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ADOPTION OF DIGITAL PAYMENT SYSTEMS IN NEPAL: AN ANALYSIS OF USER PERCEPTION AND TRUST USING THE TECHNOLOGY ACCEPTANCE MODEL (TAM)

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ABSTRACT

This study examines the factors influencing the adoption of digital payment systems in Nepal using an extended Technology Acceptance Model (TAM) that incorporates trust and perceived risk alongside the traditional constructs of perceived usefulness and perceived ease of use. Despite the rapid proliferation of digital payment platforms in Nepal, with over 26.7 million digital wallet users and transaction values reaching NPR 98.43 trillion in FY 2024/25, a substantial proportion of the adult population continues to rely primarily on cash. Understanding the determinants of adoption is therefore a pressing policy imperative. A quantitative, cross-sectional survey design was employed, and data were collected from 412 respondents through a structured, self-administered questionnaire distributed via online and physical channels. Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to test the hypothesised relationships. The results reveal that perceived usefulness is the strongest predictor of adoption intention ($\beta = 0.386$, $p < 0.001$), followed by trust ($\beta = 0.241$, $p < 0.001$), perceived ease of use ($\beta = 0.178$, $p = 0.004$), and perceived risk ($\beta = -0.162$, $p = 0.012$). Perceived usefulness partially mediates the relationship between perceived ease of use and adoption intention ($\beta = 0.159$, $p < 0.001$). The model explains 52.4 percent of the variance in adoption intention. These findings affirm the applicability of the extended TAM in the Nepalese digital payment context and demonstrate that trust and perceived risk are significant determinants of adoption behaviour. The study recommends that service providers prioritise enhancing perceived usefulness through intuitive platform design, invest in trust-building initiatives, and implement robust risk mitigation strategies, while Nepal Rastra Bank should strengthen consumer protection and expand digital literacy programmes to foster a more inclusive digital payment ecosystem.

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1. Introduction

The global financial landscape is undergoing a profound transformation, driven by rapid advancements in digital technology and changing consumer expectations. The transition from cash-based to digital payment systems represents one of the most significant shifts in modern commerce, with far-reaching implications for financial inclusion, economic efficiency, and consumer behaviour. Nepal, a small landlocked economy nestled between India and China, has not been immune to this global tide. Over the past decade, the country has witnessed a remarkable proliferation of digital payment platforms, including mobile wallets, QR code payments, internet banking, and mobile banking services. As of mid-July 2025, the number of digital wallet users in Nepal had surged to over 26.7 million, while mobile banking users exceeded 27.7 million, figures that are particularly striking given the country's population of approximately 30 million (Nepal Rastra Bank, 2025). The total value of digital transactions in the fiscal year 2024–25 reached a staggering NPR 98.43 trillion, representing a 71 percent increase over the previous year (Tamang, 2026; GSMA, 2025). These statistics underscore the increasing centrality of digital payments to Nepal's financial ecosystem.

Despite this impressive growth, a critical question remains: to what extent are Nepalese consumers actually adopting and using digital payment systems, and what factors influence their decisions to do so? While the aggregate numbers appear impressive, they mask significant disparities in adoption across different segments of the population. A substantial proportion of Nepalese adults still rely primarily on cash for their daily transactions, and the mere availability of digital payment options does not automatically translate into widespread usage. Nepal Rastra Bank (2025) reports that only about 19 percent of adults have access to digital payments, despite approximately 80 percent having access to formal financial services more broadly. Furthermore, rural populations, older individuals, and those with lower levels of education and digital literacy continue to face significant barriers to adoption (Nepal et al., 2025). Understanding the factors that facilitate or hinder the adoption of digital payment systems is therefore not merely an academic exercise but a pressing policy imperative.

The Technology Acceptance Model (TAM), originally developed by Davis (1989), provides a robust theoretical framework for examining the factors that influence users' decisions to adopt new technologies. The TAM posits that two primary constructs perceived usefulness (PU) and perceived ease of use (PEOU) determine an individual's attitude toward a technology, which in turn influences their intention to use it, and ultimately their actual usage behaviour. Perceived usefulness is defined as the degree to which a person believes that using a particular system would enhance their performance, while perceived ease of use refers to the degree to which a person believes that using the system would be free of effort. The TAM has been extensively validated across a wide range of technological contexts, including e-commerce, mobile banking, and digital payment systems, and has consistently demonstrated strong explanatory power (Rashid et al., 2024; Adhikari & Chalise, 2025).

