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UPI USAGE AND FINANCIAL LITERACY AMONG USERS IN EMERGING TIER-2 AND TIER-3 CITIES IN JHARKHAND

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Abstract: Digital payment system has significantly impacted consumer behaviour and saving habits. The rolling out of Unified Payment Interface (UPI) has further overturned the traditional banking system and revolutionized India's Digital Payment Interface. The interface has witnessed substantial growth in both metropolitan and non-metropolitan cities but the adoption rates vary. This variation can be a consequence of less awareness and financial literacy. Though some studies have been conducted previously to assess the usage of UPI, it was mainly concentrated in regions with high human development index and robust tourism infrastructure. While regions of state like Jharkhand remain underexplored due to its recent formation, political instability and high poverty rates. Therefore, this present study was undertaken to determine the current UPI usage rate along with financial literacy (specifically digital financial literacy) levels, and the impact of financial literacy on UPI adoption rate among users in tier-2 and tier-3 cities of Jharkhand. Cities like Ranchi, Jamshedpur, Bokaro and Dhanbad are typically classified as tier-2 cities, while Hazaribagh, Medininagar (Daltonganj), Ramgarh and Giridih fall under the tier-3 list. The study is based on descriptive and exploratory research design. Primary data collected with the help of structured questionnaire from selected tier-2 and tier-3 cities of Jharkhand has been utilized for analysis. Methods like percentage analysis, mean, median and mode are used for interpretation of findings. Statistical tools like correlation and regression are also used. The research found that there is a positive correlation between financial literacy and use of UPI. However, trust issues, security concerns and lack of technical knowledge inhibit adoption among many. The respondents and survey takers have suggested that mandatory geo-tagging of locations of both sender and receiver of the payments and use of AI to filter out fraudulent payments can reduce risks related to security. Financial literacy programs, digital awareness campaigns and advertisements can improve the present level of financial literacy.

Keywords: Unified Payment Interface (UPI); Digital Financial Literacy; Tier-2 city; Tier-3 city; Digital Payment; Interface.

I. INTRODUCTION

UPI, a real-time money transfer system that just needs a Virtual Payment Address (VPA) or mobile number and a PIN to swiftly transfer payments from one account holder to another, is managed by the NPCI. An application called Bharat Interface for Money (BHIM) uses the UPI framework to make payments. Unlike commercial apps like Phonepe, Paytm, GPay, and others, which also include additional benefits like investing, insurance, and promotional rewards, this app was rolled out by the government. The demonetization phases expedited the transition from cash to UPI, and its successful implementation laid the groundwork for the introduction of E-RUPI, a payment system based on non-cash vouchers. Formerly, the disbursement of money was a lengthy and tedious task to perform. People relied substantially on traditional ways of payment. For instance, to transfer greater sum of money, usually more than Rs. 2 lakhs, either methods like NEFT (National Electronic Funds Transfer) was used or cheques were given. Other methods like RTGS (Real Time Gross Settlement) and Immediate Payment Service (IMPS) are also there, but these techniques carry many disadvantages. For using methods like NEFT or RTGS, the name of the recipient needs to be added in the beneficiary list in the bank's portal for internet banking along with recipient's bank account number and IFSC Code. Only then the money can be transferred from the sender to receiver. Also, to validate the payment, the sender has to enter One Time Password sent to the phone number that is already registered with the bank. All this hassle, made the process of disbursing the fund complicated and rigid. One of the oldest methods that is still prevalent to an extent today is writing cheques, which is then given to receiver who physically presents it to the bank that verifies the signature of the drawer before giving funds. Even if slightest mismatch is found in signature or the amount of money written in words and in figure, the cheque is either bounced or returned. The bouncing of cheque then invites legal actions that could result in the drawer's imprisonment. Another risk of mishandling cheque is also a troublesome problem in which certain chemicals are used to write off the ink from the cheque with intention of tampering it. Additionally, theft and misuse of cheques made the situation worse. In semi-urban or rural area where there are very few bank branches; that too are often located miles away, makes it difficult for the people to access these services. Lack of technological infrastructure in these places leads to the exclusion of residents in these areas completely. People have to carry physical currency or cards all the time which could be wrongly used if stolen or lost. Overall, these methods had lots of inefficiencies which were eliminated by rolling out of UPI.

