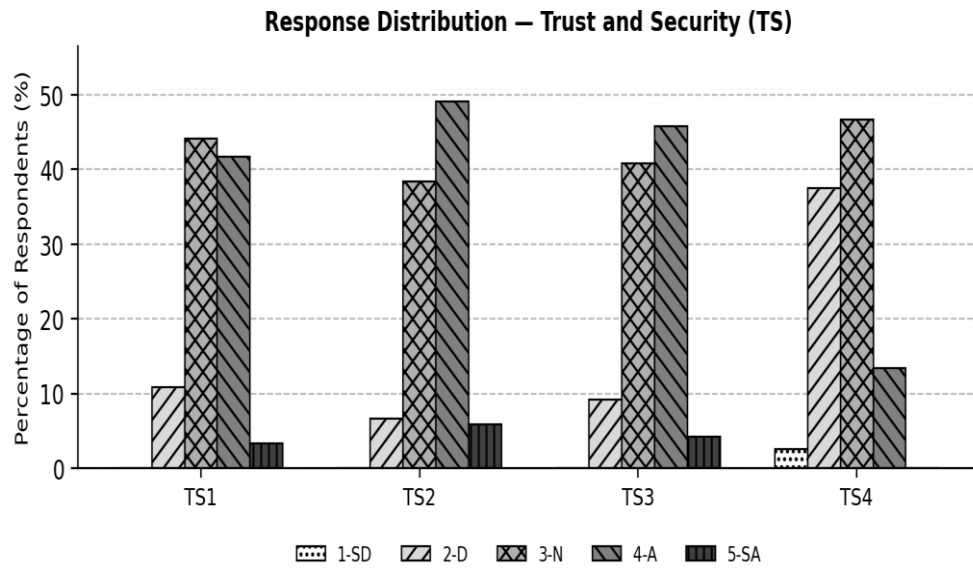
4.4.3. Trust and Security (TS)

Table below shows the frequency (f) and percentage (%) of the 120 respondents' ratings for each of the four statements measuring Trust and Security, on a five-point Likert scale.

Frequency and Percentage Distribution of Responses — Trust and Security (TS)

Code	Statement	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean
TS1	I feel that my personal and financial information is secure when using digital payment systems.	0 (0.0%)	13 (10.8%)	53 (44.2%)	50 (41.7%)	4 (3.3%)	3.38
TS2	I trust digital payment service providers to process my transactions correctly.	0 (0.0%)	8 (6.7%)	46 (38.3%)	59 (49.2%)	7 (5.8%)	3.54
TS3	I am confident that my money is safe when I use digital payment systems.	0 (0.0%)	11 (9.2%)	49 (40.8%)	55 (45.8%)	5 (4.2%)	3.45
TS4	I worry that my money or personal information may not be safe when using digital payment systems. *	3 (2.5%)	45 (37.5%)	56 (46.7%)	16 (13.3%)	0 (0.0%)	2.71

Table Error! Bookmark not defined.: Frequency and Percentage Distribution of Responses — Trust and Security (TS)



*Figure **Error! Bookmark not defined.**: Graph Representing Response Distribution — Trust and Security (TS)*

Graph Representing Response Distribution — Trust and Security (TS)

Responses on Trust and Security are more dispersed, with a substantial share of respondents choosing “Neutral,” particularly for TS1 and TS3, and a moderate proportion agreeing with the reverse-worded item (TS4), reflecting persistent concerns about the safety of digital transactions.

4.4.4. Social Influence (SI)

Table below shows the frequency (f) and percentage (%) of the 120 respondents' ratings for each of the four statements measuring Social Influence, on a five-point Likert scale.

