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THE STUDY ON PUBLIC ACCEPTANCE OF UPI AND DIGITAL PAYMENTS

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ABSTRACT

In India, the use of the internet and mobile phones has increased significantly during the past ten years. The use of digital payments is growing exponentially as a result of rising internet usage, mobile phone adoption, and government initiatives like Digital India. Electronic Digital payments are those made by customers at the point of sale (POS) for goods and services via online banking, mobile banking, or card payment utilizing a smartphone. The cashless transactions that will power the future economy will only be made feasible by digitalizing payment methods at various locations, including a smartphone, digital wallets, internet banking, card transactions, etc. The current survey aims

to determine whether consumers are quickly embracing the shift to a cashless society and how respondents are utilizing digital payments. The adoption of digital payments is significantly and favorably impacted by how consumers view them. The structured questionnaire was used as a research technique to determine how well-liked UPI and digital payments are among the general public. 251 respondents in Gujarat, Maharashtra, Bangalore, Rajasthan, and Madhya Pradesh provided the primary data. Understanding the respondent's motivations and attitudes concerning online UPI payment apps was made easier thanks to the survey.

KEYWORDS:- UPI, Digital Payments, NPCI, Google Pay

INTRODUCTION

Unified Payment Interface (UPI) is a real-time payment system which is developed by the National Payments Corporation of India (NPCI) and launched on 8th November 2016. UPI has revolutionized the way Indians make payments and has become India's most preferred way of making payments. UPI facilitates over a billion transactions every month. Demonetization, Covid-19, and free internet have fuelled the growth and adoption of UPI in India. UPI's biggest USP is interoperability, no matter which app you are using or in which bank you have an account you can still seamlessly and safely transfer or receive funds. To top it all, UPI transactions can also be done via feature phone, which is available

through Unstructured Supplementary Services Data (USSD). Payment security is ensured using one-click 2-factor authentication, where UPI Pin is the second authentication factor which is as per the guidelines of the RBI. The adoption of UPI has got further pushed by government initiatives of going cashless. UPI has also received significant attention and praise from around the world. The Financial Times stated that UPI has made sending and receiving money as easy as sending and receiving email. Some of the key benefits of UPI are interoperability, security, financial inclusion, convenience, and low cost. Recently Government announced that now Indians can send and receive money via UPI in Singapore, and there are many other countries like Nepal and UAE where talks of adopting UPI are

going on. UPI can challenge the monopoly of the USA in plastic money or control the world's financial system as one by one other country starts adopting UPI. UPI has a long way to go for world domination but UPI has had a very promising start in India.

HOW UPI WORK

The following participants are involved in processing a UPI transaction

1. UPI-enabled apps: You must download a UPI-enabled app like Google pay, Paytm, PhonePe, etc., after downloading the app you need to link your bank account to the app.
2. Sender's Bank: The money is moved from issuing bank account to the acquiring bank account in the case of a UPI payment. In response to NPCI's request, the issuing bank must debit funds and notify NPCI by sending a debit response.
3. Receiver's Bank: The acquiring bank's responsibility is to effectively complete the credit upon NPCI's request and to deliver a credit response to NPCI.
4. Payment gateway: A payment gateway is required by the merchants for carrying out Person to Merchant (P2M) transactions.

HISTORY OF UPI

The National Payments Corporation of India (NPCI) introduced Unified Payments Interface (UPI) in 2016. The NPCI and numerous Indian banks worked together on the creation of UPI. In response to the Indian government's goal for a cashless economy, the concept of the UPI was born in 2015. The NPCI acknowledged the need for a more user-friendly and effective payment system that would enable real-time money transfers between people and companies

With 21 banks on board, the NPCI launched the UPI platform in April 2016. UPI was originally exclusively accessible through mobile banking apps, but it was eventually made available through web platforms and desktops as well.

Since its debut, UPI has had a sharp increase in popularity in India. UPI processed 92.8 million transactions totalling Rs. 10,293 crores in the first two years after its inception. UPI topped the list of accepted payment methods in India. In 2021, UPI processed more than 2 billion transactions in a single month.

The NPCI has expanded the functionality of the platform as a result of UPI's popularity. UPI 2.0, which included additional features like overdraft capabilities, one-time mandates, and invoice payments was implemented by the NPCI in 2018. UPI Auto-pay,

which enables users to set up regular payments for bills and subscriptions was also introduced by the NPCI in 2020.

Ultimately, UPI has changed how payments are made in India and have given millions of individuals access to and convenience with digital transactions. The platform has integrated itself into the Indian economy and is anticipated to gain more traction in the coming years.

OBJECTIVE OF STUDY

- To Study the Public acceptance of UPI and Digital Payments
- To provide insight into which apps have a major market share
- To examine the shift in consumer behavior toward digital payments

Following the aforementioned goals, the following hypothesis was developed and put to the test:

A.H0 On the basis of respondents' ages, there is no discernible variation in how respondents perceive various aspects of digital payments.

H1 On the basis of respondents' ages, there is discernible variation in how respondents perceive various aspects of digital payments.

B.H0 based on the ease of use of UPI-enabled apps there is no discernible difference.

