

**FACTORS INFLUENCING THE ADOPTION OF CASHLESS
PAYMENTS AMONG YOUTH IN THE KATHMANDU VALLEY**

**A Dissertation Submitted to the Office of the Dean, Faculty of Management in partial
fulfillment of the requirements for the Master of Business Studies (MBS)**

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Factors Influencing the Adoption of Cashless Payments Among Youth in the Kathmandu Valley**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of this dissertation.

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REPORT OF RESEARCH COMMITTEE

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ABBREVIATIONS

ADCPS	:	Adoption of Cashless Payment Systems
ANOVA	:	Analysis of Variance
DOI	:	Diffusion of Innovations
DV	:	Dependent Variable
HM	:	Hedonic Motivation
IVs	:	Independent Variables
PB	:	Perceived Benefits
PI	:	Peer Influence
QR	:	Quick Response
SC	:	Supporting Conditions
SEM	:	Structural Equation Modeling
SP	:	Security Perception
SPSS	:	Statistical Package for the Social Sciences
TPB	:	Theory of Planned Behavior

ABSTRACT

This study investigates the factors influencing the adoption of cashless payment systems among youth in the Kathmandu Valley. The primary objective was to understand how perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation affect adoption behaviors. The study utilized a quantitative research design and collected data through a structured questionnaire from 385 participants. The data was analyzed using descriptive, correlation, and regression analyses. The correlation analysis identified significant positive relationships between perceived benefits, supporting conditions, peer influence, and security perception with cashless payment adoption. Regression analysis revealed that all variables perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation have a significant impact on the adoption of cashless payment systems.

Among these, perceived benefits emerged as the most influential factor, followed by supporting conditions. The findings emphasize the importance of practical benefits and supportive infrastructure in promoting cashless payment adoption. Future research could explore additional variables, such as socio-economic and cultural factors, and conduct comparative studies across different regions for a more comprehensive understanding of adoption dynamics.

Keywords: *Cashless Payment Systems, Perceived Benefits, Supporting Conditions, Peer Influence, Security Perception, Hedonic Motivation*

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Recent technological advancements have significantly impacted various aspects of daily life, including financial transactions. One notable development in this domain is the increasing use of cashless payment systems, such as mobile payments, credit and debit card transactions, and online banking. These systems offer a more convenient and secure alternative to traditional cash transactions. As digital technology continues to advance, the global trend towards a cashless society is becoming more pronounced (*Lee et al., 2021*).

The adoption of cashless payment methods has been propelled by several factors, including technological progress, greater internet penetration, and the widespread use of smartphones. Mobile payment platforms like PayPal, Apple Pay, and Google Wallet, along with local equivalents, have become widely accepted due to their user-friendly nature and enhanced security features (*Chen et al., 2019*). These platforms enable users to perform transactions swiftly and securely, minimizing the need for physical cash and reducing the risks associated with theft and loss.

Nepal, similar to many other developing nations, is experiencing a gradual shift towards cashless payment systems. The government and financial institutions in Nepal have been actively promoting digital payments to improve financial inclusion, reduce corruption, and boost economic efficiency. The introduction of digital wallets like eSewa, Khalti, and IME Pay has made cashless transactions more accessible to the general public (*Subedi, 2021*). Despite these advancements, the adoption of cashless payments in Nepal is still in its early stages, with considerable potential for growth (*Gautam & Dhital, 2022*).

The youth demographic, defined as individuals aged 18-30, is particularly relevant to the study of cashless payment adoption. This group is generally more adept with technology and more willing to embrace new technologies compared to older generations (*Gupta & Arora, 2017*). Understanding the preferences and behaviors of young people can provide valuable insights into the factors influencing the adoption of cashless payment systems.

This understanding is crucial for stakeholders, including financial institutions, policymakers, and technology providers, to develop strategies that encourage broader adoption of digital payments (*Chawla & Joshi, 2019*).

Several factors influence the adoption of cashless payment systems among youth. These factors include perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation. Perceived benefits refer to the advantages users associate with cashless payments, such as convenience, speed, and rewards (*Rahman et al., 2022*). Supporting conditions involve the infrastructure and resources necessary to facilitate digital transactions, including internet connectivity and technical support (*Azzahra, 2024*). Peer influence refers to the impact of social circles and peer groups on an individual's decision to adopt cashless payments. Security perception pertains to the user's confidence in the safety and reliability of digital payment systems (*Virginia, 2023*). Lastly, hedonic motivation relates to the enjoyment and satisfaction derived from using cashless payment methods (*Park & Huang, 2017*).

The Kathmandu Valley, which includes the cities of Kathmandu, Bhaktapur, and Lalitpur, is the economic and cultural center of Nepal. With a high concentration of educational institutions, businesses, and technology hubs, the valley is an ideal setting for studying the adoption of cashless payments among youth (*Rai & Shakya, 2020*). The region's youth population is well-exposed to digital technologies and represents a significant segment of potential cashless payment users (*Dhungana, 2021*).

This study aims to examine the factors influencing the adoption of cashless payments among youth in the Kathmandu Valley. By investigating the level of adoption and identifying the key determinants shaping attitudes and behaviors towards digital payments, this research seeks to provide insights that can inform strategies to promote the widespread use of cashless payment systems. The findings of this study will be valuable for financial institutions, policymakers, and technology providers looking to enhance the adoption of digital payment methods and achieve greater financial inclusion in Nepal.

1.2 Problem Statement

The adoption of cashless payment systems has become increasingly significant as digital transactions grow worldwide. However, the rate of adoption among youth in the

Kathmandu Valley remains relatively low compared to other regions (*Lissah, 2024*). Understanding the underlying factors influencing this phenomenon is critical for promoting the widespread use of cashless payments.

Studies have identified several technological barriers and adoption challenges associated with cashless payment systems. These include insufficient infrastructure, lack of technical support, and limited internet access, which significantly hinder the adoption of these systems (*Azzahra, 2024*). Furthermore, the perceived complexity and lack of user-friendliness of digital payment platforms can discourage potential users, particularly among youth who may prefer simpler transaction methods (*Park & Huang, 2017*).

The perception of benefits plays a crucial role in the adoption of cashless payment systems. Convenience, speed, and security are pivotal in shaping users' attitudes and intentions towards digital payments (*Wang et al., 2022; Chen et al., 2019*). However, if these benefits are not effectively communicated or experienced by the users, the adoption rate is likely to remain low. This issue is particularly relevant in the Kathmandu Valley, where traditional cash transactions still dominate despite the availability of cashless alternatives (*Gautam & Dhital, 2022*).

Peer influence is another critical factor affecting the adoption of cashless payment systems. Research indicates that the attitudes and behaviors of an individual's social circle significantly impact their decision to adopt new technologies (*Lissah, 2024*). Understanding how social norms and peer pressure influence the youth's adoption of cashless payments in the Kathmandu Valley can provide valuable insights for stakeholders aiming to promote digital transactions.

Security perception is a major determinant in the adoption of cashless payment systems. Concerns about data breaches, fraud, and privacy can deter individuals from using digital payment methods (*Virginia, 2023*). Ensuring robust security measures and building trust among users are essential for enhancing the adoption of cashless payments, particularly in regions with prevalent cyber security issues.

Hedonic motivation, which refers to the enjoyment and satisfaction derived from using a particular technology, also influences the adoption of cashless payment systems (*Park &*

Huang, 2017). If users find the experience of using digital payments enjoyable and fulfilling, they are more likely to adopt and continue using these systems. This aspect is crucial for the youth in Kathmandu Valley, who are generally more inclined towards technologies that offer a positive and engaging user experience (*Gupta & Arora, 2017*).

Despite the increasing global trend towards digital financial transactions, many young people in Kathmandu Valley are not entirely embracing cashless payment methods. While some readily use digital wallets, mobile banking, and electronic payment systems, a significant portion still prefers traditional cash transactions (*Khanal, 2022*). This difference raises important questions about the factors that affect their choice of payment methods. Understanding these factors is crucial for financial institutions, policymakers, and technology providers looking to improve financial inclusion, economic efficiency, and develop a strong cashless economy in Nepal (*Adhikari, 2021*). Several potential barriers, such as limited financial literacy, concerns about security and privacy, accessibility issues, and socio-cultural preferences, may hinder the adoption of cashless payments among young people (*Shrestha & Rana, 2020*).

To address the issues identified above, the following research questions guided this study:

- What are the factors influencing the adoption of cashless payment systems among youth in Kathmandu Valley?
- What is the relationship between perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation with the adoption of cashless payment systems among youth in the Kathmandu Valley?
- How do perceived benefits, supporting conditions, peer influence, security perceptions, and hedonic motivation impact the adoption of cashless payment systems among youth in the Kathmandu Valley?

1.3 Objectives of the Study

The general objective of this study is to examine the factors influencing the adoption of cashless payments among youth in the Kathmandu valley. The study explores how various factors shape the attitudes and behaviors of young people towards using cashless payment systems, identifying the key drivers behind their adoption. Additionally, it seeks to understand the relationship between perceived benefits, supporting conditions, peer

influence, security perceptions, and hedonic motivation in influencing the adoption of these systems. Ultimately, the study assesses the impact of these factors on the adoption of cashless payment systems among the youth in the region. The specific objective of this study are:

- To assess the factors influencing the adoption of cashless payment systems among youth in the Kathmandu Valley.
- To examine the relationship between perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation with the adoption of cashless payment systems among youth in the Kathmandu Valley.
- To analyze the impact of perceived benefits, supporting conditions, peer influence, security perceptions, and hedonic motivation on adopting cashless payment systems among youth in the Kathmandu Valley.

1.4 Research Hypotheses

To address the research questions outlined in the problem statement, a series of hypotheses have been formulated to test the impact of various factors on the adoption of cashless payment systems among youth in the Kathmandu Valley. These hypotheses focus on the role of perceived benefits, supporting conditions, peer influence, security perceptions, and hedonic motivation in influencing the decision of young individuals to adopt cashless payment methods. The alternative hypotheses are as follows:

- H1: Perceived benefits have a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.
- H2: Supporting conditions have a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.
- H3: Peer influence has a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.
- H4: Security perceptions have a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.
- H5: Hedonic motivation has a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.

1.5 Rationale of the Study

This study on the factors influencing the adoption of cashless payments among youth in the Kathmandu Valley holds significant value for several reasons:

- This study identifies a significant gap in focused research on cashless payment adoption among youth in the Kathmandu Valley, aiming to provide empirical data and insights specific to this demographic.
- This study's findings can assist businesses and financial institutions in tailoring their strategies to promote cashless payment systems effectively, enhancing marketing and educational efforts to address the specific needs and concerns of young people.
- This study offers insights that policymakers and regulatory bodies can leverage to design policies promoting financial inclusion and digital literacy, emphasizing the need for improved infrastructure, enhanced security measures, and a supportive environment for cashless transactions.
- This study contributes to a better understanding of consumer attitudes toward cashless payments, suggesting that addressing perceived benefits and security concerns can help refine digital payment systems to meet user needs, ultimately leading to wider acceptance and use.
- This study's insights can serve as a foundation for future research, including longitudinal studies and comparative analyses, thereby contributing to the ongoing academic dialogue on digital payment adoption.

1.6 Limitations of the Study

The limitations of this study include:

- The study is limited to the Kathmandu Valley, which may restrict the applicability of the findings to youth in other regions of Nepal.
- The study relies on self-reported data obtained through surveys, which may be susceptible to respondent bias or inaccuracies in reporting.
- Convenience sampling was used in this study, which might introduce bias and compromise the representativeness of the sample.
- The study focuses exclusively on youth in the Kathmandu Valley, potentially overlooking variations in cashless payment adoption among different demographic groups or regions within Nepal.

CHAPTER - II

LITERATURE REVIEW

2.1 Introduction

This chapter provides an in-depth examination of existing literature on the adoption of cashless payment systems among youth in the Kathmandu Valley. It aims to develop a thorough understanding of the topic by exploring theoretical foundations, conceptual insights, empirical evidence, and identifying research gaps. The chapter is organized into four main sections: theoretical review, conceptual review, empirical review, and research gap.

2.2 Theoretical Review

This section provides an in-depth exploration of the foundational theories relevant to understanding the adoption of cashless payment systems. These theories offer insights into how individuals and groups make decisions to accept and use new technologies, which is crucial for analyzing the adoption of cashless payments among youth in the Kathmandu Valley.

2.2.1 Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) is a prominent framework designed to explain the factors influencing users' decisions to adopt and use new technologies. According to TAM, two primary constructs perceived ease of use and perceived usefulness are central to shaping users' attitudes toward technology adoption. When users find a technology easy to use and believe it enhances their productivity, they are more likely to accept and integrate it into their routines (*Venkatesh et al., 2016*).

Over time, TAM has been refined to address the complexities of modern technology adoption. Researchers have expanded the model to incorporate additional factors such as social influence, supporting conditions, and hedonic motivation. These enhancements reflect a more nuanced understanding of technology adoption by acknowledging both individual and contextual factors that influence user acceptance (*Venkatesh & Bala, 2012*).

The inclusion of these additional constructs allows TAM to better capture the diverse influences on technology adoption. Social influence examines how peers and societal norms affect technology use, while supporting conditions consider the availability of resources and infrastructure. Hedonic motivation looks at the pleasure derived from using technology, providing a more comprehensive view of user acceptance (*Venkatesh et al., 2021*).

Despite these refinements, the core principles of TAM perceived ease of use and perceived usefulness remain fundamental to understanding technology adoption. The model continues to be a valuable tool for researchers and practitioners seeking to promote effective technology implementation and utilization across various domains, including information systems, education, and e-commerce (*Venkatesh et al., 2021*).

The Technology Acceptance Model (TAM) is particularly useful for analyzing the adoption of cashless payment systems among youths in the Kathmandu Valley by focusing on key constructs such as perceived ease of use and perceived usefulness. TAM helps to evaluate how user-friendly and beneficial digital payment systems are perceived by the youth. It also considers extended factors like social influence, supporting conditions, and hedonic motivation, which provide additional insights into the contextual and personal motivations behind technology adoption. By applying TAM, the thesis can effectively explore how these perceptions and external factors shape youths' attitudes towards cashless payments, leading to a comprehensive understanding of the drivers and barriers to adoption.

2.2.2 Unified Theory of Acceptance and Use of Technology (UTAUT)

The Unified Theory of Acceptance and Use of Technology (UTAUT) is an extensive framework designed to understand and predict user acceptance and behavior towards new technologies. Developed by *Venkatesh et al. (2003)*, UTAUT integrates components from several established models, such as the Theory of Reasoned Action (TRA), the Technology Acceptance Model (TAM), and the Theory of Planned Behavior (TPB). The model identifies four key constructs performance expectancy, effort expectancy, social influence, and facilitating conditions—that significantly affect users' intentions to adopt and use technology (*Venkatesh et al., 2003*).