Frequency and Percentage Distribution of Responses — Social Influence (SI)

Code	Statement	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean
SI1	People who are important to me (family/friends) think I should use digital payment systems.	0 (0.0%)	3 (2.5%)	30 (25.0%)	69 (57.5%)	18 (15.0%)	3.85
SI2	I use digital payment systems because most people around me use them.	0 (0.0%)	2 (1.7%)	26 (21.7%)	70 (58.3%)	22 (18.3%)	3.93
SI3	Social media and advertisements have encouraged me to use digital payment systems.	0 (0.0%)	7 (5.8%)	42 (35.0%)	62 (51.7%)	9 (7.5%)	3.61
SI4	My decision to use digital payment systems has nothing to do with what others around me think or do. *	13 (10.8%)	67 (55.8%)	36 (30.0%)	4 (3.3%)	0 (0.0%)	2.26

Table Error! Bookmark not defined.: Frequency and Percentage Distribution of Responses — Social Influence (SI)

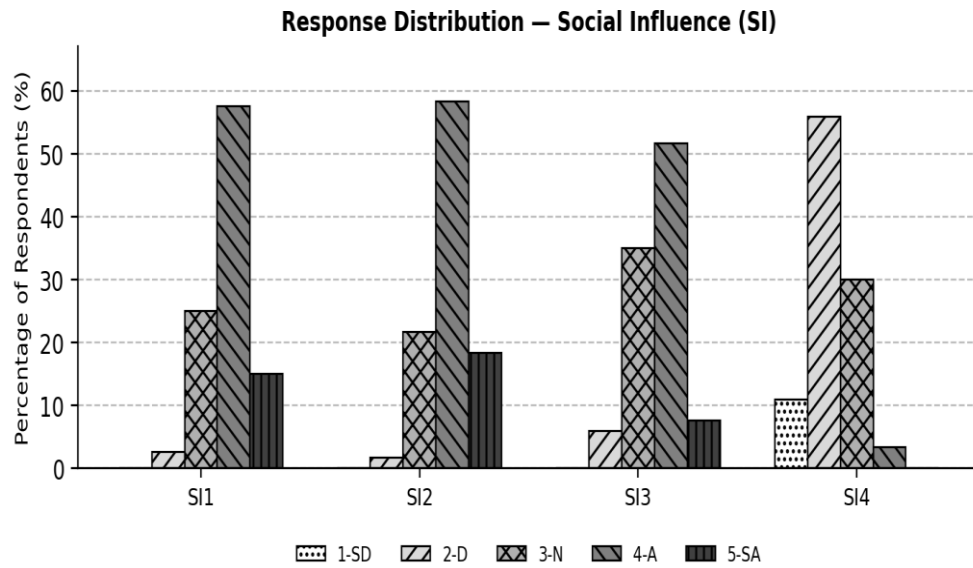


Figure 10: Graph Representing Response Distribution — Social Influence (SI)

Graph Representing Response Distribution — Social Influence (SI)

A majority of respondents agreed that family, friends, and social media influence their use of digital payment systems, while responses to the reverse-worded item (SI4) show that a considerable share still feel their decision is independent of others' opinions.

4.4.5. Cost (CO)

Table below shows the frequency (f) and percentage (%) of the 120 respondents' ratings for each of the four statements measuring Cost, on a five-point Likert scale.

Frequency and Percentage Distribution of Responses — Cost (CO)

Code	Statement	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean
CO1	The transaction charges/fees for using digital payment systems are reasonable.	0 (0.0%)	18 (15.0%)	58 (48.3%)	42 (35.0%)	2 (1.7%)	3.23
CO2	The cost of internet/data required to use digital payment systems is affordable for me.	0 (0.0%)	12 (10.0%)	52 (43.3%)	52 (43.3%)	4 (3.3%)	3.40
CO3	I do not need to pay significant extra money to benefit from using digital payment systems.	0 (0.0%)	20 (16.7%)	59 (49.2%)	39 (32.5%)	2 (1.7%)	3.19
CO4	I avoid using digital payment systems because of the transaction charges or data costs involved. *	4 (3.3%)	49 (40.8%)	54 (45.0%)	13 (10.8%)	0 (0.0%)	2.63

Table Error! Bookmark not defined.: Frequency and Percentage Distribution of Responses — Cost (CO)