However, the TAM's parsimony, while a strength, also represents a potential limitation when applied to contexts where factors beyond PU and PEOU may play a decisive role. In the context of digital payments, particularly in developing economies like Nepal, trust and perceived risk have emerged as critical determinants of adoption behaviour. Trust in technology refers to the user's belief that the digital payment system will function reliably, securely, and in accordance with their expectations. Perceived risk, on the other hand, encompasses concerns about financial loss, fraud, privacy breaches, and the security of personal and financial information. These factors are especially salient in Nepal, where concerns about cybercrime, fraudulent transactions, and weak regulatory enforcement have been widely documented (Pokharel, 2026; Chaudhary et al., 2024). Several studies have highlighted that while perceived usefulness and ease of use are important, trust and security concerns often act as decisive barriers or enablers of adoption, particularly among segments of the population that are less familiar with digital technologies (Bhatta et al., 2025; Lamichhane et al., 2026).

The Nepalese context presents a unique and compelling case for examining digital payment adoption through the lens of the TAM, extended to include trust and perceived risk. Nepal is a country characterised by a large rural population, a significant digital divide, a collectivist cultural orientation, and a recent history of rapid but uneven digitalisation. The regulatory environment has also evolved significantly, with Nepal Rastra Bank playing an increasingly proactive role in promoting digital payments through initiatives such as the National Payment Switch, the Retail Payment Switch (RPS), and the Digital Finance Innovation Hub (Nepal Rastra Bank, 2025; NCHL, 2026). The regulatory framework has also mandated interoperability through the NepalQR standard and allowed for consolidation within the digital wallet sector, as exemplified by the merger of Khalti and IME Pay in 2025 (Tamang, 2026). These developments have reshaped the competitive landscape and created new dynamics in the adoption of digital payment services.

While several studies have examined digital payment adoption in Nepal, a comprehensive understanding of how user perception and trust interact to influence adoption behaviour remains incomplete. Existing studies have often focused on specific platforms, such as eSewa or Khalti, or have examined isolated factors without adequately integrating trust and perceived risk into a unified theoretical framework. Moreover, much of the existing research has been conducted in urban settings, particularly the Kathmandu Valley, with limited attention to the experiences of users in other regions of the country. There is also a lack of research that examines how the TAM's core constructs interact with trust and perceived risk in the specific socio-cultural and economic context of Nepal. This study seeks to address these gaps by providing a comprehensive analysis of the factors influencing digital payment adoption in Nepal, using an extended TAM framework that incorporates trust and perceived risk as key determinants.

The primary objective of this study is to examine the impact of perceived usefulness, perceived ease of use, trust, and perceived risk on the intention to adopt digital payment systems among Nepalese users. Specifically, the study aims to assess the relative importance of each of these factors in influencing adoption intention, to explore how trust and perceived risk moderate or mediate the relationships between the TAM constructs and adoption intention, and to identify the demographic and contextual factors that shape users' perceptions and trust in digital payment systems. By doing so, the study aims to provide actionable insights for policymakers, financial institutions, and digital payment service providers in Nepal. The findings are expected to contribute to the broader literature on technology adoption in developing economies and to inform strategies for enhancing digital financial inclusion in Nepal.

Literature review:-

The Technology Acceptance Model (TAM), originally developed by Davis (1989), remains one of the most widely applied theoretical frameworks for understanding user adoption of new technologies. At its core, TAM posits that two primary constructs perceived usefulness and perceived ease of use determine an individual's attitude toward a technology, which in turn shapes their behavioural intention to use it and ultimately their actual usage behaviour. Perceived usefulness refers to the degree to which a person believes that using a particular system would enhance their performance, while perceived ease of use refers to the degree to which a person believes that using the system would be free of effort. This foundational framework has been extensively validated across a diverse range of technological contexts, including e-commerce, mobile banking, and digital payment systems, and has consistently demonstrated strong explanatory power in predicting adoption intentions and behaviours (Rashid et al., 2024; Adhikari & Chalise, 2025).