In its updated version, UTAUT incorporates additional factors to enhance its applicability to consumer behavior in technology adoption. *Venkatesh et al. (2012)* introduced three new constructs: hedonic motivation, price value, and habit. Hedonic motivation addresses the pleasure users derive from interacting with technology, while price value considers the balance between perceived benefits and the costs associated with using the technology. Habit reflects the degree to which technology use becomes automatic and ingrained in users' routines.

These extensions to the UTAUT model offer a more nuanced understanding of technology adoption by accounting for both the emotional and practical aspects of user behavior. By including these additional constructs, UTAUT provides a more comprehensive framework for analyzing how factors like enjoyment, cost considerations, and habitual use influence technology acceptance, thus offering valuable insights for predicting and enhancing user engagement with new technologies (*Venkatesh et al., 2012*).

The Unified Theory of Acceptance and Use of Technology (UTAUT) is highly relevant for examining the adoption of cashless payment systems among youths in the Kathmandu Valley as it provides a comprehensive framework for understanding the factors influencing technology acceptance. By incorporating core constructs such as performance expectancy, effort expectancy, social influence, and facilitating conditions, UTAUT allows for a detailed analysis of how perceived benefits, ease of use, social pressures, and resource availability affect youths' willingness to adopt digital payment methods. Additionally, the model's extended constructs hedonic motivation, price value, and habit offer further insights into how the enjoyment of using technology, the perceived cost-benefit balance, and habitual behavior impact adoption. This multidimensional approach helps in identifying the key drivers and barriers to cashless payment adoption among youths, facilitating a deeper understanding of their technology acceptance behavior in the Kathmandu Valley.

2.2.3 Diffusion of Innovations (DOI)

The Diffusion of Innovations (DOI) theory, introduced by *Rogers (2003)*, examines how new technologies or ideas spread through populations and identifies the factors that influence their adoption. According to this theory, key factors such as relative advantage,

compatibility, complexity, trialability, and observability play crucial roles in determining the speed and extent to which innovations gain acceptance. These elements help explain why certain technologies are more readily adopted, while others may struggle to gain traction within a community or population (*Rogers, 2003*).

Over time, the DOI theory has been refined to better align with the modern technological landscape. *Frambach and Schillewaert (2019)* expanded on the original framework to provide a more nuanced understanding of how these factors affect technology adoption in contemporary settings. For instance, their updates highlight how perceived relative advantage, compatibility with existing systems, and the simplicity or complexity of using a new technology can significantly impact whether it is adopted by a population. These insights are particularly relevant in evaluating the adoption of digital innovations like cashless payment systems, where the perceived benefits and ease of integration into daily practices are critical (*Frambach & Schillewaert, 2019*).

In the context of this research, the DOI theory offers valuable perspectives on how factors such as perceived relative advantage (perceived benefits) and compatibility with existing practices influence the adoption of cashless payment systems among the youth in the Kathmandu Valley. By focusing on these aspects, the theory helps in assessing the extent to which young people view digital payment technologies as beneficial and compatible with their financial habits. This framework supports a comprehensive investigation into how these factors drive the overall acceptance and usage of cashless payment systems in this specific population (*Frambach & Schillewaert, 2019*).

2.2.4 Perceived Benefits

Perceived benefits are critical to understanding technology adoption, as they reflect the perceived advantages that users believe they will gain from using a new system. In the realm of cashless payments, perceived benefits often encompass aspects such as ease of transactions, reduced physical handling of cash, and added convenience. When users perceive significant advantages such as time savings and enhanced transaction efficiency, their likelihood of adopting the technology increases significantly. This is supported by research showing that users are more inclined to adopt cashless payments if they perceive these benefits as outweighing any associated costs (*Wang et al., 2022*).

Moreover, studies have demonstrated that clear communication about the benefits of cashless systems can play a pivotal role in their adoption. Users who understand how cashless payments can simplify their financial activities and provide greater convenience are more likely to transition from traditional payment methods. As *Rahman et al. (2022)* indicate, emphasizing the practical benefits of cashless systems can enhance their acceptance among potential users, particularly when these benefits are aligned with the users' needs and preferences.

2.2.5 Supporting Conditions

Supporting conditions refer to the necessary infrastructure and resources required to effectively utilize a technology. For cashless payments, this includes the availability of digital payment platforms, reliable internet access, and customer support services. Adequate supporting conditions ensure that users can seamlessly engage with the technology without facing significant barriers. Effective supporting infrastructure enhances the likelihood of adoption by providing the essential tools and environment needed for successful technology use (*Venkatesh et al., 2003*).

In the context of cashless payments, strong supporting conditions facilitate smoother user experiences and greater confidence in using the technology. As users experience fewer obstacles and better support, their willingness to adopt cashless payment systems increases. This relationship highlights the importance of ensuring that adequate resources and infrastructure are in place to support users, as emphasized by the Unified Theory of Acceptance and Use of Technology (UTAUT) (*Venkatesh et al., 2012*).

2.2.6 Peer Influence

Peer influence plays a significant role in shaping individuals' decisions to adopt new technologies. When peers endorse or use a particular technology, it can positively affect others' perceptions and adoption behaviors. In the case of cashless payments, seeing friends and acquaintances successfully use these systems can encourage others to follow suit. Research has shown that peer recommendations and observed usage patterns can significantly influence an individual's decision to adopt cashless payment technologies (*Venkatesh & Bala, 2012*).

Additionally, the social validation provided by peers can reduce perceived risks and enhance trust in new technologies. When individuals witness their peers benefiting from cashless payments, they are more likely to view the technology as reliable and beneficial. This peer-driven validation can accelerate the adoption process and is a key factor to consider in studies of technology acceptance and use (*Venkatesh & Bala, 2012*).

2.2.7 Security Perception

Security perception involves consumers' confidence in the protective measures implemented to safeguard their data in cashless payment systems, ensuring protection against unauthorized access and breaches. Effective security is crucial for building trust, as it demonstrates that the system is designed to minimize risks and handle sensitive information securely (*Andreu, 2020*).

The trust of consumers in cashless payment systems is heavily influenced by their perceived security, which assures them that their financial information is handled securely. *Shaikh and Karjaluoto (2015)* argue that minimizing risks is crucial for gaining consumer trust, while *Lee et al. (2011)* suggest that providing accurate and reliable information about security measures enhances this trust. Thus, in cashless payment systems, perceived technology security not only protects against data breaches but also plays a significant role in fostering consumer confidence by demonstrating a commitment to secure financial transactions.

2.2.8 Hedonic Motivation

Hedonic motivation refers to the pleasure or enjoyment derived from using a technology. In the context of cashless payments, hedonic motivation can include the enjoyment of using advanced and user-friendly payment systems. Users who find the technology enjoyable and engaging are more likely to adopt and continue using it. Research shows that positive emotional responses and satisfaction from using a technology can significantly impact its adoption (*Frambach & Schillewaert, 2019*).

Furthermore, hedonic motivation can enhance user engagement and loyalty. When users derive enjoyment from cashless payment systems, their overall satisfaction increases, leading to greater adoption and sustained use. This aspect underscores the importance of

designing technology interfaces that not only meet functional needs but also provide a pleasurable user experience (*Frambach & Schillewaert, 2019*).

2.2.9 Adoption of Cashless Payment Systems

The adoption of cashless payment systems involves a shift from traditional cash transactions to digital methods. This change is driven by factors such as perceived benefits, supporting conditions, security perceptions, and hedonic motivation. Digital payment systems offer notable advantages, including increased convenience, better financial management, and enhanced security, which contribute to their growing adoption (*Kumar & Pati, 2021*).

Examples of cashless payment systems include mobile payment applications, online banking, and digital wallets. Mobile payment apps, such as Apple Pay and Google Wallet, allow users to complete transactions via smartphones, simplifying the payment process (*Yadav & Pathak, 2019*). Online banking provides users with the capability to execute various transactions, such as transfers and bill payments, without needing to visit a bank (*Jin et al., 2021*). Digital wallets like PayPal and Samsung Pay securely store payment information and facilitate quick transactions both online and at physical retail locations (*Kim et al., 2020*). These examples highlight how digital payment solutions can enhance transaction efficiency and user convenience.

Security concerns are a significant factor affecting the adoption of cashless payment systems. Users are more inclined to use these technologies if they feel confident about their security and reliability (*Jin et al., 2021*). Additionally, hedonic motivation, or the pleasure derived from using advanced technology, can also influence adoption. When users find digital payment methods enjoyable and engaging, they are more likely to incorporate them into their regular activities (*Feng et al., 2021*).

2.2.10 Perceived Benefits and Adoption of Cashless Payment Systems

Perceived benefits relate to the perceived advantages that users expect to gain from utilizing cashless payment systems. These benefits may include increased convenience, time efficiency, and enhanced financial management. When users recognize significant advantages associated with digital payments, their likelihood of adopting these systems increases. For instance, if young people in the Kathmandu Valley view cashless

transactions as more convenient than traditional cash handling, they are more likely to embrace these technologies (*Feng et al., 2021*). The greater the perceived benefits, the higher the adoption rates of cashless payment systems. When users see substantial value in these technologies, they are more inclined to integrate them into their everyday transactions (*Kumar & Pati, 2021*).

2.2.11 Supporting Conditions and Adoption of Cashless Payment Systems

Supporting conditions refer to the external factors that enable and facilitate the adoption of cashless payment systems, including technological infrastructure, accessibility, and customer support. These conditions play a critical role in determining whether individuals adopt new technologies. Adequate supporting conditions, such as reliable internet access and availability of customer service, are essential for ensuring smooth usage and integration of cashless payment systems. When these supporting elements are in place, users are more confident and comfortable adopting digital payment solutions. For instance, the presence of well-developed technological infrastructure and responsive customer support can significantly influence individuals' willingness to switch from traditional cash transactions to cashless payments (*Jin et al., 2021*).

The effectiveness of supporting conditions directly impacts the usability and accessibility of cashless payment systems, leading to higher adoption rates. When users have access to the necessary resources, such as stable internet connections, easy-to-navigate applications, and responsive customer service, they are more likely to incorporate these systems into their daily activities. Supporting conditions also reduce the barriers to adopting cashless payment systems, making them more appealing to potential users. By providing the right technological environment and assistance, the adoption of cashless payment systems becomes more seamless and widespread (*Yadav & Pathak, 2019*).

2.2.12 Peer Influence and Adoption of Cashless Payment Systems

Peer influence represents the impact of social networks and interactions on an individual's decision to adopt new technologies. The behavior, recommendations, and experiences of peers can strongly influence others, particularly in the adoption of cashless payment systems. When individuals observe their peers successfully using digital payment methods, it can create a sense of trust and motivation to follow suit. Social endorsements from friends, family, and trusted individuals often shape technology

adoption decisions, especially among youth, who are more likely to align their choices with those of their social circles (*Kim et al., 2020*).

The role of peer influence in driving the adoption of cashless payment systems is significant, as it leverages social proof to encourage usage. When individuals notice that their peers are adopting and benefiting from cashless payment systems, they are more inclined to consider these options themselves. Positive experiences shared within a peer group can amplify the perceived value of cashless payments, leading to higher adoption rates. Peer influence can act as a powerful motivator, making it a crucial factor in understanding how social dynamics contribute to the widespread acceptance of digital payment technologies (*Feng et al., 2021*).

2.2.13 Security Perceptions and Adoption of Cashless Payment Systems

Security perceptions encompass users' beliefs regarding the safety and reliability of cashless payment technologies. Concerns about risks such as fraud, unauthorized access, and data breaches can significantly impact adoption decisions. Users are more likely to embrace cashless payment systems when they believe that the system incorporates strong security measures that protect their financial information. Confidence in the system's ability to safeguard against potential threats directly correlates with increased adoption and usage (*Jin et al., 2021*).

Positive security perceptions contribute to higher adoption rates of cashless payment systems by fostering trust and reducing apprehensions. When users feel assured that their transactions are protected, they are more comfortable and willing to integrate digital payments into their daily routines. This trust in the system's security leads to consistent and frequent use, reinforcing the importance of addressing security concerns to promote broader adoption of cashless payment technologies (*Kim et al., 2020*).

2.2.14 Hedonic Motivation and Adoption of Cashless Payment Systems

Hedonic motivation refers to the pleasure and enjoyment users experience when engaging with new technology. In the context of cashless payment systems, if the platform offers a user-friendly interface, engaging features, and an overall enjoyable experience, it becomes more appealing to potential users. This sense of enjoyment can act as a strong driver for adoption, as individuals are more inclined to use technologies that not only serve a practical purpose but also provide satisfaction and pleasure (*Feng et al., 2021*).

The influence of hedonic motivation is significant in determining the adoption of cashless payment systems. When users perceive the technology as enjoyable and satisfying, they are more likely to integrate it into their routine financial activities. High levels of hedonic motivation thus enhance the likelihood of adoption, as users are naturally drawn to experiences that offer both functionality and enjoyment. This highlights the importance of considering the emotional and experiential aspects of digital payment systems to boost user acceptance and long-term engagement (*Kumar & Pati, 2021*).

2.3 Empirical Review

Kabir et al. (2017) conducted a study to analyze the factors influencing electronic payment adoption. The main objective of the study was to identify and examine the key determinants that affect the acceptance of electronic payment systems among users. The researchers employed a quantitative research design, utilizing descriptive and inferential statistical methods, including correlation and regression analyses, with data analyzed using SPSS software. The major findings indicated that trust, perceived ease of use, perceived usefulness, security, convenience, cost, benefits, awareness, and attitude were the most significant factors influencing e-payment adoption. The study concluded that enhancing user trust and perceived ease of use could significantly improve the adoption rates of electronic payment systems. Furthermore, addressing security concerns and promoting awareness of the benefits associated with e-payments are crucial for fostering user acceptance. Overall, the findings provide essential insights for stakeholders seeking to improve the implementation and acceptance of electronic payment systems.

Kunwar and Thakur (2019) conducted a study on user acceptance of mobile banking, focusing on young customers aged 25–40 in Nepal. The main objective of the study was to analyze the factors influencing mobile banking acceptance among this demographic and to evaluate how perceived ease of use and perceived usefulness impact this acceptance. The research employed a cross-sectional design, collecting data from 222 young customers through a survey. For data analysis, the researchers utilized descriptive statistics, correlation analysis, and regression analysis using Ordinary Least Squares (OLS). The major findings indicated that young customers in Nepal are aware of mobile banking technology and its benefits, with both perceived ease of use and perceived usefulness significantly influencing attitudes towards mobile banking and positively affecting the behavioral intention to use the service. The study concluded that addressing

the factors affecting perceived ease of use and perceived usefulness could enhance mobile banking adoption among young customers, suggesting that financial institutions should prioritize improvements in these areas to increase acceptance and usage.

