



A STUDY ON CHANGING CONSUMER PAYMENT PREFERENCES AND THE SHIFT FROM CASH TRANSACTIONS IN THANE RETAIL MARKETS

Prachi Bhosale and Vidya Khamkar

Department of Commerce

SNDT Women's University, Mumbai

Abstract:

This research investigates the evolving payment behaviour in Thane's retail markets, where modern shopping malls and traditional open-air markets coexist, creating a distinctive dual-track economy. The study focuses on the shift from cash to digital payments, particularly via UPI platforms, driven by factors such as convenience, transaction speed, safety, and ease of tracking expenses. Primary data collected through structured questionnaires indicate that most consumers—predominantly young adults—prefer digital payments, with Google Pay and Phone Pe emerging as the most widely used platforms. The adoption of digital payments by retailers, coupled with influences from organized retail outlets and improved internet connectivity, has reinforced this trend, reflecting a broader transformation in consumer habits and retail practices.

Despite the growing popularity of digital transactions, cash continues to play a role in Thane's retail ecosystem, highlighting a hybrid system of payments. Technical challenges, including network disruptions, payment failures, and security concerns, particularly affect older and less tech-savvy users, preventing a complete transition to cashless transactions. The findings suggest that while digital payments are poised to expand further, cash is likely to remain relevant in certain contexts due to trust and tangibility factors. The study concludes that strengthening digital infrastructure, enhancing user awareness of secure payment practices, and maintaining accessible cash options are essential to support an inclusive and efficient retail payment environment in Thane.

Keywords: *Digital Payments, UPI, Consumer Behaviour, Retail Markets, Cashless Transactions, FinTech, Payment Preferences, Thane, Mobile Wallets, Digital Adoption*

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Introduction:

The retail architecture of Thane is uniquely defined by its "dual-track" economy, where sprawling modern malls coexist with ancient, densely packed open-air markets. This geographical duality creates a complex environment for payment behaviour studies. In the

traditional hubs like Thane East and West market areas, the shift away from cash is not merely a technological upgrade but a sociological pivot. For decades, these markets functioned on the basis of Havala (trust) and immediate physical settlement. However, the introduction of the Unified Payments Interface (UPI)



has disrupted this status quo by offering a "frictionless" alternative that mirrors the speed of cash while providing a digital audit trail. The rapid penetration of high-speed 5G internet in Mumbai has further facilitated this transition, ensuring that even the smallest street-side vendor can process payments with minimal latency.

Furthermore, the "demonstration effect" plays a vital role in Thane's consumer habits. When large-scale anchor stores—such as those found in R-City Mall—standardize digital-first billing, it creates a ripple effect that influences the expectations of shoppers moving toward the smaller, unorganized markets nearby. Consumers who experience the ease of biometric or "one-tap" payments in organized retail settings increasingly perceive cash transactions as cumbersome and time-consuming. This shift in perception is a critical variable in the displacement of physical currency. It suggests that the "death of cash" in suburban Mumbai is being driven as much by consumer demand for efficiency as it is by the merchant's desire for modernized accounting.

However, the transition is not without its localized hurdles. Security remains a paramount concern within the Thane retail ecosystem. As digital transactions rise, so does the visibility of "phishing" and "social engineering" scams, which creates a psychological barrier for the elderly and less tech-savvy demographics. For a significant portion of the local population, the "tangibility" of cash represents a form of financial security that digital pixels on a screen have yet to fully replicate. Therefore, the retail market in Thane currently exists in a state of "digital-physical hybridity." This research investigates the tipping point of this hybridity, analysing whether the local market is moving toward a total digital monopoly or if cash will remain a permanent, albeit diminished, fixture for specific transactional niches.