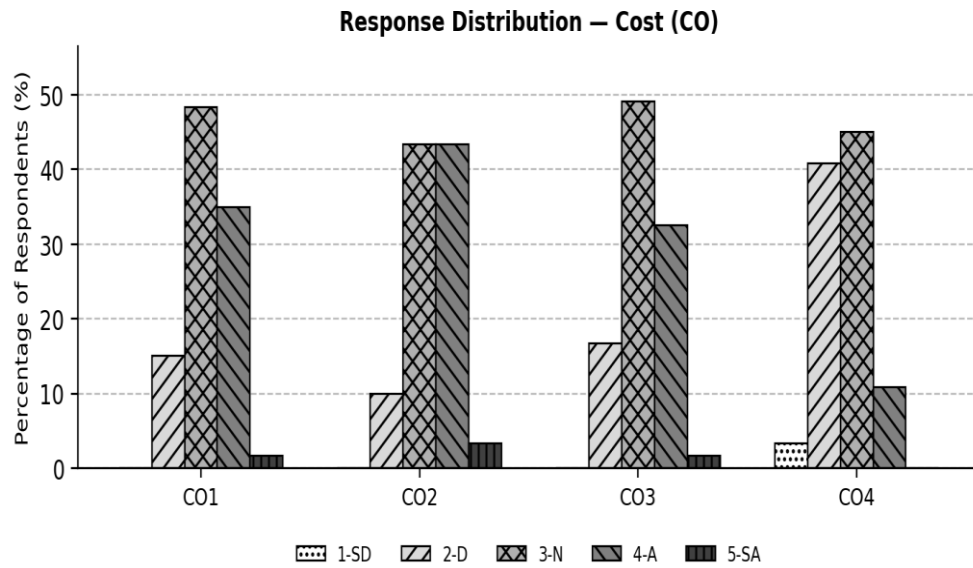


Figure 11: Graph Representing Response Distribution — Cost (CO)

Graph Representing Response Distribution — Cost (CO)

Opinions on Cost are the most divided among the six factors, with a large share of respondents remaining “Neutral” on the reasonableness of transaction charges and data costs, indicating cost remains a point of ambivalence rather than clear satisfaction.

4.4.6. Adoption / Usage of Digital Payment System (DV)

Table below shows the frequency (f) and percentage (%) of the 120 respondents' ratings for each of the four statements measuring Adoption / Usage of Digital Payment System, on a five-point Likert scale.

Frequency and Percentage Distribution of Responses — Adoption / Usage of Digital Payment System (DV)

Code	Statement	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean
AD1	I regularly use digital payment systems for my transactions.	0 (0.0%)	2 (1.7%)	21 (17.5%)	69 (57.5%)	28 (23.3%)	4.03
AD2	I intend to continue using digital payment systems in the future.	0 (0.0%)	1 (0.8%)	15 (12.5%)	66 (55.0%)	38 (31.7%)	4.18
AD3	I would recommend digital payment systems to others.	0 (0.0%)	3 (2.5%)	28 (23.3%)	70 (58.3%)	19 (15.8%)	3.88
AD4	I prefer using cash over digital payment systems whenever possible. *	13 (10.8%)	69 (57.5%)	34 (28.3%)	4 (3.3%)	0 (0.0%)	2.24

*Table **Error! Bookmark not defined.**: Frequency and Percentage Distribution of Responses — Adoption / Usage of Digital Payment System (DV)*