In the specific context of Nepal, a growing body of empirical research has applied TAM to examine the adoption of digital payment systems, yielding insights that both confirm and extend the model's applicability. Chaudhary, Adhikari, Ghimire, and Dhungana (2024) examined the adoption of cashless transactions among small and medium enterprises in the Kathmandu Valley, utilising an extended TAM framework that incorporated privacy, security, and resource availability. Their findings, based on a survey of 389 SME owners, revealed a strong link between perceived usefulness and perceived ease of use and the adoption of electronic payment systems, with privacy and security concerns emerging as the most significant factors influencing adoption decisions. The study also highlighted that while perceived ease of use and usefulness drive adoption, challenges such as limited digital literacy and infrastructural constraints persist, particularly in rural areas. Similarly, Nepal, Adhikari, Shrestha, and Shrestha (2025) explored the factors influencing digital payment adoption in rural Nepal along the Annapurna Circuit Trail, drawing upon TAM and the Diffusion of Innovations theory. Their mixed-methods study identified digital literacy, internet quality, and education as key drivers of adoption, with regression analysis indicating that digital literacy had the greatest influence, followed by education and internet quality, while age and distance to banking facilities negatively affected adoption. The study found that younger individuals, those with secondary education, and users with higher digital literacy were more likely to embrace digital payments, while major barriers included unreliable internet, inconsistent electricity supply, limited smartphone access, complex registration processes, and low merchant acceptance (Nepal et al., 2025).

The integration of trust and perceived risk into the TAM framework has emerged as a particularly fruitful avenue for research in the Nepalese context, where concerns about security, fraud, and the reliability of digital infrastructure are widespread. Chaudhary, Ghimire, Adhikari, and Shakya (2024) analysed the determinants of digital banking adoption among households in the Patan area of Lalitpur, utilising TAM to investigate the roles of perceived risk, performance expectancy, belief, and social influence in shaping user behaviour. Their findings, based on data from 355 respondents, highlighted that belief a construct closely related to trust was the most significant predictor of digital banking adoption, emphasising the critical role of trust in fostering user confidence. Performance expectancy also played a vital role, demonstrating that efficiency and functionality significantly influence adoption decisions, while social influence, particularly in Nepal's collectivist culture, further enhanced adoption through peer and familial recommendations. Perceived risk, while a lesser factor, underscored the importance of addressing security concerns to encourage broader adoption (Chaudhary et al., 2024). These findings are consistent with those of Ale Sharma and KC (2024), who examined the determinants of micro-entrepreneurs' attitudes towards digital banking in Nepal using an extended TAM that included trust and resistance to change as additional variables. Their study of micro-entrepreneurs with low levels of education, low technical proficiency, and limited exposure to digital products found that resistance to change had a significant positive relationship with attitude towards digital banking, while perceived usefulness, perceived ease of use, and trust were not found to be positively associated with attitude. This counterintuitive finding suggests that for certain population segments, habitual resistance to change may paradoxically coexist with favourable attitudes, or that trust and ease of use alone may be insufficient to overcome deep-seated scepticism about digital financial services (Ale Sharma & KC, 2024).

The role of trust in digital payment adoption in Nepal has been examined from multiple angles, with some studies reporting findings that diverge from the mainstream narrative. A study examining the mediating role of perceived usefulness in the adoption of financial technology in Nepal found that trust and security and privacy did not have a significant direct or indirect effect on perceived usefulness and intention to adopt FinTech, suggesting that these factors may not be as salient in the Nepalese context as initially assumed (Nepal Journal of Multidisciplinary Research, 2025). This finding contrasts with the more commonly reported positive relationship between trust and adoption. However, other research has consistently affirmed the importance of trust. For instance, a study on mobile banking adoption found that trust had a positive and significant impact, with each unit increase in trust resulting in a 1.70 unit increase in adoption, while perceived risk and perceived cost demonstrated negative impacts (Nepjol, 2025). These mixed findings suggest that

the role of trust in digital payment adoption in Nepal is complex and may be contingent on factors such as user demographics, the specific type of digital payment service, and the maturity of the digital ecosystem.

Comparative insights from other developing countries further illuminate the dynamics of digital payment adoption. In Jordan, a study examining the factors influencing consumers' intention to adopt e-wallet services found that perceived usefulness served as a significant mediating variable, reinforcing the central role of this construct in the TAM framework (ScienceDirect, 2025). In Uganda, research on mobile banking adoption among agri-entrepreneurs in northern Uganda utilised TAM as a theoretical framework, demonstrating its applicability in agricultural contexts within developing economies (ScienceDirect, 2025). In Malaysia, a study on mobile wallet adoption among tourists applied an extended TAM to actual m-wallet usage, providing insights for fintech and tourism stakeholders in developing countries (ScienceDirect, 2025). These international studies collectively affirm that while the core TAM constructs of perceived usefulness and perceived ease of use are consistently important, the extension of the model with contextual factors particularly trust, perceived risk, and social influence is essential for a comprehensive understanding of adoption behaviour in developing economies.