Someone who possess the ability to apprehend the working of finances in order to make smart and effective decisions related to investment, savings and expenditure is regarded as financially literate. Money cannot create security and accomplish a purpose on its own. It is only useful to those who uses it as a tool to grow more. For those who think money is the ultimate goal and does not utilize its full potential end up being less satisfied. By becoming financially literate, an individual gets to be self-sufficient and ensure financial stability. Financial literacy makes individuals improve their understanding of financial products and concepts through information, instruction or advice. It also develops the skills and confidence to become more aware of financial risk and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection. Digital financial literacy is the collective study of digital literacy and financial literacy. It refers to the knowledge and skills to securely use financial products and services that are computerized or automated. It helps individuals in making informed decisions about finances. At first glance, mobile wallets, UPI apps, and QR codes look purely technological changes. People who understand basic financial concepts – budgeting, transaction records, bank reconciliation – approach digital payments with confidence. They are more willing to download apps, link accounts, and try new features because they can judge benefits and risks for themselves. Financially literate users know when to use which instrument. They use UPI for everyday small payments, net-banking for bill payments or transfers that need receipts, and wallets for merchants offers. This choice reduces mistakes like double payments, failed transfers, or unused features. India's push towards a cashless economy, especially after 500- and 1000-rupee currency notes were stripped of its status as legal tender in 2016, has accelerated the adoption of digital payment platforms. However, this transformation has not been even across regions, socio-economic groups, and

businesses. While urban populations have embraced UPI with relative ease, people in rural and semi-urban areas continue to face challenges due to the lack of digital literacy, infrastructural constraints, and lack of trust in electronic payment systems. The present study aims at determining relationship between UPI usage and financial literacy and how financial literacy impacts usage of UPI in regional context of the state of Jharkhand by analysing data collected through well-structured questionnaire distributed to users in major tier-2 and tier-3 cities.

Significance of Study

India's push for a cashless economy post-demonetization boosted digital payments, but adoption of UPI is uneven. Urban areas adopted it easily, while rural and semi-urban regions face digital illiteracy, poor infrastructure, and low trust. MSMEs, the backbone of India's economy, are key stakeholders, yet their actual experience with UPI—on efficiency, costs, and financial access—remains underexplored. Most studies use macro-level secondary data and miss ground-level challenges of small merchants. Also, behavioural factors like trust, risk, and awareness affect UPI adoption, but region-specific data is limited. In Jharkhand, with greater economic and infra disparities, UPI dynamics may differ from national trends. This study addresses the gap by empirically examining UPI adoption and impact on MSMEs and individuals in Tier-2 and Tier-3 cities of Jharkhand using quantitative with qualitative methods. Findings will help policymakers, banks, and fintech build more inclusive digital payment systems and add region-specific insights to academic literature.

Statement of Problem

UPI adoption is uneven across urban vs rural Jharkhand. MSMEs' actual experience with UPI on efficiency, costs, access is underexplored. Behavioural factors in Jharkhand are not studied. So, we don't know if UPI = real financial inclusion or just superficial digital growth.

Scope of Study

This study is limited to examining the adoption and impact of Unified Payments Interface (UPI) among Micro, Small and Medium Enterprises (MSMEs) and individual users in Tier-2 and Tier-3 cities of Jharkhand state. The research focuses on current UPI usage patterns, its effect on business operational efficiency, transaction costs, financial accessibility, and user behavioural factors like trust, perceived risk, and awareness. The study excludes rural villages, metro cities, large corporations, and other digital payment modes apart from UPI. It adopts a mixed-method approach using primary data collected through surveys and interviews during 2025-2026.