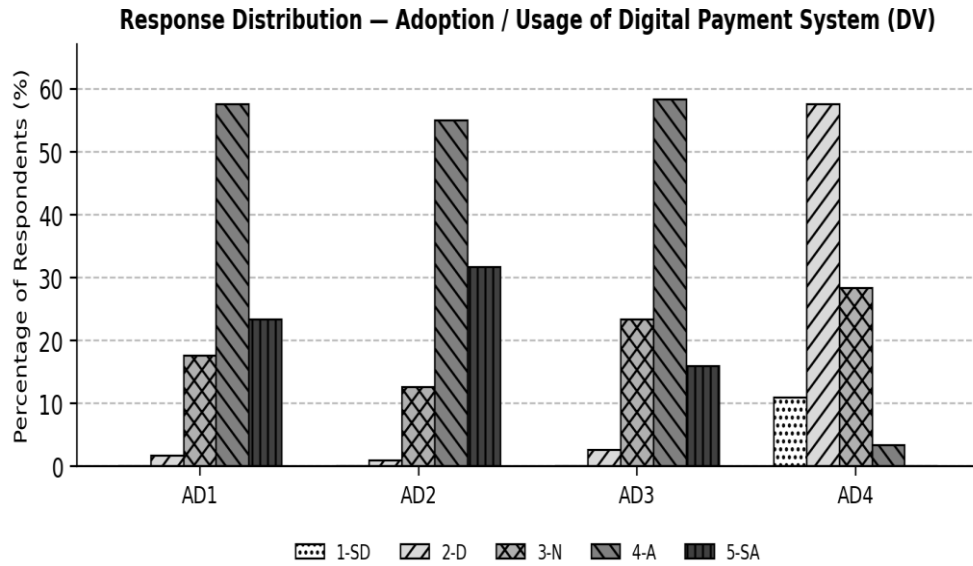


Figure 12 :Graph Representing Response Distribution — Adoption / Usage of Digital Payment System (DV)

Graph Representing Response Distribution — Adoption / Usage of Digital Payment System (DV)

Respondents reported consistently high agreement on regular use, continuation intention, and willingness to recommend digital payment systems, with correspondingly low agreement on preferring cash (AD4), confirming a strong overall pattern of adoption.

Factor	Mean Score	Standard Deviation	Remarks
Perceived Usefulness	4.21	0.62	High agreement
Perceived Ease of Use	4.05	0.68	High agreement
Trust and Security	3.42	0.85	Moderate agreement
Social Influence	3.78	0.71	Moderate-high agreement
Cost	3.30	0.79	Moderate agreement

Table Error! Bookmark not defined.: Mean and Standard Deviation of Factors Influencing Adoption

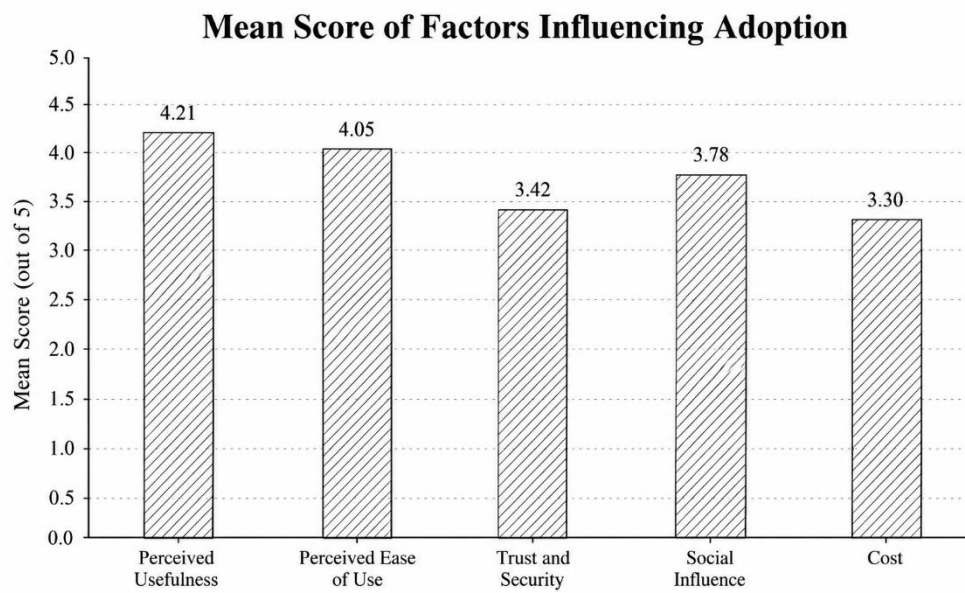


Figure 13: Bar graph representing Mean and Standard Deviation of Factors Influencing Adoption