Pokhrel, et al. (2020) conducted a study on the adoption of mobile banking among users in the Kathmandu Valley, utilizing the Technological Acceptance Model as a framework. The main objective of the study was to assess the impact of perceived usefulness, attitude towards mobile banking, and perceived ease of use on behavioral intention and attitudes towards mobile banking. The researchers employed a cross-sectional research design, calculating correlation and standard deviation, assessing reliability with Cronbach's alpha, and testing hypotheses using bivariate regression with Ordinary Least Squares (OLS) analysis. The major findings revealed that perceived usefulness and attitude towards mobile banking significantly influence behavioral intention, while perceived ease of use notably affects attitudes towards mobile banking. The study concluded that these insights are valuable for managers, enabling them to formulate effective mobile banking policies, and for researchers to explore additional variables that may influence mobile banking adoption.

Rahman, et al. (2020) conducted a study to investigate consumer adoption of cashless payment systems in Malaysia. The main objective of the study was to explore the factors affecting the adoption of cashless payment systems using the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2). The researchers employed a cross-sectional research design and collected data through 301 completed questionnaires from Malaysian consumers, utilizing Structural Equation Modeling (SEM) with Analysis of Moment Structures (AMOS) for data analysis. The major findings indicated that performance expectancy and facilitating conditions had the most significant impact on the adoption of cashless payments, while perceived technology security also played a crucial role. Furthermore, positive relationships were identified between hedonic motivation, social influence, innovativeness, and the adoption of cashless payment systems. The study concluded that policymakers should focus on enhancing performance expectancy, improving facilitating conditions, and addressing security concerns to facilitate a successful transition to a cashless society.

Balakrishnan and Shuib (2021) conducted a study to examine the factors influencing Malaysians' readiness for a cashless society and the adoption of digital payment applications. The main objective of the study was to develop a model based on the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) and the Technology Readiness Index 2.0, focusing on key drivers and inhibitors of digital payment adoption. Data were collected through self-administered surveys, resulting in 258 valid responses, and analyzed using Structural Equation Modeling (SEM). The major findings revealed that Ease of Use, Usefulness, Innovativeness, Optimism, and Lack of Awareness significantly affected users' readiness for cashless transactions. Although perceived readiness did not directly impact adoption, it became significant when mediated by risk and intrinsic motivation. The study concluded that actionable insights for service providers, financial institutions, and government agencies are essential, highlighting the need to develop strategies that effectively promote the adoption of digital payment services.

Subtimrat and Vonguai (2021) investigated the factors influencing Thai commercial bank users' behavioral intention towards using QR code payment systems via mobile banking applications. The main objective of the study was to explore the various factors affecting users' intentions to adopt this payment method. A quantitative research approach was utilized, employing non-probability sampling techniques such as quota and convenience sampling. Data were collected through self-administered questionnaires distributed to 1,800 respondents in Bangkok, and the analysis involved confirmatory factor analysis and structural equation modeling (SEM). The major findings revealed that compatibility, adoption readiness, attitude, and personal innovativeness significantly impact behavioral intention towards QR code payment, with compatibility being the strongest predictor. The study concluded that enhancing compatibility and addressing adoption readiness and personal innovativeness are essential for increasing the adoption of QR code payment systems, while perceived risk and trust were not significant factors for users in this context.

Li (2022) investigated the factors affecting the adoption of cashless payment systems in Malaysia's night markets through his doctoral dissertation titled "Factors Affecting Adoption of Cashless Payment in Malaysia Night Market." The main objective of the study was to explore how perceived usefulness, perceived ease of use, perceived security,

relative advantage, and social influence impact the adoption of cashless payment systems. The research employed a quantitative design, targeting users of cashless payment systems at Malaysian night markets, and utilized Cronbach Alpha, Spearman's Correlation Analysis, and Multiple Regression Analysis for data analysis. The major finding indicated that perceived security and social influence were not significant factors affecting the adoption of cashless payments. The study concluded with recommendations for future research and suggestions for service providers to improve cashless payment adoption in night markets.

Manandhar and Kohsuwan (2022) investigated the factors affecting consumers' behavioral intention to adopt mobile payment services. The main objective of the study was to identify the key drivers influencing consumers' intention to adopt mobile payment services in Kathmandu Valley. The research employed a theoretical framework that integrated the Unified Theory of Acceptance and Use of Technology (UTAUT) with Privacy Calculus Theory, analyzing data through structural equation modeling (SEM) based on responses from 455 participants. The major findings revealed that facilitating conditions, such as necessary knowledge and supporting technologies, had the most significant positive impact on consumers' actual use of mobile payment services. Additionally, effort expectancy, performance expectancy, and social influence were found to positively affect consumers' behavioral intention towards mobile payments. The study concluded that mobile payment service providers should prioritize enhancing facilitating conditions, managing effort expectancy, and addressing performance and social expectations to effectively promote the adoption of mobile payment services in the Kathmandu Valley.

Mohd, et al. (2023) investigated the factors affecting e-wallet adoption intention in Malaysia through their study titled "Cashless Society, E-Wallets and Continuous Adoption." The main objective of the study was to understand how constructs from an extended Unified Theory of Acceptance and Use of Technology (UTAUT2), including trust and perceived security, influence the behavioral intention to adopt e-wallets. The research design involved collecting data from 171 respondents using questionnaires, and data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to examine the relationships between the theoretical constructs and adoption intention. The major finding revealed that performance expectancy, social influence,

hedonic motivation, trust, facilitating conditions, and habit significantly influenced the behavioral intention to adopt e-wallets, while perceived security did not show a significant impact on adoption. The conclusion highlights that, although several factors drive e-wallet adoption, perceived security alone does not significantly affect users' intentions, indicating the effectiveness of current security measures and suggesting areas for further research and practical improvements in promoting continuous e-wallet use.

Namahoot and Boonchieng (2023) examined the determinants of cashless payment system adoption in Thailand. The main objective of the study was to explore how barriers and gender differences affect the adoption of cashless payment systems using an enhanced Unified Theory of Acceptance and Use of Technology (UTAUT) model. The research design involved gathering data through surveys, which were then analyzed using exploratory and confirmatory factor analysis, followed by Structural Equation Modeling (SEM) to identify key factors influencing adoption. The major finding indicated that value, risk, and image barriers significantly impact cashless payment adoption, with the image barrier having the greatest effect. The conclusion emphasizes the importance of addressing these barriers and considering gender differences to improve the adoption of cashless payment systems.

Poudel et al. (2023) examined the adoption of digital payment systems among the youth in Pokhara Metropolitan City. The main objective of the study was to explore the factors influencing the adoption intention of digital payment systems among the youth in Pokhara. The research employed a purposive sampling technique, selecting 400 respondents for data collection. The data analysis included frequency distribution, exploratory factor analysis (EFA), and structural equation modeling (SEM) to evaluate the relationships between variables. The major findings revealed that security and privacy, performance expectancy, and facilitating conditions significantly and positively impacted the adoption intention of digital payment systems, while effort expectancy and social influence did not have a significant effect. The study concluded that enhancing the security of digital payment methods, improving access to supportive resources, and raising awareness of the benefits among the youth in Pokhara Metropolitan City are crucial steps for increasing the adoption of digital payment systems.

Munikrishnan et al. (2024) examined the intention and adoption of cashless payment methods among young adults in Malaysia. The main objective of the study was to explore factors influencing Malaysian youth's intention and actual use of cashless payment methods by extending the Unified Theory of Acceptance and Use of Technology (UTAUT) model to include perceived security and lifestyle compatibility. The research design involved collecting data from 364 Malaysian youths, and the data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM). The major findings indicated that performance expectancy, lifestyle compatibility, and perceived security positively and significantly impacted the intention to use cashless payments, while effort expectancy and social influence showed no significant effect. The study concluded that understanding the adoption dynamics of cashless payments among young adults is crucial, and promoting factors like performance expectancy and lifestyle compatibility can enhance cashless transaction usage in Malaysia.

Table 1

Summary of Empirical Review

Date	Article Title	Author(s)	Objective	Methodology	Findings
2017	Factors Influencing Electronic Payment Adoption	Kabir et al.	Identify and examine the key determinants affecting the acceptance of electronic payment systems among users.	Quantitative research design; correlation and regression analyses; SPSS analysis	Trust, perceived ease of use, perceived usefulness, security, convenience, cost, benefits, awareness, and attitude significantly influence e-payment adoption; enhancing user trust is crucial for improving adoption rates.
2019	User Acceptance of Mobile Banking: A Demographic Study of Nepal Focusing on	Kunwar and Thakur	Analyze factors influencing mobile banking acceptance among young	Cross-sectional survey, 222 respondents; OLS regression	Perceived ease of use and perceived usefulness significantly influence attitudes towards mobile banking,

	Young Customers Aged 25–40		customers in Nepal.		positively impacting behavioral intention to use it.
2020	Adoption of Mobile Banking Among Users in Kathmandu Valley: Lens of Technological Acceptance Model	Pokhrel, Adhikari, and Mishra	Assess the impact of perceived usefulness, attitude, and ease of use on behavioral intention and attitudes towards mobile banking.	Cross-sectional design; OLS regression; correlation analysis	Perceived usefulness and attitude significantly influence behavioral intention, while perceived ease of use notably affects attitudes towards mobile banking.
2020	Analysing Consumer Adoption of Cashless Payment in Malaysia	Rahman, Ismail, and Bahri	Explore factors affecting the adoption of cashless payment systems in Malaysia using UTAUT2.	Survey of 301 consumers; SEM analysis	Performance expectancy and facilitating conditions had the most significant impact on adoption, with perceived technology security also strongly influencing adoption.
2021	Factors Influencing Malaysians' Readiness for a Cashless Society and Adoption of Digital Payment Applications	Balakrishnan and Shuib	Develop a model based on UTAUT2 and Technology Readiness Index 2.0 to explore key drivers and inhibitors.	Self-administered surveys, 258 responses; SEM analysis	Ease of Use, Usefulness, Innovativeness, Optimism, and Lack of Awareness directly affected readiness; perceived readiness became significant when mediated by risk and intrinsic motivation.
2021	An Investigation of Behavioral Intention	Suebtimrat and Vonguai	Explore factors influencing behavioral	Quantitative approach; 1,800 respondents;	Compatibility had the strongest influence on behavioral

	Towards QR Code Payment in Bangkok, Thailand		intention towards using QR code payment systems among Thai commercial bank users.	SEM analysis	intention, followed by attitude and adoption readiness; perceived risk and trust did not significantly impact intention.
2022	Factors Affecting Adoption of Cashless Payment in Malaysia Night Market	Li	Investigate determinants influencing the adoption of cashless payment systems in Malaysia's night markets.	Surveys; Multiple regression analysis	Perceived security and social influence were not significant factors affecting adoption; addressing these can enhance cashless payment adoption.
2022	Exploring Factors Affecting Consumers' Behavioral Intention to Adopt Mobile Payment Services: A Case Study in the Kathmandu Valley, Nepal	Manandhar and Kohsuwan	Investigate factors influencing consumers' behavioral intention to adopt mobile payment services in Kathmandu Valley, Nepal.	SEM analysis with 455 participants	Facilitating conditions had the most significant positive influence; effort expectancy, performance expectancy, and social influence also positively affected behavioral intention.
2023	Cashless Society, E-Wallets and Continuous Adoption	Mohd Thas Thaker et al.	Investigate factors affecting e-wallet adoption intention in Malaysia using UTAUT2.	Survey of 171 respondents; PLS-SEM analysis	Performance expectancy, social influence, hedonic motivation, trust, and facilitating conditions significantly influenced adoption intention; perceived security was not significant.
2023	UTAUT Determinants of Cashless	Namahoot and Boonchieng	Explore how barriers and gender	Hybrid SEM and neural network	Value, risk, and image barriers significantly

	Payment System Adoption in Thailand: A Hybrid SEM-Neural Network Approach		differences affect the adoption of cashless payment systems.	analysis; surveys	impacted adoption; gender differences noted, with men facing more challenges compared to women.
2023	Adoption of Digital Payment System among the Youths in Pokhara Metropolitan City	Poudel, Ranabhat, Sapkota, and Ranabhat	Explore factors influencing the adoption intention of digital payment systems among youth in Pokhara.	Purposive sampling; 400 respondents; EFA and SEM analysis	Security and privacy, performance expectancy, and facilitating conditions positively impacted adoption intention; effort expectancy and social influence were not significant.
2024	Modelling the Intention and Adoption of Cashless Payment Methods Among Young Adults in Malaysia	Munikrishnan et al.	Explore factors influencing intention and actual use of cashless payment methods among Malaysian youth.	Survey of 364 youths; PLS-SEM analysis	Performance expectancy, lifestyle compatibility, and perceived security significantly impacted intention; experience influenced relationships between several factors.

2.5 Research Gap

While numerous studies have explored the adoption of mobile banking and cashless payment systems in various contexts (e.g., Kunwar & Thakur, 2019; Rahman et al 2020), there remains a significant gap in research specifically focused on the Kathmandu Valley, Nepal. The unique cultural, economic, and technological landscape of Nepal could lead to different adoption patterns and influencing factors. Additionally, many studies have concentrated on broad age groups or specific segments such as young adults (e.g., Kunwar & Thakur, 2019; Poudel et al., 2023), but there is a lack of focused research on

how these factors specifically impact youth in Kathmandu Valley. Understanding this demographic is crucial for predicting future trends in digital payment adoption in Nepal.

Furthermore, while various theoretical frameworks such as UTAUT and Privacy Calculus Theory have been applied to understand adoption intentions (e.g., Manandhar & Kohsuwan, 2022; Mohd Thas Thaker et al., 2023), there is a need for more comprehensive integration and application of these models within the Nepali context, particularly concerning cashless payments. Existing literature has identified several influencing factors, such as compatibility, personal innovativeness, and perceived risk (e.g., Suebtimrat & Vonguai, 2021; Namahoot & Boonchieng, 2023). However, a more detailed analysis incorporating a broader range of factors including perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation is necessary for the youth in Kathmandu Valley.

Finally, with the rapid advancement of digital payment technologies, the factors influencing adoption are likely to evolve. While previous research offers valuable insights, there is a pressing need to investigate how recent technological developments and shifts in consumer behavior impact cashless payment adoption among the youth in Kathmandu Valley. Addressing these gaps will provide a deeper understanding of the factors driving cashless payment adoption, contribute to the broader literature on digital payment systems, and offer valuable insights for policymakers and financial institutions to develop effective strategies for promoting adoption.

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodological approach taken in the study to examine the factors influencing the adoption of cashless payments among youth in Kathmandu Valley. The methodology is meticulously detailed to ensure the study's reliability and replicability. This chapter includes sections on the research design used in this study, the population and sample, and the sampling design. It also covers the nature and sources of data and the instruments used for data collection. Additionally, it describes the methods of analysis employed to interpret the data. Reliability analysis is conducted to ensure the consistency and dependability of the instruments used. Finally, the chapter presents the research framework and provides definitions for the variables used in the study.