Review of Literature:

1. **Mr. Kavit Anjaria (2026)**, Digital Payment Adoption and Its Influence on Retail Business Practices in Urban Centres: A Generational Perspective. This study explores how different generations in urban areas adopt digital payment methods and how this shift affects retail business practices. It highlights variations in preferences, with younger consumers showing greater acceptance of digital transactions compared to older groups. The research also explains how retailers adapt their operations, marketing, and payment systems to meet evolving customer expectations.
2. **Samuel Vandak, Nabiullah Zahid, et al. (2024)**, An Analysis of the Consumer Preferences on Cash and Digital Payments. This research paper examines consumer preferences between cash and digital payment methods, focusing on factors such as convenience, security, and ease of use. It analyses how different demographics choose payment options based on their needs and trust levels. The study also highlights the growing shift toward digital payments while noting that cash still plays an important role in certain situations.
3. **Shireen Akhtar Ali Ansari (2024)**, A study on awareness and usage of digital payments in India with respect to Paytm in Thane region. This study explores how people in the Thane region understand and use digital payment systems, with special focus on Paytm. It analyses user awareness, usage patterns, and the reasons behind adopting cashless transactions. The research also discusses existing challenges and offers suggestions to enhance the acceptance of digital payments.
4. **JIEMR (2023)**, A Study of Unified Payment Interface (UPI) Innovation & Challenges in Thane. This study examines the innovation and growth of Unified Payments Interface (UPI) in the Thane region, focusing on its role in transforming digital



transactions. It analyses user adoption, key benefits like speed and convenience, and the challenges faced such as security concerns and technical issues. The research also suggests improvements to strengthen the efficiency and wider acceptance of UPI services.

5. **Ansari, S. A. A. (2021)**, A Study on Awareness and Usage of Digital Payments in India with respect to Paytm in Thane Region. University of Mumbai. This research conducted under University of Mumbai examines the awareness and usage of digital payment systems in the Thane region, with a focus on Paytm. It evaluates how familiar users are with such platforms, their frequency of use, and the factors influencing their adoption. The study also identifies barriers to usage and suggests measures to encourage wider acceptance of digital payments.

Objective of the study :

1. Identify the most popular digital payment platforms currently used by shoppers.
2. Examine why consumers are switching from cash to mobile payment apps.
3. Measure how effectively local street vendors are adopting digital payment tools.
4. Classify the main technical glitches and security fears bothering end-users.
5. Predict the future relevance of physical cash in local daily commerce.

Scope of the Study :

This study focuses on consumer payment preferences in Thane retail markets, particularly the shift from cash transactions to digital payment methods. It examines the factors influencing this change, such as convenience, technology, and ease of use. The study also analyses the impact of this shift on consumer behaviour and retail practices. The research is limited to retail markets within the Thane region.

Research Methodology:

This study is based on primary data collected from consumers in Thane retail markets. A structured questionnaire was used to understand changing payment preferences and the shift from cash to digital modes. The responses were analysed to identify trends in consumer behaviour.

Tools and Techniques used for analysis :

The analysis for this study is carried out using MS Word with simple statistical tools.

Limitation of the study :

1. Research is confined to Thane, meaning results may not apply to other markets.
2. The small group of participants may limit the ability to generalize the data.
3. Accuracy depends on respondent honesty and is vulnerable to personal bias.
4. Focuses strictly on digital and cash trends rather than the entire fintech landscape.
5. Time and resource scarcities may have impacted the depth of the investigation.



Research Analysis :-

Table 1 : Demographic Profile of Respondents

Sr.no	Demographic Profile of Respondents	Attributes	Frequency	Percentage (%)
1	Age	Below 20	10	11.1 %
		21-30	61	67.8 %
		31-40	16	17.8 %
		41-50	2	2.2 %
		Above 50	1	1.1 %
2	Gender	Male	36	40 %
		Female	54	60 %
		Prefer not to say	0	0
3	Occupation	Student	38	42.2 %
		Service	30	33.3 %
		Business	6	6.7 %
		Homemaker	7	7.8 %
		Others	9	10 %

(Source – Primary Data)

The above table shows that most respondents are part of a young and female-oriented participant base, with the majority (67.8%) falling within the 21–30 age bracket. In terms of gender distribution, females make up the larger portion of the group at 60%, compared to 40% for males. The occupational data shows that students are the most represented group (42.2%), followed closely by those in service-based roles at 33.3%. Overall, the data indicates a respondent profile largely comprised of young adults who are either studying or early in their careers.