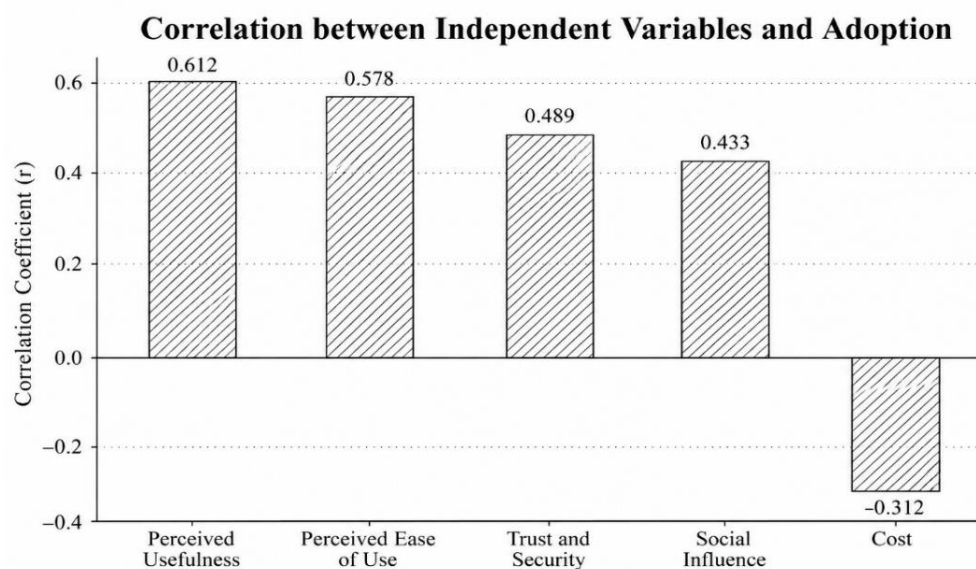
The results indicate that Perceived Usefulness (mean = 4.21) and Perceived Ease of Use (mean = 4.05) were rated highest among the factors, suggesting that youths strongly perceive digital payment systems as useful and easy to use. Trust and Security received a comparatively lower mean score (3.42), indicating moderate concern among respondents regarding the safety of digital transactions.

4.5. Correlation Analysis

Variables	Correlation with Adoption (r)	Significance
Perceived Usefulness	0.612	Significant

Variables	Correlation with Adoption (r)	Significance
Perceived Ease of Use	0.578	Significant
Trust and Security	0.489	Significant
Social Influence	0.433	Significant
Cost	-0.312	Significant (negative)

Table **Error! Bookmark not defined.**: Correlation between Independent Variables



and Adoption of Digital Payment System

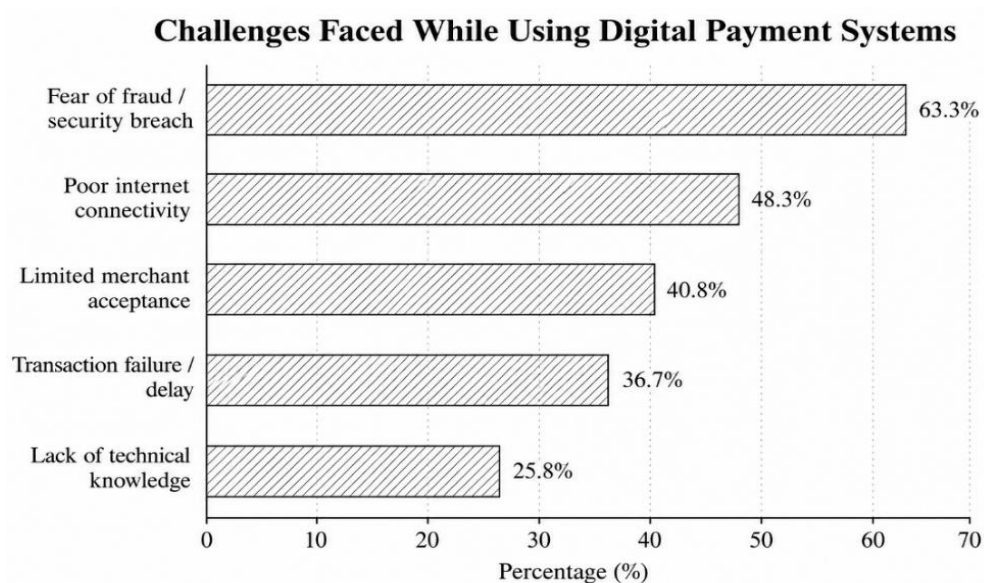
Figure **Error! Bookmark not defined.**: Bar graph representing Correlation between Independent Variables and Adoption of Digital Payment System

The correlation analysis shows a positive and significant relationship between adoption of digital payment systems and perceived usefulness, perceived ease of use, trust and security, and social influence. Cost shows a negative correlation, implying that higher perceived costs (transaction charges/data costs) are associated with lower adoption.