3.2 Research Design

The research design adopted for this study is quantitative, incorporating both descriptive and explanatory research designs. The descriptive aspect of the research aims to systematically describe the factors influencing the adoption of cashless payments among youth in Kathmandu Valley. This involves identifying and outlining the characteristics, behaviors, and attitudes of the respondents towards cashless payments. The explanatory research design, on the other hand, seeks to explain the relationships between different variables, such as perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation, and their impact on the adoption of cashless payment systems. By using this combined approach, the study not only provides a detailed account of the current state of cashless payment adoption among the youth but also explores the underlying factors and mechanisms driving this adoption.

3.3 Population Sample, and Sampling Design

3.3.1 Population

The target population for this study consists of youth aged 18 to 35 residing in the Kathmandu Valley. This demographic includes individuals who are actively using cashless payment methods, such as mobile banking, e-wallets, debit/credit cards, and QR

codes. The focus on this age group is intended to capture the behaviors and preferences of a segment of the population that is actively engaged with digital financial technologies.

3.3.2 Sample

To determine the sample size, Cochran's formula was used to ensure statistical validity and reliability of the study's findings. Given the large and unknown population size, Cochran's formula was used to determine the appropriate sample size. Cochran's formula is ideal for estimating sample sizes when the population is large or unknown, providing a method to calculate the sample needed to achieve a specified level of confidence and precision (Cochran, 1977). The formula for calculating sample size is:

$$n = \frac{z^2 * p(1-p)}{E^2}$$

Where:

- n= Required sample size
- Z = Z-score (standard normal deviate corresponding to the desired confidence level, e.g., 1.96 for 95% confidence)
- p = Estimated proportion of the population (e.g., 0.5 for maximum variability)
- E = Margin of error (e.g., 0.05 for ±5% margin)

Plugging in the values:

- $n=1.96^2 \cdot 0.5 \cdot (1-0.5) / 0.05^2$
- $n=384.16$

Applying Cochran's formula yielded a required sample size of approximately 385. This sample size ensures that the study's results are statistically robust and can be generalized to the larger population, despite the actual population size being large and unknown.

3.3.3 Sampling Design

A non-probability convenience sampling technique was employed for selecting the sample. Convenience sampling was chosen due to its practicality and efficiency in accessing the target population within the study's time constraints. This method involves selecting participants who are readily accessible and willing to participate, which, while practical, may not fully represent the entire population.

3.4 Nature and Sources of Data

The data for this study is primarily quantitative, aiming to provide statistical insights into the factors influencing the adoption of cashless payments among youth in Kathmandu Valley. The study utilizes both primary and secondary data to comprehensively analyze the factors influencing the adoption of cashless payments among youth in Kathmandu Valley.

The primary data are collected directly from the respondents using structured questionnaires. This data collection method allows for gathering specific information relevant to the study objectives, including respondents' attitudes, perceptions, and behaviors regarding cashless payments.

Secondary data are drawn from existing literature, including academic journals, industry reports, and relevant publications. These sources provide background information and context, helping to frame the study's theoretical foundation and contextualize the primary data findings.

3.5 Instrument of Data Collection

The data collection instrument for this study is a structured questionnaire specifically designed to capture quantitative data regarding the factors influencing the adoption of cashless payments among youth in Kathmandu Valley. The questionnaire is systematically organized into four main sections.

Section 'A' collects demographic information, including age, gender, educational background, and income level, which provides context for analyzing the sample's characteristics.

Section 'B' includes the questions related to usages of cashless payment among youth. This section includes questions to understand the respondents' current usage patterns of cashless payment methods, such as frequency of use, types of methods used, and purposes for using these methods.

Section 'C' focuses on the study's key variables, including perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation. Each of these

independent variables is assessed through four questions, allowing respondents to express their level of agreement or disagreement on a scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

Finally, Section 'D' addresses the dependent variable, which is the adoption intention of cashless payments. This section includes four questions aimed at gauging the respondents' likelihood and intention to adopt cashless payment methods. The questionnaire employs a 5-point Likert scale for responses, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This scale helps in measuring the degree of agreement or disagreement with each statement. The use of Likert scale questions facilitates the quantification of respondents' attitudes and perceptions, making it possible to perform robust statistical analyses.

The questionnaire was developed with reference to Rahman, Ismail, and Bahri (2020), with the statements modified to fit the context of this study. The detailed questionnaire is included in the appendix of this report.

3.6 Data Collection

Data for this study were gathered using a structured questionnaire aimed at capturing quantitative information about the factors influencing the adoption of cashless payments. The data collection process involved distributing the questionnaire both physically and online to reach a wide audience. Physical distribution was carried out at key locations frequented by youth, such as educational institutions and community centers, while online distribution was done via email and social media platforms, including Google Forms links. Participants were given a set period to complete the questionnaire, with follow-ups and reminders sent to ensure a high response rate.

3.7 Method of Analysis

The analysis of the collected data utilized both descriptive and inferential statistical methods to gain a comprehensive understanding of the factors influencing the adoption of cashless payments among youth in Kathmandu Valley. Descriptive statistics were employed to summarize and present the demographic characteristics of the respondents and the adoption level of cashless payment systems. Inferential statistics, including correlation and multiple regression analyses, were conducted to examine the relationships between the independent variables such as perceived benefits, supporting conditions, peer

influence, security perceptions, and hedonic motivation—and the adoption of cashless payment systems. These methods provided insights into the significance and strength of each factor in influencing adoption, helping to identify key drivers behind the youth's acceptance and use of cashless payment technologies in the region.

3.7.1 Descriptive Analysis

Descriptive analysis was conducted to summarize the basic features of the collected data and provide an overview of the participants' characteristics and their responses. This analysis involved various statistical measures that helped in understanding the patterns, trends, and distribution of the data. The key descriptive analysis techniques used include frequency distribution, mean, and standard deviation.

Frequency Distribution

Frequency distribution was employed to determine the number of respondents falling into each category for categorical variables. This includes demographic information such as age, gender, educational background, and employment status, as well as responses to specific survey questions related to cashless payment adoption. Frequency distribution helps in identifying the most common categories or responses, allowing the researcher to observe patterns within the data. For instance, the distribution of responses to questions about the awareness, usage, and preferences for cashless payment systems was analyzed. This approach provided clear insights into how the population is segmented based on different characteristics, enabling a more nuanced understanding of the factors influencing adoption.

Mean

The mean, or average, was calculated for interval and ratio scale data to determine the central tendency of the responses. It provides the average level of agreement or perception for each variable under study, such as perceived benefits, security perceptions, peer influence, and hedonic motivation. The mean is a critical measure that condenses large amounts of data into a single representative value, helping to interpret the overall sentiment or attitude of the respondents towards the adoption of cashless payment systems. The formula for calculating the mean is:

$$\text{Mean } \bar{X} = \frac{\sum X}{n}$$

Where:

$\sum X$ = sum of all individual values,

n = total number of values.

Standard Deviation (S.D.)

Standard deviation was measured to assess the variability or dispersion of responses around the mean. It offers insights into the consistency or variability of participants' opinions regarding the adoption of cashless payment systems. A low standard deviation indicates that responses are clustered closely around the mean, suggesting a high level of agreement among respondents. In contrast, a high standard deviation implies a wide range of opinions, indicating diverse perspectives or uncertainty regarding certain aspects of cashless payments. By evaluating the standard deviation, the researcher can gauge the reliability of the mean and better understand the level of consensus among participants on various factors influencing the adoption of cashless payments. The formula for calculating the standard deviation is:

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{N - 1}}$$

Where:

X = each individual value,

\bar{X} = mean of the values,

N = total number of values.

Overall, descriptive analysis provided a foundational understanding of the data, setting the stage for more complex inferential analyses that further explored relationships between variables and identified key drivers behind the adoption of cashless payment systems among youth in Kathmandu Valley. The descriptive data are shown in Tabular form. These descriptive statistics help to summarize the general trends and patterns in the data, offering a clear picture of the sample population's characteristics and their attitudes towards cashless payments.

3.7.2 Inferential Analysis

Inferential analysis was computed using Statistical Package for the Social Sciences (SPSS) version 25. This software enabled the execution of complex statistical analyses and provided insights into the relationships and effects of various factors on cashless payment adoption among youth in the Kathmandu Valley. Inferential analysis was conducted to explore relationships between variables and test hypotheses about the factors influencing cashless payment adoption. This included:

Correlation Analysis

Correlation analysis evaluates the strength and direction of relationships between variables using a coefficient that ranges from -1 to +1. A coefficient of +1 signifies a perfect positive linear relationship, meaning that as one variable increases, the other variable increases in a perfectly consistent manner. Conversely, a coefficient of -1 indicates a perfect negative linear relationship, where one variable's increase corresponds to a perfectly proportional decrease in the other variable. A coefficient of 0 denotes no linear relationship between the variables, implying that changes in one variable do not predict changes in the other variable.

A positive correlation suggests that as one variable increases, the other tends to increase as well, indicating a direct relationship (e.g., higher perceived benefits leading to greater adoption intention) (Field, 2013). In contrast, a negative correlation implies that as one variable increases, the other tends to decrease, reflecting an inverse relationship (e.g., higher perceived risk leading to lower adoption intention) (Cohen, 2013). A correlation coefficient close to zero indicates little to no relationship between the variables. This analysis helps in identifying which factors significantly affect the adoption of cashless payments and aids in developing effective strategies (Pallant, 2020). The formula for calculating the correlation coefficient r is:

$$r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{[n \sum X^2 - (\sum X)^2][n \sum Y^2 - (\sum Y)^2]}}$$

Where:

n = number of data points,

$\sum XY$ = sum of the product of paired scores,

$\sum X$ = sum of the X scores,

$\sum Y$ = sum of the Y scores,

$\sum X^2$ = sum of the squares of the X scores,

$\sum Y^2$ = sum of the squares of the Y scores.

Regression Analysis

Regression analysis is employed to examine the relationship between a dependent variable and one or more independent variables. Regression analysis is employed to evaluate which independent variables significantly influence cashless payment adoption and the degree of their impact. This method is essential for understanding how different factors contribute to the promotion of cashless payments and for developing effective strategies (Hair et al., 2019; Field, 2013). It quantifies how changes in the independent variables (e.g., perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation) affect the dependent variable (adoption intention). The regression equation used in this study is:

$$\text{Adoption of Cashless Payment} = \beta_0 + \beta_1(\text{Perceived Benefits}) + \beta_2(\text{Supporting Conditions}) + \beta_3(\text{Peer Influence}) + \beta_4(\text{Security Perception}) + \beta_5(\text{Hedonic Motivation}) + \epsilon$$

Where:

Adoption of Cashless Payment is the dependent variable.

Perceived Benefits, Supporting Conditions, Peer Influence, Security Perception, and Hedonic Motivation are the independent variables.

β_0 is the intercept, and β_1 to β_5 are the regression coefficients.

ϵ represents the error term.

3.8 Research Framework and Definition of Variables

The research framework for this study is designed to systematically explore the factors influencing the adoption of cashless payments among youth in the Kathmandu Valley. It integrates various theoretical constructs to analyze their impact on the adoption process. This framework is grounded in established theories and empirical research, providing a structured approach to understanding the relationships between key variables. In this

framework, the independent variables (IVs) include perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation. The dependent variable (DV) in this framework is cashless payment adoption, which measures the extent to which youth engage with and utilize cashless payment systems. This framework allows for a detailed examination of how each independent variable affects the adoption of cashless payments, offering valuable insights into the factors driving adoption among the youth in Kathmandu Valley.

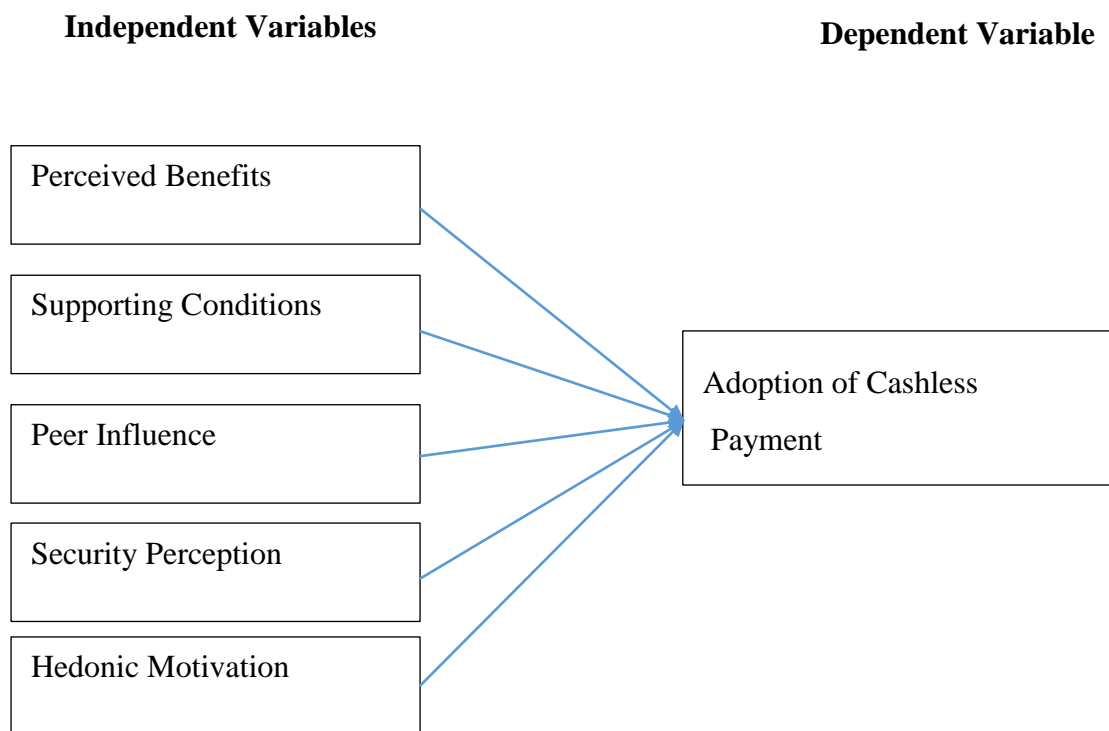


Figure 3.1 Research framework of the study
(Source: Rahman, et al. 2020)

3.8.1 Definition of Variables

A. Independent Variables (IVs)

Perceived Benefits

It refers to the subjective advantages that individuals associate with adopting cashless payment systems, including aspects such as convenience, speed, and efficiency. These perceived benefits serve as key motivators for users to transition from traditional payment methods to cashless solutions. When users recognize the tangible benefits of cashless transactions, they are more likely to embrace these technologies. Consequently,

understanding these benefits is crucial for financial institutions aiming to promote cashless payment adoption (*Wang et al., 2022*).

Supporting Conditions

It refers to the essential resources and infrastructure available to users that facilitate the effective utilization of cashless payment systems. This encompasses technological support, network accessibility, and other enabling factors that enhance the adoption process. Without adequate supporting conditions, users may encounter barriers that hinder their ability to engage with cashless systems. Therefore, improving these conditions is vital for fostering a conducive environment for cashless payment adoption (*Venkatesh et al., 2003*).