Table 2 :- Have often do you shop in Thane retail markets ?

Daily	Weekly	Occasionally
52.8 %	29.2 %	18 %
47	26	16

(Source – Primary Data)

Over half of the participants (52.8%) shop occasionally, while 29.2% shop weekly and only 18% shop daily. This suggests that most consumers in the area prefer planned trips over frequent daily market visits.

Table 3 :- Which payment method do you mostly use while shopping ?

Cash	UPI (Google pay/ Phone Pe / Paytm)	Debit card	Credit card	Mobile Wallet
14.4 %	85.6 %	0 %	0 %	0 %
13	77	0	0	0

(Source – Primary Data)

There is a massive shift toward digital finance, with 85.6% of people using UPI as their primary payment mode. Only 14.4% still rely on cash, proving that UPI has now become the dominant choice for retail shopping.



Table 3 :- Which digital payment application do you use the most ?

Google pay	Phone Pe	Paytm	BHIM UPI	Others
70 %	15.6 %	4.4 %	2.2 %	7.8 %
63	14	4	2	7

(Source – Primary Data)

Google Pay is the clear market leader, used by 70% of the participants for their daily transactions. Phone Pe follows at 15.6%, while other apps like Paytm and BHIM UPI have much smaller user shares.

Table 4 :- Have you reduced the use of cash in recent years ?

Yes	No
72.2 %	27.8 %
65	25

(Source – Primary Data)

A significant 72.2% of respondents confirmed they have reduced their use of physical cash in recent years. This trend highlights the growing trust and reliance on digital banking systems over traditional currency.

Table 5 :- Why do you prefer digital payments ?

Convenience	Faster transaction	Cashback/Offers	Safety (less need to carry cash)	Easy record of transactions
30.3 %	42.7 %	25.8 %	41.6 %	37.1 %
27	38	23	37	33

(Source – Primary Data)

The main drivers for digital adoption are Faster Transactions (42.7%) and Safety (41.6%). Many users also appreciate the easy record-keeping (37.1%) that digital apps provide for tracking their monthly expenses.

Table 6 :- In which type of purchases do you mostly use digital payments ?

Grocery Shopping	Restaurants / Food out	Clothing stores	All of the above
20.2 %	15.7 %	7.9 %	56.2 %
18	14	7	50

(Source – Primary Data)

Digital payments are used universally, with 56.2% of people using them for all types of shopping. This includes daily essentials like groceries (20.2%) and dining out at restaurants (15.7%).

Table 7 :- Do most shopkeepers in Ghatkopar accept digital payments?

Yes	No	Sometime
77.5 %	3.4 %	19.1 %
69	3	17

(Source – Primary Data)

The infrastructure is strong, as 77.5% of respondents say most shopkeepers in the market accept digital payments. This high acceptance rate is a major reason why consumers are comfortable leaving their cash at home.



Table 8 :- Which payment mode do retailers encourage more?

Cash	UPI / Digital payments	Both equally
11.2 %	30.3 %	58.4 %
10	27	52

(Source – Primary Data)

Most retailers (58.4%) are flexible and encourage both cash and digital payments equally. Only a small group (11.2%) still shows a preference for cash, showing that businesses have adapted well to the digital age.

Table 9 :- Do you face any problems while using digital payments?

Yes	No
49.4 %	50.6 %
44	45

(Source – Primary Data)

The user experience is almost evenly split, with 50.6% reporting no issues and 49.4% facing problems. This suggests that while digital payments are popular, technical reliability still needs significant improvement.

Table 10 :- If yes, what type of problems do you face?

Network issues	Payment failure	Security concerns	Lack of technical knowledge
66.7 %	21.8 %	9 %	2.5 %
52	17	7	2

(Source – Primary Data)

Among those facing issues, Network Issues (66.7%) are the biggest hurdle, followed by payment failures (21.8%). This shows that poor internet connectivity is the main barrier to a perfectly smooth digital experience.

Table 11 :- Do you think digital payments will completely replace cash in the future?

Yes	No	Not Sure
48.3 %	11.2 %	40.4 %
43	10	36

(Source – Primary Data)

Opinions are divided; 48.3% believe digital will completely replace cash, while 40.4% remain unsure. Only a small minority (11.2%) believe that a totally cashless future is impossible.