4.6. Challenges Faced by Youths in Using Digital Payment Systems

Challenges	No. of Respondents*	Percentage (%)
Fear of fraud/security breach	76	63.3
Poor internet connectivity	58	48.3
Limited merchant acceptance	49	40.8
Transaction failure/delay	44	36.7
Lack of technical knowledge	31	25.8

Table Error! Bookmark not defined.: Challenges Faced While Using Digital



*Payment Systems (*Multiple responses)*

*Figure Error! Bookmark not defined.: Graph for Challenges Faced While Using Digital Payment Systems (*Multiple responses)*

Fear of fraud or security breach emerged as the most significant challenge (63.3%), followed by poor internet connectivity (48.3%) and limited merchant acceptance (40.8%). These findings align with the moderate mean score observed for the Trust and Security variable in section 4.4.

4.7. Major Findings

A large majority of youths in Pokhara Metropolitan City are aware of and actively use digital payment systems, with eSewa and Khalti by IME being the most popular platforms.

Digital payment systems are primarily used for mobile recharge, online shopping, and utility bill payments.

Perceived usefulness and perceived ease of use are the strongest positive factors influencing adoption.

Trust and security concerns, along with transaction cost, remain key barriers to wider adoption.

Fear of fraud and poor internet connectivity are the most commonly reported challenges.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

This study was conducted to examine the adoption of digital payment systems among youths in Pokhara Metropolitan City. Using a descriptive research design, primary data were collected from 120 respondents aged 18–35 years through a structured questionnaire. The study analyzed the level of awareness and usage of digital payment platforms, and examined the influence of perceived usefulness, perceived ease of use, trust and security, social influence, and cost on adoption behavior.

The findings show that awareness and usage of digital payment systems, particularly eSewa and Khalti by IME by IME, are high among youths in Pokhara. Perceived usefulness and ease of use are the most influential positive factors, while trust and security concerns and transaction costs act as barriers to broader adoption.

5.2. Conclusion

Based on the findings, it can be concluded that youths in Pokhara Metropolitan City have largely embraced digital payment systems, driven mainly by the convenience and efficiency these platforms offer. However, the full potential of digital payment adoption remains constrained by persistent concerns over security, occasional transaction failures, and limited acceptance among merchants. Addressing these concerns through improved security infrastructure, awareness campaigns, and expanded merchant networks could significantly enhance the adoption rate among youths.

5.3. Recommendations

Based on the findings and conclusion of the study, the following recommendations are made:

Digital payment providers should strengthen security features (e.g., biometric authentication, real-time fraud alerts) and communicate these measures clearly to build user trust.

Awareness campaigns should be conducted, particularly targeting youths outside urban student hubs, to improve understanding of the safety features and benefits of digital payment systems.

Service providers should work on expanding merchant acceptance across Pokhara Metropolitan City, especially in local markets and small businesses, to enable broader usage.

Efforts should be made to reduce transaction charges or introduce fee-free thresholds for small transactions to encourage regular usage among cost-sensitive youths.

Telecom service providers and the local government should work toward improving internet connectivity and infrastructure across the city to reduce transaction failures.

Future researchers may expand this study by including a larger and more diverse sample, applying inferential statistical tools such as regression analysis, and comparing adoption patterns across different demographic segments.

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APPENDIX

I am a BBA student conducting this survey as part of my summer project report on the Adoption of Digital Payment Systems Among Youths in Pokhara Metropolitan City. This questionnaire is intended purely for academic research. Your responses will be kept strictly confidential and used only in aggregated form for analysis. It will take approximately 5–7 minutes to complete. Thank you very much for your time and honest responses.