Peer Influence

It refers to the effect of social interactions and peer networks on an individual's decision to adopt cashless payment methods. This includes the encouragement or discouragement from friends, family, and colleagues, which can significantly shape attitudes and behaviors towards cashless payments. As social networks play a critical role in shaping perceptions and behaviors, the influence of peers can either accelerate or inhibit the adoption process. Understanding peer dynamics can help marketers and policymakers devise strategies to leverage social influence effectively (*Venkatesh & Bala, 2012*).

Security Perception

It refers to the degree of trust and confidence that users have in the safety and security of cashless payment systems. This encompasses concerns regarding potential fraud, data breaches, and privacy issues, which can greatly influence users' willingness to adopt these payment methods. A positive security perception can enhance user confidence, leading to increased adoption rates. Consequently, addressing security concerns is critical for financial service providers to build trust and facilitate wider acceptance of cashless payments (*Kim, et al. 2008*).

Hedonic Motivation

It refers to the intrinsic enjoyment and satisfaction experienced when using cashless payment methods. This variable reflects the pleasure and excitement associated with engaging with innovative and modern payment technologies. Users who find joy in using

cashless systems are more likely to continue utilizing them, contributing to long-term adoption. Therefore, enhancing the hedonic aspects of cashless payments can be an effective strategy for increasing user engagement and loyalty (*Venkatesh, et al. 2012*).

B. Dependent Variable (DV)

Adoption of Cashless Payment

It refers to the degree to which youth actively engage with and utilize cashless payment systems. This variable assesses the overall acceptance and integration of cashless payment solutions within the target demographic, indicating the effectiveness of various influencing factors on adoption behavior. The level of cashless payment adoption can be a key indicator of technological acceptance within a society. Understanding this variable helps stakeholders identify barriers and opportunities for promoting cashless transactions among youth (*Venkatesh et al., 2003*).

CHAPTER -IV

RESULTS AND DISCUSSION

This chapter presents the findings derived from the data collected to address the research questions and test the hypotheses outlined earlier in the study. The chapter is structured into two sections: results and discussion. The results section covers the descriptive statistics, inferential analysis, hypothesis testing, and major findings. The discussion section compares these findings with previous studies and relevant literature.

4.1 Results

This section presents the results of the data analysis conducted to address the research questions and hypotheses outlined in the study. The findings are structured into several key areas. First, frequency analysis provides a detailed distribution of demographic variables among the respondents, such as gender, age, educational background, and income levels, offering insights into the sample's composition. Next, descriptive statistics of variables summarize key variables related to cashless payment adoption, such as perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation, through measures of central tendency. Following this, inferential statistics examine the relationships between variables through correlation analysis to assess the strength and direction of these associations. Finally, regression analysis is presented, including the model summary, ANOVA, and coefficient results, which offer insights into the impact of independent variables on the dependent variable and evaluate the overall significance of the regression model.

4.1.1 Frequency Analysis of Demographic Profile

The frequency analysis presents the distribution of demographic variables, including the frequency and percentage distribution of respondents based on age, gender, education level, and other relevant demographic characteristics. Tables and charts are utilized to visually represent the distribution of responses, aiding in the identification of patterns or trends within the data.

Table 2

Demographic Profile of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Age Group	18-22	110	28.6
	23-27	155	40.3
	28-32	80	20.8
	33-35	40	10.4
	Total	385	100%
Gender	Male	210	54.5
	Female	160	41.6
	Other	15	3.9
	Total	385	100%
Marital Status	Single	270	70.3
	Married	115	29.7
	Total	385	100%
Education Level	SLC	45	11.7
	Plus Two (+2)	90	23.4
	Bachelor's Degree	175	45.5
	Master's Degree	75	19.5
	Total	385	100%
Employment Status	Student	200	52.0
	Employed	130	33.8
	Self-employed	30	7.8
	Unemployed	25	6.5
	Total	385	100%
Monthly Income	Less than 20,000	60	15.6
	20,000 - 30,000	120	31.2
	30,001 - 40,000	100	26.0
	40,001 - 50,000	60	15.6
	More than 50,000	45	11.7
	Total	385	100%

(Source: Field Survey, 2024)

Table 2 offers a detailed breakdown of the demographic characteristics of the study's 385 participants, shedding light on their relevance to the adoption of cashless payment systems. The age distribution reveals that a significant majority of respondents fall into

the 23-27 year age group (40.3%), followed by those aged 18-22 (28.6%). This indicates that younger adults, who are typically more engaged with technological innovations, form the core of the study's sample. This demographic is particularly pertinent as younger individuals are often more adaptable to new financial technologies, including cashless payment systems.

Gender distribution shows that 54.5% of respondents are male, 41.6% are female, and 3.9% identify as other. This gender breakdown is important for analyzing potential variations in attitudes towards cashless payments. For instance, gender-specific preferences and behaviors could influence how different groups perceive and use cashless payment methods.

Regarding marital status, a substantial majority of respondents are single (70.3%), with 29.7% being married. This high proportion of single individuals might influence their financial behaviors, such as spending and saving patterns, which could impact their likelihood of adopting cashless payment systems. Single individuals might have different financial needs and habits compared to married individuals, potentially affecting their engagement with digital payment solutions.

In terms of education, the largest group of respondents hold a Bachelor's Degree (45.5%), followed by those with a Plus Two (+2) qualification (23.4%). Higher educational attainment is often associated with better financial literacy and a greater openness to adopting new technologies. This suggests that individuals with higher education levels may be more inclined to adopt and utilize cashless payment systems effectively.

The employment status of respondents reveals that over half are students (52.0%), with 33.8% employed, 7.8% self-employed, and 6.5% unemployed. The high proportion of students indicates that the study captures a significant portion of individuals still in education, whose financial behaviors and interactions with cashless payment systems might differ from those who are employed or self-employed.

Lastly, the monthly income distribution shows that 31.2% of respondents earn between 20,000 and 30,000 NPR, while 26.0% earn between 30,001 and 40,000 NPR. This distribution helps in understanding the financial capacity and potential motivations for

adopting cashless payment systems among different income groups. The variation in income levels could influence perceptions of the affordability and benefits of cashless payments, shaping adoption patterns across different segments.

4.1.2 Reliability Statistics

Reliability statistics are essential for ensuring the consistency and dependability of the measurement instrument used in this study. To assess the reliability of the structured questionnaire, Cronbach's alpha was employed. This statistical measure evaluates the internal consistency of the questionnaire items, which indicates how well the items within each construct align to measure the intended concept. In this study, Cronbach's alpha was calculated for each construct perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation. A Cronbach's alpha value of 0.70 or higher is typically considered acceptable, reflecting reliable measurement (Hair et al., 2019).

Table 3

Reliability Statistics

Variables	Cronbach's Alpha	No of Items
Perceived Benefits	.877	4
Supporting Conditions	.820	4
Peer Influence		4
Security Perception	.823	4
Hedonic Motivation	.875	4
Adoption of cashless Payment	.812	4

Source: SPSS Output

Table 3 presents the reliability statistics for the variables measured in this study, using Cronbach's alpha to assess internal consistency. Perceived benefits has a Cronbach's alpha of 0.877, indicating a high level of internal consistency with its four items. Supporting conditions has a reliability score of 0.820, also reflecting strong internal consistency. Security perception shows a Cronbach's alpha of 0.823, suggesting good reliability. Hedonic motivation has a Cronbach's alpha of 0.875, demonstrating high internal consistency. Adoption of cashless payment has a Cronbach's alpha of 0.812, which is satisfactory for ensuring reliable measurement. According to hair et al. (2019), a Cronbach's alpha value of 0.70 or higher is typically considered acceptable, reflecting

reliable measurement. All variables in this study exceed this threshold, confirming that the measures used are reliable and consistently capture the intended constructs.

4.1.3 Descriptive Status of Adoption of Cashless Payments

This section explores the descriptive statistics related to the adoption of cashless payment methods among the respondents. It examines the frequency of use, the most frequently used methods, and the purposes for which these cashless payment systems are employed.

Table 4

Frequency of Using Cashless Payment Methods

Frequency	Number of Respondents	Percentage (%)
Daily	130	33.8 %
Weekly	100	26.0 %
Monthly	70	18.2 %
Rarely	55	14.3 %
Never	30	7.8 %
Total	385	100%

(Source: SPSS Output)

Table 4 illustrates the adoption patterns of cashless payments among respondents. A substantial 33.8% use these methods daily, indicating a high level of engagement, while 26.0% use them weekly, showing consistent but less frequent use. Monthly users account for 18.2%, reflecting moderate usage, whereas 14.3% use cashless payments rarely. Notably, 7.8% of respondents have never used cashless payment methods, highlighting a minority who do not engage with digital transactions. This distribution underscores a generally strong adoption among the youth in Kathmandu Valley, though it also reveals a segment that is less involved or entirely disengaged from cashless payment systems.

Table 5

Most Frequently Used Cashless Payment Methods

Cashless Payment Method	Number of Respondents	Percentage (%)
Mobile Banking	150	39.0
E-Wallet (e.g., eSewa, Khalti)	140	36.4
QR Code Payments	80	20.8
Credit/Debit Cards	60	15.6
Other	10	2.6
Total	385	100%

(Source: SPSS Output)

Table 5 details the frequency of usage for various cashless payment methods among respondents. The data shows that Mobile Banking is the most popular method, used by 39.0% of respondents, closely followed by E-Wallets, utilized by 36.4%. QR Code Payments are used by 20.8% of respondents, while Credit/Debit Cards are employed by 15.6%. A small fraction, 2.6%, uses other unspecified methods. This distribution highlights a preference for Mobile Banking and E-Wallets, indicating their significant role in the financial behavior of youth in Kathmandu Valley.

Table 6

Purposes for Using Cashless Payment Methods

Purpose	Number of Respondents	Percentage (%)
Online Shopping	250	64.9
Bill Payments	180	46.8
Money Transfers	150	39.0
In-store Purchases	120	31.2
Other	20	5.2
Total	385	100%

(Source: SPSS Output)

Table 6 summarized the distribution of purposes for using cashless payment methods. The most common purpose is Online Shopping, with 64.9% of respondents indicating they use cashless payments primarily for this reason. Bill Payments follow, with 46.8% of respondents using these methods for paying bills. Money Transfers are the purpose for 39.0% of respondents, while In-store Purchases account for 31.2%. A small percentage, 5.2%, use cashless payment methods for other unspecified purposes. This distribution shows that Online Shopping is the dominant use case, reflecting a strong trend towards digital transactions in e-commerce among the youth in Kathmandu Valley.

4.1.4 Descriptive Statistics of Variables

This section presents the mean and standard deviation (SD) of the variables influencing the adoption of cashless payment methods and the dependent variable. The mean provides a measure of central tendency, indicating the average level of each factor or variable, while the standard deviation reflects the variability or dispersion of responses around the mean. These statistics are crucial for understanding the overall trends and consistency in the data.

Table 7

Descriptive Statistics of Perceived Benefits

Statements	N	Min.	Max.	Mean	Std. Deviation
1. Using cashless payment methods saves time.	385	2	5	4.23	.731
2. Cashless payments are more convenient than cash payments.	385	2	5	4.15	.758
3. Cashless payments provide better record-keeping for transactions.	385	1	5	4.23	.837
4. Cashless payments offer various rewards and incentives.	385	2	5	4.17	.830
Perceived Benefits	385	2.25	5.00	4.1948	.67559

(Source: SPSS Output)

Table 7 presents the descriptive statistics for the perceived benefits of using cashless payment methods among the respondents. The results show strong agreement with the

benefits, with all mean scores above 4. Specifically, the statement "Using cashless payment methods saves time" has a mean of 4.23 with a standard deviation (SD) of 0.731, indicating that most respondents find it a significant time-saver. Similarly, "Cashless payments provide better record-keeping for transactions" also has a mean of 4.23, but with a slightly higher SD of 0.837, suggesting more variation in responses. The convenience of cashless payments is also valued, with a mean of 4.15 and an SD of 0.758. The availability of rewards and incentives associated with cashless payments has a mean of 4.17 and an SD of 0.830. Overall, the composite score for perceived benefits is 4.19 with an SD of 0.675, underscores the strong positive perception and suggests that perceived benefits significantly influence the adoption of cashless payment systems among the youth in the Kathmandu Valley.

Table 8

Descriptive Statistics of Supporting Conditions

Statements	N	Min.	Max.	Mean	Std. Deviation
5. I have easy access to the internet for using cashless payment methods.	385	1	5	4.19	.808
6. The necessary infrastructure (e.g., payment terminals) is widely available.	385	2	5	4.19	.744
7. Customer service for cashless payment methods is satisfactory.	385	2	5	4.03	.811
8. I have the necessary devices (e.g., smartphone) to use cashless payment methods.	385	1	5	4.21	.768
Supporting Conditions	385	2.50	5.00	4.1571	.63120

(Source: SPSS Output)

Table 8 details the descriptive statistics for the supporting conditions influencing the adoption of cashless payments among youth in the Kathmandu Valley. The responses indicate that respondents generally perceive supporting conditions favorably. The statement "I have easy access to the internet for using cashless payment methods" has a mean of 4.19 and a standard deviation (SD) of 0.808, suggesting that access to the internet is viewed positively and is a strong facilitator for cashless payments. Similarly,

the availability of necessary infrastructure, such as payment terminals, is also seen as favorable with a mean of 4.19 and an SD of 0.744. The satisfaction with customer service for cashless payments received a slightly lower mean of 4.03 and an SD of 0.811, indicating that while generally positive, there is some variability in customer service experiences. The statement about having the necessary devices, like smartphones, to use cashless payments has the highest mean of 4.21 and an SD of 0.768, reflecting that device availability is a crucial supporting factor. The overall mean for supporting conditions is 4.1571 with an SD of 0.63120, underscoring that supporting conditions are generally favorable and contribute positively to the adoption of cashless payment systems.

Table 9

Descriptive Statistics of Peer Influence

Statements	N	Min.	Max.	Mean	Std. Deviation
9. My friends frequently use cashless payment methods.	385	1	5	3.75	.942
10. My family encourages me to use cashless payment methods.	385	1	5	3.32	1.025
11. Social media influences my decision to use cashless payment methods.	385	1	5	3.68	.869
12. I feel socially accepted when I use cashless payment methods.	385	1	5	3.74	.893
Peer Influence	385	1.75	5.00	3.6221	.74719

Source: SPSS Output

Table 9 presents the descriptive statistics for the peer influence factors affecting the adoption of cashless payment methods. The mean scores for individual statements indicate varying levels of perceived influence from peers. Respondents reported that "My friends frequently use cashless payment methods" with a mean of 3.75 and a standard deviation (SD) of 0.942, suggesting a moderate level of influence from friends. The statement "My family encourages me to use cashless payment methods" has a mean of 3.32 and an SD of 1.025, indicating a lower but still notable level of familial encouragement. Social media's impact on decision-making, with a mean of 3.68 and an SD of 0.869, reflects a moderate influence from digital platforms. Lastly, the sense of

social acceptance when using cashless methods has a mean of 3.74 and an SD of 0.893, showing that respondents generally feel positively about social acceptance. The overall mean for peer influence is 3.6221 with an SD of 0.74719, highlighting that while peer influence plays a role in the adoption of cashless payments, its impact varies and is moderate overall among youth in Kathmandu Valley.