H1 based on the ease of use of UPI-enabled apps there is a discernible difference.

C.H0 according to respondents' perception of the safety of UPI, there is no discernible difference.

H1 According to respondents' perception of the safety of UPI, there is no discernible difference.

PURPOSE OF STUDY

The study aims to comprehend how Indian customers have reacted to digitalization over the past few years, as well as their level of risk tolerance for various online platforms and the shift in consumer behavior towards online payment methods.

REVIEW OF LITERATURE

In his research paper, **Dixit R.** sought to ascertain the current state of mobile wallet adoption. He discovered that mobile wallets are now a popular method of payment for cashless transactions, and clients are satisfied enough with the service. He conducted a poll during the investigation, and 170 people responded, which is sufficient to validate the hypothesis test.

In their paper titled "Demonetization and its impact on the adoption of digital payment: potential difficulties, and challenges," **Dr. Dhani Shanker Chaubey and**

Piyush Kumar discuss the analysis of digital payments after demonetization. According to the study, digital payments provided a new incentive to understand how digital transactions operate after demonetization. Although they are willing to use digital payments, people were not interested in paying more for money transactions. While they are simple and convenient, digital payments are being adopted quickly in many nations. The study is carried out in light of earlier research on electronic payments, mobile payments, and other forms of global payments. To gain a deeper understanding, the study also examined the theories, models, and techniques employed in an earlier investigation.

In their study titled “The Factors affecting adoption of mobile-based internet banking in an emerging market: A study of the Indian consumer’s observation,” **Mohd Forman and Waseem Khan** state that age is one of the key factors that affect how well people rate the service they use, how satisfied they are with it, and how quickly it responds to their requests. The study found no statistically significant difference between the risk of unsuccessful transactions and the annoyance of mobile internet banking. Also, It was discovered that young people under the age of 25 exhibited greater trust in the new transaction channel than did people over the age of 25.

A study of how consumers perceive e-commerce and e-payments in local surveys is published as a paper. According to S. Kowsalya, Swetha Krishnan, and Mridula A.M., the online payment system that enables a customer to pay an online retailer or service provider is what contributes most to the trust in e-commerce. Customers are becoming more and more accustomed to conducting business online and are worried about doing so and the hazards involved, which are critical to the evolution of electronic business. More and more customers are moving to e-commerce to pay their bills online and for goods and services. The writers claim that the term “e-payments” refers to the technological advancement that makes it possible for us to conduct financial transactions online and avoid obstacles and other problems. E-payments give people more flexibility when it comes to paying their taxes, permits, fees, fines, and purchases in usual places, at any time of day, and 365 days a year. The writers concluded that credit and debit cards will become unnecessary as mobile technology and the internet sector continued to advance.

RESEARCH METHODOLOGY

The main objective of the research paper is to identify the many aspects that influence consumer adoption of digital payments and to identify the dangers and difficulties that users encounter. The study makes use of original research. A systematic questionnaire was

used to gather primary data. Exploratory and descriptive research methods were used to carry out the primary study.

The current study is based on first-hand information gathered from 251 respondents who were drawn from Gujarat, Maharashtra, Bangalore, Rajasthan, and Madhya Pradesh. To gather information from the respondents, a well-structured questionnaire was created. The questionnaire’s goal was to understand public acceptance of UPI and digital payments. The authors used a closed-ended Google form questionnaire to collect replies.

SAMPLING PLAN

Sampling Unit: - This request is for defining the survey’s target population. Customers who have used digital payment methods served as the sampling unit for the research.

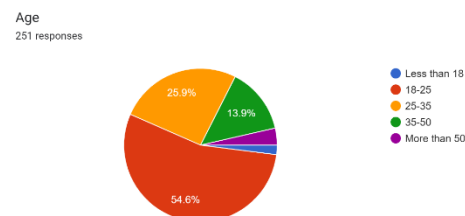
Sampling Size: - The Sample size decided for this survey was 250. Non-profitability convenience sampling was used to create the survey online and the link was circulated to the Indian respondents. We contacted respondents via social media and WhatsApp. The respondents were divided into groups according to their gender, age, and occupation.

DATA ANALYSIS AND INTERPRETATION

The research that was done with the 251 respondents served as the foundation for the data analysis.

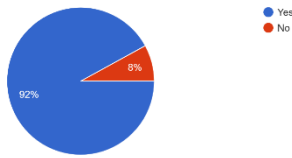
FINDINGS

The data analysis and interpretation performed using primary data gathering are shown below.



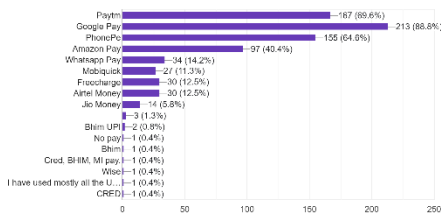
According to the above pie chart, 54.6% of the respondents are between the age group of 18-25 years, 25.9% are between the age group of 25-35 years and 13.5% belong to the age group of 35-50 years. In this 52.8% of the respondents are male and 48.2% of the respondent are female and 39% of the respondents are doing a private job and 37.1% are students.