Section A: Demographic Information

1. Gender

☐ Male ☐ Female ☐ Other

2. Age Group

☐ 18–21 years ☐ 22–25 years ☐ 26–30 years ☐ 31–35 years

3. Educational Qualification

☐ +2 / Intermediate ☐ Bachelor's Level ☐ Master's Level ☐ Other

4. Occupation

☐ Student ☐ Service / Job Holder ☐ Business / Self-employed ☐
Unemployed / Other

5. Monthly Income / Pocket Money (Approx.)

☐ Below Rs. 10,000 ☐ Rs. 10,000–25,000 ☐ Rs. 25,001–50,000 ☐
Above Rs. 50,000

Section B: Awareness and Usage

6. Which of the following digital payment platforms are you aware of? (Tick all that apply)

☐ eSewa ☐ Khalti by IME ☐ Mobile Banking ☐ ConnectIPS ☐
IME Pay ☐ Other

7. Which digital payment platform(s) do you currently use? (Tick all that apply)

- ☐ eSewa ☐ Khalti by IME ☐ Mobile Banking ☐ ConnectIPS ☐
IME Pay ☐ Other

8. For what purposes do you use digital payment systems? (Tick all that apply)

- ☐ Mobile Recharge ☐ Online Shopping ☐ Utility Bill Payment ☐ Fund
Transfer ☐ Ticket Booking ☐ Other

9. How frequently do you use digital payment systems?

- ☐ Daily ☐ Weekly ☐ Monthly ☐ Rarely

Section C: Factors Influencing Adoption

Please tick (✓) the option that best reflects your level of agreement with each statement below, grouped by the factor it measures.

Perceived Usefulness (PU)

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
PU1. Using digital payment systems allows me to complete transactions more quickly.	☐	☐	☐	☐	☐
PU2. Digital payment systems make it easier to manage my daily financial activities.	☐	☐	☐	☐	☐
PU3. Overall, digital payment systems are useful for my day-to-day transactions.	☐	☐	☐	☐	☐
PU4. Digital payment systems	☐	☐	☐	☐	☐

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
often make my transactions more complicated and time-consuming.*					

Perceived Ease of Use (PEOU)

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
PEOU1. Learning to use digital payment systems is easy for me.	☐	☐	☐	☐	☐
PEOU2. I find digital payment platforms clear and understandable to navigate.	☐	☐	☐	☐	☐
PEOU3. It is easy for me to become skillful at using digital payment systems.	☐	☐	☐	☐	☐
PEOU4. I often find digital payment platforms confusing or difficult to operate.*	☐	☐	☐	☐	☐

Trust and Security (TS)

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
TS1. I feel that my personal and financial information is secure when using digital payment systems.	☐	☐	☐	☐	☐
TS2. I trust digital payment service providers to process my transactions correctly.	☐	☐	☐	☐	☐
TS3. I am confident that my money is safe when I use digital payment systems.	☐	☐	☐	☐	☐
TS4. I worry that my money or personal information may not be safe when using digital payment systems.*	☐	☐	☐	☐	☐

Social Influence (SI)

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
SI1. People who are important to me (family/friends) think I should use digital payment systems.	☐	☐	☐	☐	☐
SI2. I use digital payment	☐	☐	☐	☐	☐

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
systems because most people around me use them.					
SI3. Social media and advertisements have encouraged me to use digital payment systems.	☐	☐	☐	☐	☐
SI4. My decision to use digital payment systems has nothing to do with what others around me think or do.*	☐	☐	☐	☐	☐

Cost (CO)

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
CO1. The transaction charges/fees for using digital payment systems are reasonable.	☐	☐	☐	☐	☐
CO2. The cost of internet/data required to use digital payment systems is affordable for me.	☐	☐	☐	☐	☐
CO3. I do not need to pay significant extra money to	☐	☐	☐	☐	☐

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
benefit from using digital payment systems.					
CO4. I avoid using digital payment systems because of the transaction charges or data costs involved.*	☐	☐	☐	☐	☐

Adoption / Usage of Digital Payment System (DV)

Statement	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
AD1. I regularly use digital payment systems for my transactions.	☐	☐	☐	☐	☐
AD2. I intend to continue using digital payment systems in the future.	☐	☐	☐	☐	☐
AD3. I would recommend digital payment systems to others.	☐	☐	☐	☐	☐
AD4. I prefer using cash over digital payment systems whenever possible.*	☐	☐	☐	☐	☐

Section D: Challenges Faced

10. What challenges have you faced while using digital payment systems? (Tick all that apply)

- ☐ Fear of fraud ☐ Poor internet connectivity ☐ Limited merchant acceptance ☐ Transaction failure / delay ☐ Lack of technical knowledge
☐ Other

11. Any suggestions to improve digital payment systems? (Optional)

Thank you for your valuable time and participation!