Table 10

Descriptive Statistics of Security Perception

Statements	N	Min.	Max.	Mean	Std. Deviation
13. I believe cashless payments are secure.	385	2	5	4.21	.717
14. I am confident that my financial information is protected when using cashless payments.	385	2	5	4.02	.748
15. I trust the security measures of cashless payment platforms.	385	2	5	4.19	.744
16. I feel safe from fraud when using cashless payment methods.	385	2	5	4.06	.756
Security Perception	385	2.25	5.00	4.1201	.59922

Source: SPSS Output

Table 10 presents the descriptive statistics for security perception related to cashless payment methods. The mean scores for individual statements reflect a strong sense of security among respondents. The statement "I believe cashless payments are secure" has the highest mean of 4.21 with a standard deviation (SD) of 0.717, indicating a high level of confidence in the security of cashless payments. Respondents also show strong confidence in the protection of their financial information, with a mean of 4.02 and an SD of 0.748 for the statement "I am confident that my financial information is protected when using cashless payments." Trust in the security measures of cashless payment platforms is similarly high, with a mean of 4.19 and an SD of 0.744. Additionally, feelings of safety from fraud have a mean of 4.06 and an SD of 0.756. The overall mean for security perception is 4.1201 with an SD of 0.59922, demonstrating that respondents generally have a positive view of the security associated with cashless payment methods among youth in Kathmandu Valley.

Table 11

Descriptive Statistics of Hedonic Motivation

Statements	N	Min.	Max.	Mean	Std. Deviation
17. I enjoy using cashless payment methods.	385	2	5	3.67	.766
18. Cashless payments make transactions more fun.	385	1	5	3.58	.747
19. I find using cashless payment methods exciting.	385	2	5	3.70	.764
20. Cashless payments add value to my shopping experience.	385	2	5	3.75	.769
Hedonic Motivation	385	2.00	5.00	3.6734	.64975

Source: SPSS Output

Table 11 provides descriptive statistics for hedonic motivation regarding cashless payment methods. The data reveal that respondents generally experience a moderate level of enjoyment and excitement from using cashless payments. The statement "I enjoy using cashless payment methods" has a mean of 3.67 with a standard deviation (SD) of 0.766, suggesting that while respondents appreciate the enjoyment aspect, it is not overwhelmingly high. Similarly, the statement "Cashless payments make transactions more fun" has a mean of 3.58 and an SD of 0.747, reflecting a modest perception of fun associated with cashless payments. The excitement of using these methods is slightly higher, with a mean of 3.70 and an SD of 0.764, and the statement "Cashless payments add value to my shopping experience" scores the highest with a mean of 3.75 and an SD of 0.769. The overall mean for hedonic motivation is 3.6734 with an SD of 0.64975, indicating that while cashless payments are perceived as enjoyable and add value to the shopping experience, the level of hedonic motivation among respondents is moderate among youth in Kathmandu Valley.

Table 12

Descriptive Statistics of Adoption of Cashless Payment System

Statements	N	Min.	Max.	Mean	Std. Deviation
21. I prefer to use cashless payment methods over cash.	385	2	5	4.04	.749
22. I intend to use cashless payment methods more frequently in the future.	385	2	5	3.91	.777
23. I recommend cashless payment methods to others.	385	1	5	3.98	.784
24. I believe that cashless payment methods will become more popular in the future.	385	1	5	3.72	1.055
Adoption of Cashless Payment System	385	2.00	5.00	3.9117	.68012

Source: SPSS Output

Table 12 presents the descriptive statistics for the adoption of cashless payment systems. The data show that respondents generally have a positive attitude towards cashless payment methods. The statement "I prefer to use cashless payment methods over cash" has a mean of 4.04 with a standard deviation (SD) of 0.749, indicating a relatively strong preference for cashless options over traditional cash. The intention to use cashless methods more frequently in the future is slightly lower, with a mean of 3.91 and an SD of 0.777, suggesting a positive but somewhat cautious outlook. Respondents also show a moderate tendency to recommend cashless payment methods to others, with a mean of 3.98 and an SD of 0.784. The belief that cashless payment methods will become more popular in the future scores the lowest, with a mean of 3.72 and an SD of 1.055, reflecting a less certain but still optimistic view. The overall mean for the adoption of cashless payment systems is 3.9117 with an SD of 0.68012, demonstrating a generally favorable attitude toward adopting these methods among youth in Kathmandu Valley.

Table 13

Summary of Descriptive Statistics

Statements	N	Min.	Max.	Mean	Std. Deviation
Perceived Benefits	385	2.25	5.00	4.1948	.67559
Supporting Conditions	385	2.50	5.00	4.1571	.63120
Security Perception	385	2.25	5.00	4.1201	.59922
Hedonic Motivation	385	2.00	5.00	3.6734	.64975
Peer Influence	385	1.75	5.00	3.6221	.74719
Adoption of Cashless Payment System	385	2.00	5.00	3.9117	.68012

Source: SPSS Output

Table 13 provides a summary of the descriptive statistics for various factors influencing the adoption of cashless payment systems. The mean scores indicate a generally positive perception of these factors among respondents. Perceived benefits has the highest mean of 4.1948 and the lowest standard deviation of 0.67559, suggesting that respondents strongly recognize the advantages of cashless payments. Supporting conditions follows closely with a mean of 4.1571 and an SD of 0.63120, reflecting favorable views on the accessibility and infrastructure supporting cashless transactions. Security perception has a mean of 4.1201 and an SD of 0.59922, indicating a high level of confidence in the security measures of cashless payments. Hedonic motivation shows a lower mean of 3.6734 with an SD of 0.64975, suggesting that while cashless payments are seen as enjoyable, this aspect is less emphasized compared to perceived benefits and supporting conditions. Peer Influence scores the lowest with a mean of 3.6221 and an SD of 0.74719, revealing that social factors have a moderate impact on adoption. Finally, the adoption of cashless payment system has a mean of 3.9117 and an SD of 0.68012, indicating a generally favorable attitude towards the adoption of cashless payments among youth in Kathmandu Valley.

4.1.5 Inferential Analysis

This section presents the results of the inferential analysis for examining the relationships between the factors influencing the adoption of cashless payment systems and the adoption behavior itself. The analysis includes correlation and multiple regression analysis, which provide insights into the strength and nature of these relationships.

4.1.6 Correlation Analysis

Correlation analysis explores the strength and direction of the relationships between each independent variable perceived benefits, supporting conditions, security perception, hedonic motivation, and peer influence and the dependent variable, adoption of cashless payment systems. Pearson's correlation coefficients are used for this purpose, quantifying the degree to which each independent variable is linearly related to the adoption behavior. A coefficient close to 1 indicates a strong positive relationship, suggesting that as the perceived benefits of cashless payments increase, the likelihood of adoption also rises. Conversely, a coefficient near -1 would denote a strong negative relationship, implying that an increase in one variable is associated with a decrease in the adoption of cashless payments. For example, a high positive correlation between Supporting Conditions and Adoption would mean that better supporting infrastructure and resources are strongly associated with higher adoption rates of cashless payment methods.

Furthermore, the results from the correlation analysis offer valuable insights into which factors are most influential in shaping the adoption of cashless payment systems. A coefficient close to 0 indicates a negligible linear relationship, suggesting that the variable does not significantly affect adoption behavior. For instance, if Peer Influence shows a correlation coefficient near 0 with Adoption, it would imply that the influence of peers has minimal impact on the adoption of cashless payments. By understanding these relationships, the analysis helps identify key areas where interventions or improvements can be made to enhance the adoption of cashless payment methods.

Table 14

Correlation Matrix

Variables		ADCPS	PB	SC	PI	SP	HM
ADCPS	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	385					
PB	Pearson Correlation	.774**	1				
	Sig. (2-tailed)	.000					
	N	385	385				
SC	Pearson Correlation	.577**	.507**	1			
	Sig. (2-tailed)	.000	.000				
	N	385	385	385			
PI	Pearson Correlation	.560**	.475**	.347**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	385	385	385	385		
SP	Pearson Correlation	.497**	.461**	.357**	.421**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	385	385	385	385	385	
HM	Pearson Correlation	.433**	.384**	.335**	.404**	.221**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	385	385	385	385	385	385

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

Table 14 presents a detailed correlation matrix illustrating the relationships between the adoption of cashless payment systems (ADCPS) and five independent variables: perceived benefits (PB), supporting conditions (SC), peer influence (PI), security perception (SP), and hedonic motivation (HM). Each correlation coefficient, along with significance values, indicates the strength and direction of these relationships.

The correlation between perceived benefits (PB) and adoption of cashless payment systems (ADCPS) is notably high at $r=0.774$, which is statistically significant at the 0.01 level. This strong positive correlation suggests that as individuals perceive greater benefits from using cashless payment methods such as convenience and efficiency they are more likely to adopt these methods. This relationship highlights the importance of clearly communicating and enhancing the benefits of cashless payments to encourage wider adoption.

Supporting conditions (SC) also exhibit a substantial positive correlation with adoption, with a coefficient of $r=0.577$. This is statistically significant at the 0.01 level and indicates that better infrastructure and easier access to necessary resources, such as payment

terminals and reliable internet, are significantly associated with higher adoption rates. The strong correlation underscores the necessity for improving supporting infrastructure to facilitate and increase the use of cashless payment systems.

Peer influence (PI) shows a significant positive correlation of $r=0.560$ with adoption, which is statistically significant at the 0.01 level. This suggests that social factors, including the behaviors and recommendations of friends and family, play a crucial role in influencing an individual's decision to adopt cashless payment methods. The positive impact of peer influence on adoption underscores the role of social networks in shaping payment preferences and behaviors.

Security perception (SP) has a positive correlation of $r=0.497$ with adoption, also statistically significant at the 0.01 level. This indicates that individuals who feel more secure about the safety of their financial information and transactions are more likely to adopt cashless payment methods. The moderate strength of this correlation highlights that while security is an important factor, it is slightly less influential compared to perceived benefits and supporting conditions.

Hedonic motivation (HM) demonstrates the weakest positive correlation with adoption at $r=0.433$. Although this is still a significant relationship, it is statistically significant at the 0.01 level. This suggests that the enjoyment or excitement derived from using cashless payment methods has a relatively lower impact on adoption compared to other factors. This indicates that while hedonic aspects contribute to adoption, they are less critical than the perceived functional benefits and supportive conditions.

Overall, the correlation analysis reveals that perceived benefits and supporting conditions are the strongest predictors of cashless payment adoption, followed by peer influence and security perception. Hedonic motivation, though significant, has a more moderate effect. These insights are valuable for understanding which factors most strongly drive the adoption of cashless payment systems and can guide efforts to enhance adoption strategies by focusing on perceived benefits and improving supporting conditions.

4.1.7 Regression Analysis

This section provides the results of the regression analysis, which examines how the independent variables perceived benefits, supporting conditions, security perception, peer influence, and hedonic motivation influence the adoption of cashless payment systems. The model summary reveals the R-squared value, indicating the proportion of variance in cashless payment adoption explained by the independent variables, with a higher R-squared signifying a stronger model fit. The ANOVA table assesses the overall significance of the regression model, with the F-statistic and its p-value showing whether the model significantly predicts the dependent variable. The coefficients table details the individual impact of each independent variable on the adoption of cashless payments, with significance levels indicated by p-values. These results provide insights into the key factors driving the adoption of cashless payments, helping to inform strategies to enhance their usage.

Table 15

Model Summary of Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833 ^a	.693	.689	.37918

a. Predictors: (Constant), Perceived Benefits, Supporting Conditions, Security Perception, Peer Influence, And Hedonic Motivation

Source: SPSS Output

Table 15 provides the results of the regression analysis, which assesses how well the independent variables perceived benefits, supporting conditions, security perception, peer influence, and hedonic motivation predict the adoption of cashless payment systems. The model summary showing R-value of 0.833, indicating a strong positive correlation between the predictors and the adoption of cashless payments. The R-squared value of 0.693 suggests that approximately 69.3% of the variance in the adoption of cashless payment systems can be explained by these independent variables. The adjusted R-squared value of 0.689 adjusts for the number of predictors in the model, providing a slightly more conservative estimate of the model's explanatory power. The standard error of the estimate, 0.37918, reflects the average distance between the observed values and the predicted values of cashless payment adoption, with a lower value indicating a better

fit of the model. These statistics collectively indicate that the regression model is a good fit for predicting the adoption of cashless payment systems based on the included predictors.

Table 16

ANOVA Table of Regression Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123.131	5	24.626	171.282	.000 ^b
	Residual	54.491	379	.144		
	Total	177.622	384			

a. Dependent Variable: Adoption of Cashless Payment Systems

b. Predictors: (Constant), Perceived Benefits, Supporting Conditions, Security Perception, Peer Influence, And Hedonic Motivation

Table 16 presents the ANOVA results for the regression analysis, which evaluates the overall fit of the model in explaining the adoption of cashless payment systems. The regression sum of squares is 123.131, with 5 degrees of freedom (df), indicating the portion of the total variance in the dependent variable that is explained by the model. The mean square for the regression is 24.626, and the F-statistic is 171.282. This high F-value, coupled with a significance level of 0.000, demonstrates that the regression model is statistically significant, meaning that the independent variables perceived benefits, supporting conditions, security perception, peer influence, and hedonic motivation collectively have a substantial impact on the adoption of cashless payment systems.

In contrast, the residual sum of squares is 54.491, with 379 degrees of freedom, representing the variance not explained by the model. The mean square for the residuals is 0.144. This indicates that while the model accounts for a large portion of the variance in the dependent variable, there is still some unexplained variance. Overall, the ANOVA results confirm that the regression model significantly predicts the adoption of cashless payment systems and provides insight into the effectiveness of the included predictors.

Table 17

Coefficients of Regression Analysis

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	-.477	.172		-2.781	.006
Perceived Benefits	.522	.038	.518	13.918	.000
Supportive Conditions	.207	.037	.192	5.659	.000
Peer Influence	.159	.032	.174	5.004	.000
Security Perception	.113	.038	.099	2.970	.003
Hedonic Motivation	.081	.034	.078	2.394	.017

a. Dependent Variable: Adoption of Cashless Payment Systems

Source: SPSS Output

Table 17 provides the coefficients from the regression analysis, detailing the impact of each independent variable on the adoption of cashless payment systems. The unstandardized coefficients indicate the raw impact of each predictor on the dependent variable, while the standardized coefficients (Beta) reflect the relative strength of each predictor.