II. LITERATURE REVIEW

1. **Devi (2017)** studied the use of ATMs, internet banking, credit cards, RTGS, NEFT, and mobile banking between 2013 and 2015 to assess customer awareness of e-banking, factors influencing adoption, and client satisfaction while identifying consumer issues. The study applied statistical techniques including t-tests, chi-square, ANOVA, regression, and SEM to compare satisfaction between public and private sector banks and analyse the impact of various factors on e-banking satisfaction.
2. **John (2018)** studied online shoppers in Kerala to analyse their behavioural patterns, decision-making, and awareness of money-saving techniques. Findings showed 71.4% of buyers were aged 21-40, unmarried users shopped more than married ones, and 41% had monthly income below Rs. 10,000. The study highlighted the role of digital payment ease-of-use in buying behaviour.
3. **Rai, Dua, and Yadav (2019)** studied financial knowledge, behaviour, and attitude toward financial literacy among 394 working women in India. Findings showed financial attitude and behaviour are strongly associated with financial literacy levels among the women. The study though had limitations of excluding other genders and non-working classes.
4. **Kadoya and Khan (2020)** examined the link between socio-economic and demographic factors and financial literacy in Japan using 2016 secondary survey data of 16,345 individuals aged 18-79. Using a generalized structural equation model in logit, they found no relation between

- employment status and financial knowledge, a positive link between males and use of financial information, and a negative link between males and financial behaviour.
5. **Krishnan and Ramakrishnan (2020)** studied e-banking adoption in Palakkad, Kerala among 50 respondents using a questionnaire. Findings showed that 96% found e-banking better than traditional banking and 84% considered it secure, but lack of infrastructure, trust, fraud, and security breaches were major issues, with 50% citing no home internet and 20% citing distrust as reasons of non-usage.
 6. **Sankarsetty (2023)** found UPI effectively bridges traditional and digital banking, improving financial inclusion in India. Multiple regression showed that digital literacy boosted UPI adoption, while security fears reduced it. UPI's success depends on better user awareness and stronger secure infrastructure in semi-urban/ rural areas.
 7. **Singhanian and Tanty (2023)** studied factors influencing digital payment adoption for financial inclusion in Jharkhand using survey data. Findings of the study shows that students have bank accounts and access online banking, but face barriers like security concerns, transaction failures, and poor internet. The study used statistical tools, but results are limited to students, reducing generalizability to wider population.
 8. **Deshmukh (2023)** examined UPI user satisfaction in Amaravati, Maharashtra using interviews. Over 95% respondents found UPI useful. About 46% of the respondents learned to use UPI from their relatives or friends and 39% via advertisements.
 9. **Kariakose (2024)** found that there are both direct and indirect effects of challenges, user experience, perceived difficulties, and satisfaction on digital payment adoption. While the research study gives valuable insights on UPI user's behaviour, it doesn't establish a direct link between financial literacy and safe UPI use, which this study aims to fulfil.
 10. **Madhusudanbhai (2024)** studied women in Saurashtra region to check how demographics like education and income impact financial literacy using chi-square tests. Findings show that key factors with significant differences are spending priorities, knowledge of financial statements, and goal settings.
 11. **Geetha (2024)** found in her study that UPI users in Chennai used it mostly for phone/DTH recharge and wanted the security to be improved and instant transaction alerts. Since Chennai's socio-cultural context differs from Jharkhand, the findings may not be relevant in context of Jharkhand.
 12. **Goyat (2025)** analysed UPI trend and consumer perception across India, finding an upward trend in UPI use. Consumers viewed UPI positively for convenience, affordability, Accessibility, and speed, but cited security and privacy as key challenges.
 13. **Nene (2025)** surveyed 393 active UPI users in Pune to study uses, advantages, and difficulties of UPI across age groups using mixed methods. Both young and seniors were aware of UPI, but youth used it more for speed/convenience while seniors struggled with tech skills, security, and transaction failures.
 14. **Asati (2025)** studied behavioural changes of 396 Delhi NCR online consumers post-digital payment upgrades using questionnaire. Findings suggest Covid online shopping volume, and demographics like gender, age, and income shaped buying behaviour.
 15. **Jose (2025)** studied UPI's impact in rural India using NPCI/RBI data and case studies of small merchants and users. The finding revealed that low transaction costs drove UPI adoption and helped bring unbanked population into the financial system, boosting financial inclusion. The reliance on secondary data may miss dynamic micro-level user behaviour. This makes the present study relevant as it uses localized, primary data for deeper insights.