Table 12 :- In your opinion, what will be the role of cash in the future retail market?

Cash will disappear	Cash will reduce but still exist	Cash will remain equally important
10 %	44.4 %	45.6 %
9	40	41

(Source – Primary Data)

Most believe in a hybrid future, with 45.6% saying cash will remain equally important and 44.4% saying it will reduce but exist. Only 10% believe cash will disappear entirely from the retail market.



Findings

The study reveals a clear shift in payment habits among consumers in Thane, with digital payments becoming the dominant choice. Most respondents are young adults, particularly in the 21–30 age group, which explains the high acceptance of technology-driven payment methods. A significant majority prefer UPI for their transactions, while only a small portion still relies on cash. Among digital platforms, Google Pay is used the most, followed by Phone Pe and Paytm. Many participants have consciously reduced their use of cash over time. The main reasons behind this shift are the speed of transactions, ease of use, improved safety from not carrying physical money, and the ability to keep track of expenses digitally. Digital payments are now commonly used for all types of purchases, from daily groceries to dining and shopping, showing their strong integration into everyday consumer behaviour. However, the findings also indicate that Thane's retail market has not become fully cashless and continues to operate in a mixed system. Most shopkeepers accept digital payments, but many still support both cash and digital options to suit different customer preferences. Nearly half of the users reported facing issues such as poor network connectivity and occasional payment failures, along with some concerns about security. These challenges prevent complete dependence on digital systems. When looking at future trends, opinions remain divided. While some believe cash may disappear, a larger group feels it will continue to exist, though in a reduced role. Overall, the results suggest that digital payments will keep growing in importance, but cash will still remain relevant for certain situations and sections of society.

Suggestions

To strengthen digital payments in Thane retail markets, attention should be given to improving reliability, safety, and ease of use. Since most consumers already

prefer UPI because it is quick and convenient, fixing common issues like poor internet connection and failed transactions is very important. Payment companies and banks should make their apps simpler so that even people with less technical knowledge can use them easily. Awareness campaigns can help people understand how to use digital payments safely and avoid fraud, especially for older users who may feel unsure. Shopkeepers should also be supported with simple and low-cost digital tools so they can accept payments without difficulty and manage their records better.

At the same time, the system should not completely remove cash, as many people still depend on it for trust and comfort. The study clearly shows that both cash and digital payments are important in the current market. Retailers should continue offering both options so that all types of customers feel comfortable while shopping. Government and financial institutions can encourage digital payments by improving network facilities and offering rewards or benefits, but they should also ensure that cash remains available where needed. In the future, digital payments are likely to grow more, but keeping a balance between cash and digital methods will make the system more practical and inclusive for everyone.

Conclusion:

The study clearly shows that retail markets in Thane are moving strongly toward digital payments, especially through UPI platforms. Most respondents, particularly young adults, prefer digital methods because they are fast, convenient, and safe, and also help in tracking expenses. Applications like Google Pay and Phone Pe have become a regular part of everyday shopping, whether for groceries, food, or clothing. Shopkeepers have also adapted well by accepting digital payments, which has further encouraged customers to reduce their use of cash. However, problems such as network



issues, payment failures, and security concerns still affect the overall experience and prevent complete dependence on digital systems.

At the same time, the research highlights that cash has not disappeared and still holds importance in the market. Many consumers and retailers prefer a flexible system where both cash and digital payments are accepted. While digital payments are expected to grow further in the future, most people believe that cash will continue to exist, though in a reduced role. Therefore, Thane's retail market is likely to remain a balanced system of both payment methods. To support this transition, improvements in internet connectivity, user awareness, and security are necessary so that digital payments can become more reliable while still keeping the system inclusive for all sections of society.

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Cite This Article:

Bhosale P. & Khamkar V. (2026). *A Study on Changing Consumer Payment Preferences and The Shift From Cash Transactions in Thane Retail Markets*. In **Electronic International Interdisciplinary Research Journal: Vol. XV** (Number II, pp. 414-421).