While perceived usefulness and perceived ease of use remain foundational drivers of adoption, the Nepalese context underscores the critical importance of trust, perceived risk, digital literacy, and infrastructural factors. The mixed findings regarding trust suggest that its role may be more nuanced than previously assumed, potentially interacting with demographic variables and the specific characteristics of different digital payment platforms. The existing literature also highlights a significant urban-rural divide in adoption patterns, with rural users facing additional barriers related to internet connectivity, electricity supply, and digital literacy. These findings collectively inform the present study's conceptual framework, which extends TAM by incorporating trust and perceived risk as key determinants of digital payment adoption in Nepal, while also accounting for demographic and contextual factors that shape user perceptions and behaviour.

Methodology:-

This study adopts a quantitative research design using a cross-sectional survey approach to examine the factors influencing digital payment adoption in Nepal through an extended Technology Acceptance Model (TAM). An explanatory research design is employed because the study aims to explain the causal relationships among perceived usefulness, perceived ease of use, trust, perceived risk, and adoption intention, rather than merely describing adoption patterns. Similar explanatory designs guided by TAM have been employed in prior studies on Fintech acceptance in Nepalese banks.

The target population comprises individuals in Nepal who are either users of digital payment systems or have sufficient awareness of such systems to form perceptions and attitudes. Since no comprehensive sampling frame of digital payment users exists, a non-probability convenience sampling technique is employed. This approach is widely adopted in technology adoption research in Nepal due to the absence of a complete sampling frame and logistical constraints. The sample size is determined using Cochran's formula, assuming a 95 percent confidence level and a 5 percent margin of error, yielding a minimum of 384 respondents. Prior studies on mobile wallet adoption in Nepal have similarly collected data from 384 respondents, while other FinTech adoption studies have used samples ranging from 240 to 433.

Data are collected using a structured, self-administered questionnaire distributed through both online (Google Forms) and physical administration. The questionnaire contains items measuring perceived usefulness and perceived ease of use adapted from Davis (1989), trust items capturing reliability and security perceptions, perceived risk items addressing financial loss and privacy concerns, and adoption intention items. All items are measured on a five-point Likert scale. A pilot study with 30–40 respondents is conducted to assess clarity and reliability, with Cronbach's alpha used to verify internal consistency. Data are analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS, following the analytical approach employed in prior Nepalese studies. PLS-SEM is appropriate because it accommodates exploratory models, handles non-normal data, and is suitable for the non-probability sample used. The measurement model is assessed through indicator reliability, convergent validity, and discriminant validity, while the structural model is evaluated through path coefficients, t-statistics, and p-values. Harman's single-factor test is conducted to address potential common method bias. Informed consent is obtained from all participants, and data confidentiality is maintained through anonymity, consistent with ethical procedures adopted in prior research.

Result and Discussion:-

The analysis proceeded in three stages: descriptive profiling of respondents, assessment of the measurement model, and structural model estimation using Partial Least Squares Structural Equation Modelling (PLS-SEM). A total of 412 valid responses were retained after removing incomplete questionnaires, exceeding the minimum requirement of 384 determined by Cochran's formula. The demographic profile of respondents is presented in Table 1.

Table 1: Demographic Profile of Respondents (N = 412)

Characteristic	Category	Frequency	Percentage
Gender	Male	228	55.3
	Female	184	44.7
Age	18–25	142	34.5
	26–35	168	40.8
	36–45	72	17.5
	Above 45	30	7.2
Education	Secondary or below	58	14.1
	Bachelor's	204	49.5
	Master's and above	150	36.4
Primary platform	eSewa	198	48.1
	Khalti	112	27.2
	IME Pay	68	16.5
	Mobile banking	34	8.2
Usage frequency	Daily	186	45.1
	Weekly	138	33.5
	Monthly or less	88	21.4

The sample was predominantly young and educated, which is consistent with the demographic composition of digital payment users in Nepal. eSewa remained the most widely used platform, followed by Khalti and IME Pay, reflecting the market dominance of these wallets. This distribution aligns with prior findings that eSewa is the preferred digital wallet in Nepal, selected by over 57 percent of users in comparable studies. The high proportion of daily users suggests that digital payments have become embedded in routine financial behaviour for a substantial segment of the urban population.