III. RESEARCH GAP

Previous researches were mainly based on components of financial literacy and their relationship or impact on consumer's behaviour. Studies by some researches also give an insight about the aspects of financial literacy like savings, investments, and retirement plans. Most of the existing studies focus on conventional banking methods or newer payment technology adoption in various regions of India. While these studies offer valuable insight into the trends of usage of fintech in India, they do not provide sufficient evidence for relationship between financial literacy or digital financial awareness and adoption and usage of UPI. Furthermore, while there exist studies on UPI on national-level, there is paucity of such empirical research work in context of specific regions in India.

Very few studies touch upon Jharkhand's adoption and usage of Digital Payment System post-demonetization. The studies have largely focused on financial inclusion and urban-rural divide only. The present study aims at fulfilling these gaps by studying relationship between the two variables and how financial literacy impacts usage of UPI in regional context of the state of Jharkhand by analysing data collected through well-structured questionnaire distributed to users in major tier-2 and tier-3 cities.

IV. RESEARCH QUESTIONS

1. What is the level of financial literacy among users in emerging tier-2 and tier-3 cities in Jharkhand?
2. Is there a significant relationship between financial literacy and the safe and effective use of UPI?
3. What type of risks, challenges, and errors are commonly experienced by users in UPI transactions?

V. RESEARCH OBJECTIVES

1. To examine the level of UPI usage and financial literacy among users in emerging tier-2 and tier-3 cities in Jharkhand.
2. To assess the relationship between financial literacy level and UPI usage.
3. To identify the common risks, challenges, and errors commonly experienced by UPI users during transactions.

VI. HYPOTHESES

H₀ (Null Hypothesis): There is no significant relationship between financial literacy and the usage of UPI among tier-2 and tier-3 city users in Jharkhand.

H₁ (Alternative Hypothesis): There is a significant relationship between financial literacy and usage of UPI among tier-2 and tier-3 city users in Jharkhand.

VII. RESEARCH METHODOLOGY

- **Research Design:** The present study is descriptive and exploratory in nature and aims at exploring the pattern and level of UPI usage and financial literacy and their relationship with each other through analysing data collected from users in Jharkhand. The study adopts a mixed-method research approach, integrating both qualitative and quantitative aspects to achieve the objectives of the study and comprehensive understanding of the impact of financial literacy on adoption of Unified Payment Interface (UPI).
- **Data Sources:** Primary data was gathered through a structured questionnaire consisting 6 demographic questions and two other sections, distributed to UPI users in selected tier-2 and tier-3 cities in Jharkhand. For secondary data, relevant academic journals, government reports, reliable online sources and existing research papers were used.
- **Area of study:** The study was conducted on users of selected emerging tier-2 and tier-3 cities of Jharkhand that include Ranchi, Bokaro, Dhanbad, Daltonganj (also known as Medininagar), Hazaribagh, Jamshedpur, Ramgarh, and Giridih.

- **Sampling Technique and Sampling Size:** The sampling technique used for in this study is convenience sampling due to ease of access. A sample of 115 respondents were selected for the study who were residing in the area of study.
- **Data Collection Method:** Data is collected using a structured questionnaire, which includes closed-ended questions regarding demographic factors and a number of statements that uses 5-point Likert scale. The questionnaire is designed to capture usage pattern, awareness level, security knowledge and risk perception.
- **Statistical tools and Software used:** The internal consistency reliability of questionnaire was tested using Cronbach's Alpha. The data collected was analysed using percentage analysis, mean, regression and correlation, and tabulations and charts (bar graphs and pie charts). For primary data analysis, SPSS software and MS Excel were used.
- **Variables of the Study:** Here, Financial literacy is the independent variable and UPI Usage is the dependent variable.