The constant term is -0.477 with a standard error of 0.172, and it is significant at 0.006, suggesting that the base level of adoption of cashless payment systems, when all predictors are zero, is negative, but this result should be interpreted with caution as the constant term in isolation may not have practical significance.

Perceived benefits have the highest unstandardized coefficient of 0.522 and a Beta of 0.518, with a t-value of 13.918 and a significance level of 0.000. This indicates a strong positive relationship between perceived benefits and adoption of cashless payment systems, meaning that as perceived benefits increase, so does the likelihood of adopting these systems.

Supporting conditions have an unstandardized coefficient of 0.207 and a Beta of 0.192, with a t-value of 5.659 and a significance level of 0.000. This suggests that better supporting conditions, such as availability of necessary infrastructure, positively influence the adoption of cashless payment methods.

Peer influence shows an unstandardized coefficient of 0.159 and a Beta of 0.174, with a t-value of 5.004 and a significance level of 0.000. This indicates that the influence of peers plays a significant role in promoting the use of cashless payment systems.

Security perception has an unstandardized coefficient of 0.113 and a Beta of 0.099, with a t-value of 2.970 and a significance level of 0.003. This reflects that greater confidence in the security of cashless payment systems positively affects their adoption.

Lastly, hedonic motivation has an unstandardized coefficient of 0.081 and a Beta of 0.078, with a t-value of 2.394 and a significance level of 0.017. While its impact is positive, it is less pronounced compared to the other factors, suggesting that while enjoyment and perceived fun from using cashless payment methods influence adoption, it is a less significant factor than perceived benefits and supporting conditions.

Overall, these results highlight the importance of perceived benefits, supporting conditions, peer influence, and security perception in enhancing the adoption of cashless payment systems among youth in the Kathmandu Valley.

4.1.8 Hypothesis Testing

The hypotheses were tested using regression analysis results, with the significance level (p-value) serving as the threshold for acceptance or rejection. A hypothesis was considered supported if the p-value was less than 0.05.

H1: Perceived benefits have a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.

The regression analysis results indicate that perceived benefits have a significant and strong positive impact on the adoption of cashless payment systems ($\beta = 0.518$, $t = 13.918$, $p < 0.001$). This supports H1, showing that the more beneficial youth perceive cashless payments to be, the more likely they are to adopt them.

H2: Supporting conditions have a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.

Supporting conditions also significantly impact the adoption of cashless payments ($\beta = 0.192$, $t = 5.659$, $p < 0.001$). Thus, H2 is supported, indicating that when the infrastructure and external support for cashless payments are favorable, adoption rates among youth increase.

H3: Peer influence has a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.

Peer influence is another significant predictor ($\beta = 0.174$, $t = 5.004$, $p < 0.001$), supporting H3. This suggests that youth are more likely to adopt cashless payment systems if they observe their peers doing so.

H4: Security perceptions have a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.

The regression analysis also shows that security perceptions significantly affect adoption ($\beta = 0.099$, $t = 2.970$, $p = 0.003$), supporting H4. This means that youth who perceive cashless payments as secure are more inclined to use them.

H5: Hedonic motivation has a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley.

Lastly, hedonic motivation is found to have a significant, albeit weaker, impact on adoption ($\beta = 0.078$, $t = 2.394$, $p = 0.017$), supporting H5. Youth who find using cashless payment systems enjoyable are more likely to adopt them, though this factor is less influential than the others.

Table 18

Summary of Hypothesis Testing:

Hypothesis	Beta Value	(p-value)	Result
H1: Perceived benefits have a significant impact on adoption of cashless payment systems.	0.518	0.000	Supported
H2: Supporting conditions have a significant impact on adoption of cashless payment systems.	0.192	0.000	Supported
H3: Peer influence has a significant impact on adoption of cashless payment systems.	0.174	0.000	Supported
H4: Security perceptions have a significant impact on adoption of cashless payment systems.	0.099	0.003	Supported
H5: Hedonic motivation has a significant impact on adoption of cashless payment systems.	0.078	0.017	Supported

Table 18 presents a summary of hypothesis testing. The analysis revealed that all five hypotheses were supported. Specifically, perceived benefits ($\beta = 0.518$, $p < 0.001$), supporting conditions ($\beta = 0.192$, $p < 0.001$), peer influence ($\beta = 0.174$, $p < 0.001$), security perceptions ($\beta = 0.099$, $p = 0.003$), and hedonic motivation ($\beta = 0.078$, $p = 0.017$)

each showed a significant impact on the adoption of cashless payment systems among youth in the Kathmandu Valley, confirming the validity of these factors in influencing adoption of cashless payment systems among youth in Kathmandu Valley.

4.2 Major Findings

- The descriptive analysis reveals that cashless payment methods are widely adopted among youth in Kathmandu Valley, with 33.8% of respondents using these methods daily and 39.0% primarily utilizing mobile banking.
- Online shopping is the most common purpose for cashless payments, with 64.9% of respondents engaging in this activity. These findings indicate a strong preference for digital transactions, particularly through mobile banking, and highlight the growing trend of e-commerce among the youth in the region.
- The correlation analysis shows that perceived benefits (PB) has the strongest influence on the adoption of cashless payment systems, with a significant positive correlation of $r=0.774$ at the 0.01 level. This indicates that individuals who perceive greater benefits, such as convenience and efficiency, are much more likely to adopt these payment methods.
- The correlation matrix demonstrates that supporting conditions (SC) also have a substantial impact on adoption, with a positive correlation of $r=0.577$ at the 0.01 level. This suggests that better infrastructure and easier access to necessary resources significantly facilitate higher adoption rates.
- The correlation result reveals that peer influence (PI) plays a significant role in adoption, with a positive correlation of $r=0.560$ at the 0.01 level. This highlights the importance of social factors, including the behaviors and recommendations of friends and family, in encouraging the use of cashless payment systems.
- The correlation analysis indicates that security perception (SP) has a moderate positive effect on adoption, with $r=0.497$ at the 0.01 level. This shows that individuals who feel secure about the safety of their financial information are more likely to adopt cashless payment methods, though security is slightly less influential compared to perceived benefits and supporting conditions.
- The correlation result reveals that hedonic motivation (HM) has the weakest positive impact on adoption, with $r=0.433$ at the 0.01 level. This suggests that while enjoyment or excitement from using cashless payment methods does contribute to

adoption, it is less significant compared to the perceived functional benefits and supporting conditions.

- The model summary of regression analysis shows R-value of 0.833, indicating a strong positive correlation between the predictors and the adoption of cashless payments. The R-squared value of 0.693 suggests that approximately 69.3% of the variance in the adoption of cashless payment systems can be explained by independent variables.
- The regression analysis revealed that perceived benefits exhibit the most substantial influence on the adoption of cashless payment systems, with an unstandardized coefficient of 0.522 and a standardized Beta of 0.518. The significance level is 0.000, indicating that increased perceived benefits strongly enhance the likelihood of adopting these systems.
- Supporting conditions have a notable positive impact on adoption, with an unstandardized coefficient of 0.207 and a standardized Beta of 0.192, also significant at 0.000. This result suggests that improved infrastructure and access significantly boost the adoption of cashless payments.
- Peer influence has a significant effect on adoption, shown by an unstandardized coefficient of 0.159 and a standardized Beta of 0.174, with a significance level of 0.000. This indicates that social influence from peers plays a crucial role in encouraging the use of cashless payment systems.
- Security perception positively impacts adoption with an unstandardized coefficient of 0.113 and a Beta of 0.099, significant at 0.003. This highlights that higher confidence in the security of cashless payment systems contributes to their adoption.
- Hedonic motivation has the weakest influence among the variables, with an unstandardized coefficient of 0.081 and a Beta of 0.078, significant at 0.017. While enjoyment and fun are factors in adoption, their impact is less significant compared to perceived benefits, supporting conditions, and peer influence.

4.3 Discussion

In evaluating the results of this study on the adoption of cashless payment systems among youth in Kathmandu Valley, several key findings emerge. The regression analysis reveals that perceived benefits are a significant predictor of adoption, with a strong positive correlation and a regression coefficient of Beta = 0.518 ($p < 0.001$). This finding supports

established theories suggesting that individuals are more likely to adopt new technologies when they perceive substantial advantages, such as convenience and efficiency (Davis, 1989; Venkatesh et al., 2003). The results are consistent with Rahman et al. (2020), which highlight the need for emphasizing the practical benefits of cashless payments to encourage wider adoption.

Supporting conditions also play a crucial role in adoption, with a regression coefficient of $\text{Beta} = 0.192$ ($p < 0.001$). This aligns with the Technology Acceptance Model (TAM) and the Unified Theory of Acceptance and Use of Technology (UTAUT), which underscore the importance of external factors like infrastructure in facilitating technology use (Venkatesh et al., 2003; Davis, 1989). This study findings are in line with the findings of (Rahman et al. 2020) that emphasizes the need for reliable infrastructure and accessible technology to support the adoption of cashless payment systems, suggesting that enhancing these conditions should be a priority.

Peer influence emerges as another significant factor, with a regression coefficient of $\text{Beta} = 0.174$ ($p < 0.001$). This supports social influence theories, which argue that individuals are affected by their social networks (Ajzen, 1991). The impact of peer influence on adoption aligns with studies showing that recommendations and behaviors of peers strongly affect technology adoption (e.g., Al-Alawi et al., 2007). The significant role of peer influence in our study suggests that leveraging social networks could be an effective strategy to boost adoption rates.

Security perception, although important, has a more moderate impact on adoption with a regression coefficient of $\text{Beta} = 0.099$ ($p < 0.01$). This finding is consistent with prior research indicating that while security is a critical factor, it is often overshadowed by perceived benefits and ease of use (Yoon, 2009). The moderate significance of security perception reflects its importance but also suggests that focusing on other factors might have a more immediate effect on adoption.

Lastly, hedonic motivation has the weakest effect among the predictors, with a regression coefficient of $\text{Beta} = 0.078$ ($p < 0.05$). This result aligns with literature suggesting that while enjoyment and excitement are relevant, they are secondary to practical considerations like perceived benefits and supporting conditions (Deci & Ryan, 1985;

Venkatesh et al., 2012). The lower impact of hedonic motivation indicates that although enjoyment contributes to adoption, it is less critical compared to the functional benefits and practical support.

Overall, the findings highlight that perceived benefits and supporting conditions are the strongest predictors of cashless payment adoption, with peer influence and security perception also playing significant roles. Hedonic motivation, while significant, has a lesser impact. These results align with existing theories and empirical evidence, emphasizing the importance of focusing on practical benefits and improving supporting infrastructure to enhance adoption.

CHAPTER-V

SUMMARY AND CONCLUSION

This chapter presents a comprehensive overview of the study, summarizing its objectives, methodologies, and key findings. This chapter is structured into three primary sections: Summary, Conclusion, and Implications.

5.1 Summary

The study was conducted to explore the various factors impacting the adoption of cashless payment systems among young individuals in the Kathmandu Valley. The general objective of this study was to examine the factors influencing the adoption of cashless payment systems among youth in Kathmandu Valley. The study aimed to identify the critical factors that drive or hinder adoption, analyze the relationships between these factors, and assess their overall impact on adoption behavior. By focusing on perceived benefits, supporting conditions, peer influence, security perceptions, and hedonic motivation, the research sought to provide a comprehensive understanding of what shapes young people's attitudes and behaviors towards cashless payments.

The research methods employed a quantitative approach, utilizing both descriptive and explanatory research designs. Data were collected through a structured questionnaire, and a non-probability convenience sampling technique was used to select participants. The sample size was determined to be approximately 385 to ensure statistical robustness. The data analysis involved descriptive statistics to summarize the data, correlation analysis to explore relationships between variables, and regression analysis to assess the impact of perceived benefits, supporting conditions, peer influence, security perceptions, and hedonic motivation) and the dependent variable (adoption of cashless payment systems).

Descriptive analysis revealed that perceived benefits, such as convenience and efficiency, were highly valued by respondents. Supporting conditions, including infrastructure and accessibility, were also rated positively, suggesting a conducive environment for cashless payment adoption. Peer influence and security perceptions were moderately high, indicating their significant roles in adoption behaviors. Hedonic motivation, although present, was less emphasized compared to practical considerations.

Correlation analysis showed strong positive relationships between perceived benefits and adoption, as well as between supporting conditions and adoption. Peer influence also had a positive correlation with adoption, though weaker than perceived benefits and supporting conditions. Security perception was moderately correlated with adoption, while hedonic motivation had the weakest correlation among the predictors.

Regression analysis provided further insights into the impact of each factor on adoption. The model summary indicated a strong overall fit, with a high R-squared value demonstrating that the independent variables collectively explained a significant proportion of the variance in adoption behavior. The ANOVA results confirmed the model's statistical significance. The coefficients showed that perceived benefits and supporting conditions had the most substantial positive impact on adoption, followed by peer influence and security perception. Hedonic motivation had the smallest effect, reflecting its secondary role compared to other factors.

In relation to the hypotheses, the study findings largely support the proposed hypotheses. Perceived benefits and supporting conditions significantly impacted the adoption of cashless payment systems, confirming Hypotheses 1 and 2. Peer influence and security perceptions also had significant effects, supporting Hypotheses 3 and 4. However, hedonic motivation had a weaker impact than expected, partially supporting Hypothesis 5. Overall, these results align with theoretical frameworks, indicating that practical and infrastructural factors are more influential in technology adoption than hedonic factors.

The findings effectively address the research questions posed at the beginning of the study. They highlight that perceived benefits and supporting conditions are the most influential factors driving the adoption of cashless payment systems among youth in the Kathmandu Valley. The study demonstrates that these factors significantly enhance adoption behaviors. Additionally, peer influence and security perceptions also play crucial roles in shaping adoption decisions. Overall, the analysis provides clear insights into how each factor perceived benefits, supporting conditions, peer influence, and security perceptions affects the adoption of cashless payments, offering a comprehensive understanding of the factors impacting technology adoption among the youth in the region.

The summary of the discussion shows that this study's findings are consistent with those of Rahman et al. (2020). Both studies highlight the importance of perceived benefits and supporting conditions in influencing cashless payment adoption. Rahman et al. (2020) also found that performance expectancy and facilitating conditions were critical factors, which aligns with our results. The consistency between these findings reinforces the significance of practical benefits and supportive infrastructure in promoting cashless payments. Additionally, this study's insights into the Kathmandu Valley context offer new perspectives and practical implications, complementing existing research and contributing to the broader understanding of cashless payment adoption.

5.2 Conclusion

This study on the adoption of cashless payment systems among youth in the Kathmandu Valley reveals several key insights. The research highlights that perceived benefits and supporting conditions are the most significant factors influencing adoption. Specifically, the perceived advantages of cashless payments, such as convenience and efficiency, strongly drive adoption behaviors. Similarly, adequate infrastructure and support systems are crucial in facilitating the use of these technologies.