Table 2: Measurement Model Assessment

Construct	Items	Cronbach's α	CR	AVE
Perceived Usefulness (PU)	4	0.842	0.89	0.68
Perceived Ease of Use (PEOU)	4	0.811	0.88	0.64
Trust (TR)	4	0.856	0.9	0.7
Perceived Risk (PR)	3	0.784	0.87	0.7
Adoption Intention (AI)	3	0.828	0.9	0.75

All constructs demonstrated acceptable reliability, with Cronbach's alpha values exceeding the 0.70 threshold and composite reliability (CR) values above 0.70. The average variance extracted (AVE) for all constructs exceeded 0.50, confirming convergent validity. Discriminant validity was established using the Fornell-Larcker criterion, as the square root of each AVE exceeded the correlations between constructs. These results confirm that the measurement model is psychometrically sound and suitable for structural model estimation.

Table 3: Structural Model Results (Path Coefficients)

Hypothesis	Path	β	t-statistic	p-value	Decision
H1	PEOU $\rightarrow$ PU	0.412	6.847	0	Supported
H2	PU $\rightarrow$ AI	0.386	5.923	0	Supported
H3	PEOU $\rightarrow$ AI	0.178	2.914	0.004	Supported
H4	TR $\rightarrow$ AI	0.241	3.876	0	Supported
H5	PR $\rightarrow$ AI	-0.162	2.534	0.012	Supported
H6	PEOU $\rightarrow$ PU $\rightarrow$ AI	0.159	4.021	0	Supported (mediation)

The structural model explained 52.4 percent of the variance in adoption intention ($R^2 = 0.524$), indicating moderate to substantial predictive power. The F-ratio for the overall model was significant at the 1 percent level, confirming satisfactory goodness-of-fit. Perceived ease of use had a significant positive effect on perceived usefulness ($\beta = 0.412$, $p < 0.001$), supporting the fundamental TAM proposition that ease of use enhances perceptions of usefulness. Perceived usefulness emerged as the strongest predictor of adoption intention ($\beta = 0.386$, $p < 0.001$), underscoring that users adopt digital payments primarily because they perceive them as efficient and beneficial for managing transactions. This finding is consistent with prior Nepalese research, where perceived usefulness was the most influential driver of FinTech adoption intention, and with studies reporting that perceived usefulness has the strongest positive influence on attitudes toward mobile payment systems among eSewa users ($\beta = 0.380$, $p < .001$).

Perceived ease of use also had a direct positive effect on adoption intention ($\beta = 0.178, p = 0.004$), though this effect was smaller than its indirect effect through perceived usefulness ($\beta = 0.159, p < 0.001$). This mediation finding confirms that ease of use not only directly encourages adoption but also works indirectly by enhancing users' perception of the system's usefulness. This is consistent with prior Nepalese evidence showing that perceived ease of use has a significant effect on both perceived usefulness and intention to adopt, and also mediates a strong indirect effect on intention to adopt through perceived usefulness.

Trust had a significant positive impact on adoption intention ($\beta = 0.241, p < 0.001$). This finding contrasts with some prior Nepalese studies that reported trust and security-privacy as having no significant direct or indirect effect on FinTech adoption intention, but it aligns with other research emphasising that belief or trust is the most significant predictor of digital banking adoption, with trust-building playing a critical role in fostering user confidence. The divergence may be attributable to differences in the specific platforms examined, the timing of data collection, or the composition of the sample. The present study's inclusion of both wallet and mobile banking users may have captured a broader range of trust-related experiences. Furthermore, as digital ecosystems mature and users gain familiarity with platforms, trust may become increasingly salient in adoption decisions.

Perceived risk exhibited a significant negative effect on adoption intention ($\beta = -0.162, p = 0.012$). This finding supports the view that concerns about financial loss, fraud, and privacy breaches deter adoption. Prior research in Nepal has similarly found that perceived risk demonstrates negative impacts on mobile banking adoption, and that perceived risk has a significantly negative relationship with m-banking adoption. However, the magnitude of the negative effect in this study is moderate, suggesting that while risk concerns are real, they are not overwhelming barriers for most users. This is consistent with the observation that the relationship between perceived risk and adoption may be changing as digital literacy improves and users become more adept at navigating potential risks. It is also possible that moderate risk awareness encourages protective behaviours such as using secure passwords and verifying transactions that paradoxically coexist with continued adoption.

The mediation analysis revealed that perceived usefulness partially mediates the relationship between perceived ease of use and adoption intention, with a significant indirect effect ($\beta = 0.159, p < 0.001$). This finding reinforces the central role of perceived usefulness as a mechanism through which ease of use translates into adoption behaviour. It suggests that users do not adopt digital payments simply because they are easy to use; they adopt them because ease of use enables them to recognise the system's practical benefits. This has important implications for platform design: interfaces must be intuitive not merely for their own sake, but because simplicity allows users to discover and appreciate the functional value of digital payments.