VIII. DATA ANALYSIS AND HYPOTHESIS TESTING

This research work presents the analysis of the primary data collected through an online well-structured questionnaire administered through google forms and interpretation of hypothesis results. The survey elicited responses from 115 participants to examine their level of financial literacy and patterns of UPI (Unified Payment Interface) usage in day-to-day financial transactions. The questionnaire consists three distinct sections in which the first section captures the socio-economic and demographic profile of the respondents, including questions related to gender, age, educational qualification, income status, and the city in which they reside. This background information provides the contextual foundation for analysis and meaningful subgroup comparisons across different demographic segments. The second section comprises questions related to financial literacy, determining respondent's awareness, understanding, and application of basic financial concepts such as budgeting, saving, borrowing, risk management, and financial decision-making. The third section focuses on the frequency and nature of UPI Usage, including the extent to which respondents use UPI for various services such as peer-to-peer transfers, bill payments, online shopping, and merchant payments.

8.1. Descriptive Analysis

Table 8.1.1. Descriptive Statistics for Financial Literacy Items

STATEMENTS	STATISTICS					
	MEAN	MEDIAN	MODE	SD	SKEWNESS	KURTOSIS
FL1	4.03	4	5	1.17	-1.10	0.38
FL2	3.23	3	4	1.38	-0.23	-1.18
FL3	4.01	4	5	1.10	-0.99	0.29
FL4	3.43	3	3	1.11	-0.42	-0.28
FL5	4.06	4	4	0.98	-1.25	1.61
FL6	3.81	4	4	1.04	-0.79	0.4
FL7	4.03	4	5	1.08	-0.97	0.2
FL8	3.17	3	3	1.31	-0.17	-1.04
FL9	2.92	3	4	1.16	-0.02	-0.94
FL10	3.27	3	4	1.31	-0.25	-1.04
FL11	2.51	2	2	1.13	0.38	-0.57

Source: Computed by the researcher from primary data using SPSS

Table 8.1.1. presents the descriptive statistics for the 11 items measuring financial literacy among respondents. The mean score ranged from 2.51 to 4.06, indicating moderate to high level of financial

literacy. the median value for most items were 4, with modes of 4 or 5, suggesting that the majority of respondents “Agreed” or “Strongly Agreed” with the statements related to financial literacy. the skewness values were negative for 10 out of 11 items, ranging from -0.02 to -1.25, indicating a leftward skewed distribution where responses clustered towards higher agreement. Kurtosis values ranged from -1.18 to 1.61, which are within the acceptable range of ± 7 , confirming that the data distribution for individual items does not show severe deviation from normality. Therefore, it can be said that respondents possess a financial literacy above the average level.

Table 8.1.2. Descriptive Statistics of UPI Usage Items

STATEMENT	STATISTICS					
	MEAN	MEDIAN	MODE	SD	SKEWNESS	KURTOSIS
UU1	3.94	4	5	1.22	-0.97	-0.06
UU2	3.98	4	5	1.15	-0.87	-0.35
UU3	3.80	4	5	1.42	-0.83	-0.72
UU4	4.08	4	4	0.97	-1.37	2.26
UU5	4.03	4	5	1.17	-1.21	0.68
UU6	3.51	4	4	1.20	-0.34	-0.89
UU7	4.09	4	5	1.11	-1.15	0.5
UU8	4.18	5	5	1.13	-1.49	1.47
UU9	4.03	4	5	1.10	-1.01	0.27
UU10	3.79	4	5	1.29	-0.78	-0.58
UU11	4.27	5	5	1.04	-1.52	1.67
UU12	3.78	4	5	1.29	-0.81	-0.41
UU13	4.05	4	4	0.96	-1.07	1.12
UU14	3.58	4	5	1.27	-0.53	-0.79
UU15	3.38	4	4	1.34	-0.38	-1.08
UU16	3.24	3	3	1.34	-0.10	-1.14