Do you use UPI method of payment?
251 responses



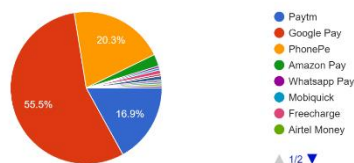
According to the above pie chart, 92% of the respondents use UPI. In this, 94.8% of respondents have a smartphone, and 92.8% of respondents use digital payment methods like debit cards, and credit card including UPI.

Which digital payment app have you used at least once?
240 responses



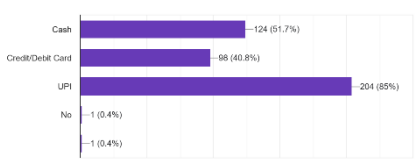
According to the above bar graph, Google pay is used by 88.8% of the respondents, followed by Paytm by 69.6%, PhonePe by 64.6%, Amazon Pay 4by 0.4%, and other apps have been used by less than 15% of the respondents.

Which is your go to app?
236 responses



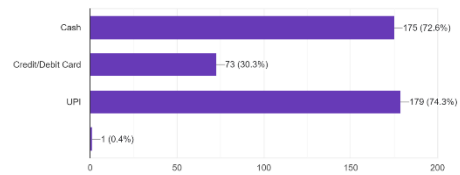
The Above Pie Chart shows that 55.5% of the respondents prefer to use Google Pay, followed by PhonePe by 20.3%, and Paytm by 16.9%. This is because 75% of the respondents find Google Pay easy to use and 71.1% of the respondents think that Google Pay is best in terms of discounts and offers. In this 37.9% of the respondents find Phone Pay easy to use and 30.6% of respondents think PhonePe provides good discounts and offers. 35.8% find Paytm easy to use and 43% think Paytm provides good discounts and offers.

Which Payment Method do you use during online purchase?
240 responses



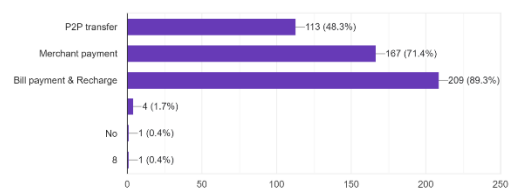
According to the above bar graph,85% of the respondents uses UPI for online purchase while 51.7% and 40.8% use cash and credit or debit card respectively.

Which Payment Method do you use during offline purchase?
241 responses



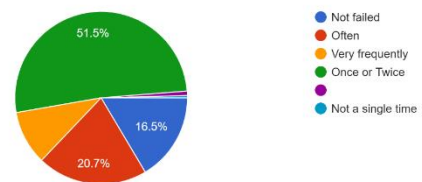
According to the above bar graph, 74.3% of the respondents use UPI for offline purchase and 72.6% also uses cash for offline purchase and only 30.3% prefer to use credit or debit card for offline purchase.

If you use UPI, for what purpose do you use it?
234 responses



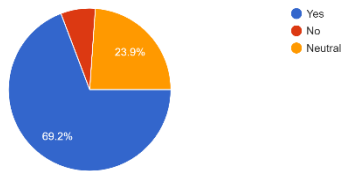
According to the above bar chart, 89.3% use UPI for bill payments and recharge, and 71.4% and 48.3% use it for merchant payment and peer-to-peer transfers respectively. In this 67.2% of the respondents came to know about UPI from friends and family.

How frequently have your transactions failed while using UPI?
237 responses



According to the above pie chart, 51.5% of the respondent’s transactions have failed once or twice and 20.7% of respondents’ transactions have failed often and 10.1% of the respondents face transaction failure very frequently and 16.5% of respondents' transactions have never failed. Two of the main reasons for the failed transaction are internet connectivity and busy bank servers. In this 50% of respondents say that the app they use provides customer support after failed transactions and 21.6% of the respondents say that the app they use does not provide any customer care support after failed transactions while 28.4% are not aware that the app they use, provide customer care support or not.

Do you think UPI is safe?
247 responses



According to the above pie chart, 69.2% of the respondents think that UPI is safe and 6.9% think it is not safe and 23.9% are neutral on this topic.

CONCLUSION

Even though users may not use internet banking, most people believe that digitization has benefited them in some way, whether it be about payments, transactions, aadhar schemes, or even shopping. The study also derived that more than 90% of the respondents were aware of the UPI and the spread of UPI has been through word of mouth and the internet and television. The study showed that people have not just accepted UPI but made it a part of their daily life. Cash seemed to be the least preferred option by youngsters. Housewives, business owners, and doctors seemed to prefer cash. Cash is still one of the popular choices for offline purchases but UPI is also as preferred as cash. UPI has become a popular option of payment for online purchases. The perception of the people that UPI is a safe option for the transaction of money has played a significant role in the adoption of UPI. Ease of use is one of the main factors why people prefer to use Google Pay over other apps and preference for using other apps is also mainly due to ease of use. According to the growing trend of digital payments and technical improvements, the majority of users favored a cashless economy. The transition to a cashless economy is being made gradually.

LIMITATIONS OF THE RESEARCH

- Geographical confinement
- reluctance to share personal information
- cross-sectional study
- Response biases
- Small sample size

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