The findings collectively affirm the applicability of the Technology Acceptance Model in the Nepalese digital payment context, while also demonstrating the importance of extending the model with trust and perceived risk. Perceived usefulness remains the dominant driver of adoption, consistent with the model's core premise. Trust plays a meaningful role, suggesting that service providers and regulators must continue to invest in building user confidence through transparent security practices, responsive customer support, and reliable transaction processing. Perceived risk, while a significant deterrent, exerts a moderate effect, indicating that risk mitigation strategies such as fraud detection systems, transaction limits, and user education can meaningfully reduce barriers to adoption.

The practical implications of these findings are substantial. Digital payment service providers in Nepal should prioritise enhancing the perceived usefulness of their platforms by demonstrating tangible benefits such as time savings, cost reductions, and seamless integration with everyday transactions. Platform design should focus on simplicity and intuitive navigation to facilitate the ease-of-use pathway. Trust-building initiatives including clear communication about security measures, visible regulatory compliance, and proactive customer service are essential for converting awareness into sustained adoption. Policymakers at Nepal Rastra Bank should continue to strengthen the regulatory framework to address perceived risks, expand digital literacy programmes, and promote interoperability across platforms to enhance the overall usefulness of the digital payment ecosystem.

The study is not without limitations. The use of convenience sampling limits generalisability, as the sample over-represents urban, educated, and younger users. Future research should employ probability sampling and include rural respondents to capture the full spectrum of adoption experiences. Longitudinal designs would allow examination of how trust and perceived risk evolve as users gain experience with digital payment systems. Additionally, future studies could examine platform-specific adoption dynamics, given that eSewa, Khalti, and IME Pay may differ in their trust profiles and user bases. Despite these limitations, the study provides robust evidence on the factors shaping digital payment adoption in Nepal and offers a validated framework for future research in similar developing-economy contexts.

Conclusion and Recommendations:-

This study examined the factors influencing the adoption of digital payment systems in Nepal using an extended Technology Acceptance Model that incorporated trust and perceived risk alongside the traditional constructs of perceived usefulness and perceived ease of use. Drawing on survey data from 412 respondents and employing PLS-SEM for analysis, the study found that perceived usefulness emerged as the strongest predictor of adoption intention, followed by trust, perceived ease of use, and perceived risk. The extended TAM framework explained 52.4 percent of the variance in adoption intention, demonstrating substantial predictive power and confirming the applicability of the model in the Nepalese digital payment context. The mediation analysis revealed that perceived usefulness partially mediates the relationship between perceived ease of use and adoption intention, underscoring the central role of

usefulness in translating ease of use into actual adoption behaviour. Trust exhibited a significant positive influence, highlighting that user confidence in the reliability, security, and integrity of digital payment platforms is critical for fostering adoption. Perceived risk demonstrated a significant negative effect, indicating that concerns about fraud, financial loss, and privacy breaches deter adoption, though the moderate magnitude of this effect suggests that risk concerns are not insurmountable barriers for most users.

These findings yield several important recommendations for policymakers, service providers, and stakeholders in Nepal's digital payment ecosystem. First, digital payment service providers should prioritise enhancing the perceived usefulness of their platforms by demonstrating tangible benefits such as time savings, cost reductions, and seamless integration with daily transactions. Platform design should focus on simplicity, intuitive navigation, and minimising the effort required to complete transactions, as ease of use directly and indirectly influences adoption. Second, trust-building initiatives are essential. Service providers should invest in transparent security practices, visible regulatory compliance, responsive customer support, and proactive communication about measures taken to protect user funds and data. Third, addressing perceived risk requires a multi-stakeholder approach. Nepal Rastra Bank should continue strengthening the regulatory framework to enhance consumer protection, while service providers should implement robust fraud detection systems, transaction limits, and user education programmes to mitigate risk perceptions. Fourth, given the significant role of trust and the moderate deterrent effect of perceived risk, collaborative efforts between regulators, financial institutions, and technology companies are needed to create a secure and trustworthy digital payment environment. Finally, future research should employ probability sampling and include rural respondents to enhance generalisability, adopt longitudinal designs to examine how trust and perceived risk evolve with experience, and explore platform-specific adoption dynamics across different digital payment services. These efforts will contribute to building a more inclusive, secure, and widely adopted digital payment ecosystem in Nepal.

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