The findings confirm that while peer influence and security perceptions are also important, their impact is less pronounced compared to perceived benefits and supporting conditions. Peer influence plays a notable role in shaping adoption, reflecting the impact of social networks on technology choices. Security perception, although significant, has a more moderate effect, suggesting that while security is important, it is often secondary to practical considerations such as ease of use and tangible benefits.

Hedonic motivation, which pertains to the enjoyment and excitement derived from using the technology, has the weakest impact among the factors studied. This indicates that, in this context, practical and infrastructural elements outweigh the appeal of enjoyment in driving adoption.

The study's findings suggest that focusing on enhancing perceived benefits and supporting infrastructure will be most effective in promoting cashless payment systems among youth. Addressing these factors can lead to higher adoption rates and more widespread use of cashless payments.

In summary, the study contributes to the understanding of technology adoption by highlighting the relative importance of different factors and offering actionable recommendations for policymakers and businesses. The findings emphasize the need for practical benefits and robust infrastructure to drive adoption and provide a basis for developing strategies to enhance the use of cashless payment systems among the youth in Kathmandu Valley.

5.3 Implications

The findings from this study on the adoption of cashless payment systems among youth in the Kathmandu Valley have several important implications for policymakers, practitioners, and the academic community. These implications provide actionable insights into enhancing the adoption of cashless payments and guide future research in this area.

- The finding of this study revealed that perceived benefits are a strong predictor of adoption. Businesses should focus on highlighting the practical benefits of cashless payment systems, such as convenience and efficiency, in their marketing efforts. Emphasizing these advantages can make the systems more appealing to potential users and boost adoption rates.
- Supporting conditions were found to significantly impact adoption. Companies need to invest in improving technological infrastructure and customer support for cashless payment systems. Ensuring reliable and user-friendly technology will facilitate smoother adoption and enhance the overall user experience.
- Peer influence was identified as a significant factor affecting adoption decisions. Leveraging social networks and influencers can be an effective strategy for promoting cashless payment systems. Businesses should consider partnering with popular figures and implementing referral programs to increase credibility and drive adoption.
- Security perceptions had a moderate impact on adoption. Companies should prioritize enhancing and communicating the security features of their cashless payment systems. Clearly demonstrating robust security measures can address user concerns and build trust, thereby supporting higher adoption rates.
- Hedonic motivation was found to have a weaker effect on adoption compared to other factors. While creating an enjoyable user experience is beneficial, businesses

should focus primarily on practical benefits and supporting conditions. Ensuring that cashless payment systems are functional and convenient will be more effective in driving adoption than solely focusing on their entertainment value.

- The significant role of supporting conditions in the adoption of cashless payments underscores the need for robust technological infrastructure. Policymakers should invest in improving digital infrastructure, such as expanding internet access and ensuring reliable mobile networks. By addressing these infrastructural gaps, the government can facilitate smoother and more widespread adoption of cashless payment systems.
- To boost adoption rates, policymakers and financial institutions should focus on highlighting the tangible benefits of cashless payments. Campaigns and educational programs that emphasize the convenience, efficiency, and security of cashless transactions can help shift perceptions and encourage more youth to adopt these systems.
- While security perceptions had a moderate impact on adoption, it is crucial to continue addressing and enhancing security measures. Implementing strong security protocols and communicating these measures effectively can help build trust and reduce concerns among potential users.
- This study focuses on factors influencing cashless payment adoption among youth in Kathmandu Valley. Future research should examine additional variables like socio-economic and cultural factors, and conduct comparative studies across regions or demographic groups to gain a deeper understanding of technology adoption dynamics.

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APPENDICES
APPENDIX-I
QUESTIONNAIRE

Dear respondents,

I would like to inform you that I am undertaking a research work on “**Factors Influencing the Adoption of Cashless Payments among Youth in the Kathmandu Valley**” to meet the partial requirement of MBS Degree in Finance from Shanker Dev Campus, Kathmandu. You are kindly requested to fill up the following questionnaire with the best answer in your view. I would be very grateful for your kind co-operation and providing your precious time.

Regards

Ambika Dhakal

Section A: Demographic Profile

(Please provide your basic demographic information by selecting the appropriate option for each question).

1. Age:

18-22

23-27

28-32

33-35

2. Gender:

Male

Female

Other (Please Specify)....

3. Marital Status:

Single

Married

Other (Please Specify)....

4. Education Level:

SLC

Plus Two (+2)

Bachelor's Degree

Master's Degree

Doctorate

5. Employment Status:

Student

Employed

Self-employed

Unemployed

Other (Please specify).....

6. Monthly Income (in NPR):

Less than 20,000

20,000 - 30,000

30,001 - 40,000

40,001 - 50,000

More than 50,000

Section B: Adoption of Cashless Payments

(Please answer the following questions about your current adoption of cashless payment methods by selecting the option that best describes your usage).

1. How often do you use cashless payment methods (e.g., mobile banking, e-wallet, QR code payments)?

- Daily
- Weekly
- Monthly
- Rarely
- Never

2. Which cashless payment methods do you use most frequently? (Select all that apply)

- Mobile Banking
- E-Wallet (e.g., eSewa, Khalti)
- QR Code Payments
- Credit/Debit Cards
- Other (Please specify).....

3. For what purposes do you use cashless payment methods? (Select all that apply)

- Online Shopping
- Bill Payments
- Money Transfers
- In-store Purchases
- Other (Please specify)

Section C: Factors Influencing Adoption of Cashless Payment

(This section includes statements about various factors that may influence your adoption of cashless payment methods.)

Please indicate the extent to which you agree or disagree with each statement by selecting the appropriate number on the scale

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1	2	3	4	5

S.N.	Statements	Scale				
		1	2	3	4	5
	Perceived Benefits:					
1.	Using cashless payment methods saves time.					
2.	Cashless payments are more convenient than cash payments.					
3.	Cashless payments provide better record-keeping for transactions.					
4.	Cashless payments offer various rewards and incentives.					
	Supporting Conditions:					
5.	I have easy access to the internet for using cashless payment methods.					
6.	The necessary infrastructure (e.g., payment terminals) is widely available.					
7.	Customer service for cashless payment methods is satisfactory.					
8.	I have the necessary devices (e.g., smartphone) to use cashless payment methods.					
	Peer Influence:					
9.	My friends frequently use cashless payment methods.					
10.	My family encourages me to use cashless payment methods.					
11.	Social media influences my decision to use cashless payment methods.					
12.	I feel socially accepted when I use cashless					

	payment methods.					
	Security Perception:					
13.	I believe cashless payments are secure.					
14.	I am confident that my financial information is protected when using cashless payments.					
15.	I trust the security measures of cashless payment platforms.					
16.	I feel safe from fraud when using cashless payment methods.					
	Hedonic Motivation					
17.	I enjoy using cashless payment methods.					
18.	Cashless payments make transactions more fun.					
19.	I find using cashless payment methods exciting.					
20.	Cashless payments add value to my shopping experience.					

Section C: Dependent Variable; Cashless Payment Adoption

(This section includes statements about adoption of cashless payment methods).

Please indicate the extent to which you agree or disagree with each statement by selecting the appropriate number on the scale: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5).

S.N.	Statements	Scale				
		1	2	3	4	5
	Cashless Payment Adoption					
21.	I prefer to use cashless payment methods over cash.					
22.	I intend to use cashless payment methods more frequently in the future.					
23.	I recommend cashless payment methods to others.					
24.	I believe that cashless payment methods will become more popular in the future.					

APPENDIX -II

Table 1: Age Group Distribution of Respondents

Age Group	Frequency	Percentage (%)
18-22	110	28.6
23-27	155	40.3
28-32	80	20.8
33-35	40	10.4
Total	385	100%

Table 2: Gender of Respondents

Gender	Frequency	Percentage (%)
Male	210	54.5
Female	160	41.6
Other	15	3.9
Total	385	100%

Table 3: Marital Status of Respondents

Marital Status	Frequency	Percentage (%)
Single	270	70.3
Married	115	29.7
Total	385	100%

Table 4: Education Level of Respondents

Education Level	Frequency	Percentage (%)
SLC	45	11.7
Plus Two (+2)	90	23.4
Bachelor's Degree	175	45.5
Master's Degree	75	19.5
Total	385	100%

Table 5: Employment Status of Respondents

Employment Status	Frequency	Percentage (%)
Student	200	52.0
Employed	130	33.8
Self-employed	30	7.8
Unemployed	25	6.5
Total	385	100%

Table 6: Monthly Income of Respondents (in NPR)

Monthly Income	Frequency	Percentage (%)
Less than 20,000	60	15.6
20,000 - 30,000	120	31.2
30,001 - 40,000	100	26.0
40,001 - 50,000	60	15.6
More than 50,000	45	11.7
Total	385	100%

Table 7: Descriptive Statistics of Perceived Benefits

	N	Minimum	Maximum	Mean	Std. Deviation
PB1	385	2	5	4.23	.731
PB2	385	2	5	4.15	.758
PB3	385	1	5	4.23	.837
PB4	385	2	5	4.17	.830
PER_BEN	385	2.25	5.00	4.1948	.67559
Valid (listwise)	N 385				

Table 8: Descriptive Statistics of Supporting Conditions

	N	Minimum	Maximum	Mean	Std. Deviation
SC1	385	1	5	4.19	.808
SC2	385	2	5	4.19	.744
SC3	385	2	5	4.03	.811
SC4	385	1	5	4.21	.768
SUPP_COND	385	2.50	5.00	4.1571	.63120
Valid N (listwise)	385				

Table 9: Descriptive Statistics of Peer Influence

	N	Minimum	Maximum	Mean	Std. Deviation
PI1	385	1	5	3.75	.942
PI2	385	1	5	3.32	1.025
PI3	385	1	5	3.68	.869
PI4	385	1	5	3.74	.893
PEER_INF	385	1.75	5.00	3.6221	.74719
Valid N (listwise)	385				

Table 10: Descriptive Statistics of Security Perception

	N	Minimum	Maximum	Mean	Std. Deviation
SP1	385	2	5	4.21	.717
SP2	385	2	5	4.02	.748
SP3	385	2	5	4.19	.744
SP4	385	2	5	4.06	.756
SEC_PER	385	2.25	5.00	4.1201	.59922
Valid (listwise)	N 385				

Table 11: Descriptive Statistics of Hedonic Motivation

	N	Minimum	Maximum	Mean	Std. Deviation
HM1	385	2	5	3.67	.766
HM2	385	1	5	3.58	.747
HM3	385	2	5	3.70	.764
HM4	385	2	5	3.75	.769
HEDO_MOTI	385	2.00	5.00	3.6734	.64975
Valid (listwise)	N 385				

Table 12: Descriptive Statistics of Adoption of Cashless Payment System

	N	Minimu m	Maximu m	Mean	Std. Deviation
ADCPS1	385	2	5	4.04	.749
ADCPS2	385	2	5	3.91	.777
ADCPS3	385	1	5	3.98	.784
ADCPS4	385	1	5	3.72	1.055
ADOPTION OF CASHLESS PAYEMENT SYSTEM	385	2.00	5.00	3.9117	.68012
Valid N (listwise)	385				

Table 13: Correlation Matrix

Variables	ADCPS	PB	SC	PI	SP	HM
ADCPS						
Pearson Correlation	1	.774**	.577**	.560**	.497**	.433**
Sig. (2-tailed)		.000	.000	.000	.000	.000
N	385	385	385	385	385	385
PB						
Pearson Correlation	.774**	1	.507**	.475**	.461**	.384**
Sig. (2-tailed)	.000		.000	.000	.000	.000
N	385	385	385	385	385	385
SC						
Pearson Correlation	.577**	.507**	1	.347**	.357**	.335**
Sig. (2-tailed)	.000	.000		.000	.000	.000
N	385	385	385	385	385	385
PI						
Pearson Correlation	.560**	.475**	.347**	1	.421**	.404**
Sig. (2-tailed)	.000	.000	.000		.000	.000
N	385	385	385	385	385	385
S						
Pearson Correlation	.497**	.461**	.357**	.421**	1	.221**
Sig. (2-tailed)	.000	.000	.000	.000		.000
N	385	385	385	385	385	385
HM						
Pearson Correlation	.433**	.384**	.335**	.404**	.221**	1
Sig. (2-tailed)	.000	.000	.000	.000	.000	
N	385	385	385	385	385	385

** . Correlation is significant at the 0.01 level (2-tailed).

Table 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833 ^a	.693	.689	.37918

a. Predictors: (Constant), HEDO_MOTI, SEC_PER, SUPP_COND, PEER_INF, PER_BEN

Table 15: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123.131	5	24.626	171.282	.000 ^b
	Residual	54.491	379	.144		
	Total	177.622	384			

a. Dependent Variable: ADOPTIONdv

b. Predictors: (Constant), HEDO_MOTI, SEC_PER, SUPP_COND, PEER_INF, PER_BEN

Table 16: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.477	.172		-2.781	.006
	PER_BEN	.522	.038	.518	13.918	.000
	SUPP_CON D	.207	.037	.192	5.659	.000
	PEER_INF	.159	.032	.174	5.004	.000
	SEC_PER	.113	.038	.099	2.970	.003
	HEDO_MOT I	.081	.034	.078	2.394	.017

a. Dependent Variable: ADOPTIONdv

Table 17 Reliability Statistics of Security Perception

Cronbach's Alpha	N of Items
.823	4

Table 18: Reliability Statistics of Perceived Benefits

Cronbach's Alpha	N of Items
.877	4

Table 19: Reliability Statistics of Supporting Conditions

Cronbach's Alpha	N of Items
.820	4

Table 20: Reliability Statistics of Hedonic Motivation

Cronbach's Alpha	N of Items
.875	4

Table 21: Reliability Statistics of Adoption of cashless payment

Cronbach's Alpha	N of Items
.812	4

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ABSTRACT This study investigates the factors influencing the adoption of cashless payment systems among youth in the Kathmandu Valley. The primary objective was to understand how perceived benefits, supporting conditions, peer influence, security perception, and hedonic motivation affect adoption behaviors. The study utilized a quantitative research design and collected data through a structured questionnaire from 385 participants. The data was analyzed using descriptive, correlation, and regression analyses. The correlation analysis identified significant positive relationships between perceived benefits, supporting conditions, peer influence, and security perception with cashless payment adoption. Regression analysis revealed that all variables perceived benefits, supporting conditions, peer influence, security perception,

and hedonic motivation have a significant impact on the adoption of cashless

payment systems. Among these, perceived benefits emerged as the most influential factor, followed by supporting conditions. The findings emphasize the importance of practical benefits and supportive infrastructure in promoting cashless payment adoption. Future research could explore additional variables, such as socio-economic and cultural factors, and conduct comparative studies across different regions for a more comprehensive understanding of adoption dynamics.

Keywords: Cashless Payment Systems, Perceived Benefits, Supporting Conditions, Peer Influence, Security Perception,