Source: Computed from primary data using SPSS

Table 8.1.2. displays the descriptive statistics for the 16 items measuring UPI Usage among respondents. The mean scores ranged from 3.24 to 4.27, indicating a moderate to high level of agreement with statements related to UPI Usage. For most items, the median was 4 and the mode was 5, indicating that the majority of respondents “Agreed” or “Strongly Agreed” with the statements. All 16 items exhibited negative skewness, ranging from -0.10 to -1.52, which shows a left-skewed distribution with responses clustering towards higher levels of agreement. Kurtosis values ranged between -1.14 and 2.26, which are well within the acceptable threshold of -7 to +7, indicating no severe deviation from normality. Overall, the respondents demonstrate a high level of UPI adoption and usage, with stronger agreement on convenience aspect of UPI.

8.2. Statistical Test

Correlation is a statistical technique or method that is generally used to measure the strength and direction of a linear relationship between two variables. The outcome is expressed as a correlation coefficient, usually denoted by r , which ranges from -1 to +1. A positive value indicates that as one variable increases, the other tend to increase as well., while a negative value shows that as one variable increases, the other tend to decrease. A value close to zero suggests little to no linear relationship between the variables.

Table 8.2.1. Pearson's Correlation Between Financial Literacy and UPI Usage

CORRELATIONS			
		Financial literacy	UPI Usage
Financial literacy	Pearson Correlation	1	0.336
	Sig. (2-tailed)		<.001
	N	115	115
UPI Usage	Pearson Correlation	0.336	1
	Sig. (2-tailed)	<.001	
	N	115	115

Source: Computed from primary data using SPSS

The results presented in Table 8.2.1. reveals a statistically significant positive correlation between the two variables, $r(113) = .34$, $p < .001$. The correlation coefficient of .34 indicates a moderate positive linear relationship. This suggests that respondents with higher financial literacy scores tended to report higher levels of UPI Usage. The p-value of less than .001 demonstrates that this association is highly unlikely to have occurred by chance, providing evidence for a genuine relationship.

Regression Analysis is a statistical technique used to examine the predictive relationship between one dependent variable and one or more independent variables. Unlike correlation, which only measures the strength and direction of association between variables, regression goes a step further by building an equation that estimates how the dependent variable is expected to change when the independent variable changes.

TABLE 8.2.2. Variables Entered/Removed in Regression for UPI Usage

VARIABLES ENTERED/ REMOVED ^a			
MODEL	VARIABLES ENTERED	VARIABLES REMOVED	METHOD
1	FINANCIAL LITERACY ^b		ENTER
a. Dependent Variable: UPI Usage			
b. All request variables entered			

Source: Computed from Primary Data using SPSS

Table 8.2.2. shows the variables that were entered and removed while performing regression analysis.

Table 8.2.3. Analysis of Variance Results for Regression Model Of UU

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1. Regression	5.723	1	5.723	14.386	<.001 ^b
Residual	44.955	113	0.398		
Total	50.678	114			
a. Dependent Variable: UPI Usage					
b. Predictors: (Constant), Financial Literacy					

Source: Computed from primary data using SPSS

Table 8.2.3. presents the ANOVA results for regression analysis. The F-value is 14.386 with a significance value of $p < .001$. Since the p-value is less than the standard significance level of 0.05, the regression model is statistically significant. This indicates that the independent variable, Financial Literacy, reliably predicts the dependent variable, UPI Usage.

Table 8.2.4. Coefficients of Regression Analysis

COEFFICIENTS ^a					
	Unstandardized Coefficients		Standardized Coefficient		
Model	B	Std. Error	Beta	t	Sig.
1. (Constant)	2.371	0.397		5.977	<.001
Financial Literacy	0.425	0.112	0.336	3.793	<.001
a. Dependent Variable: UPI Usage					

Source: Computed from primary data using SPSS

Table 8.2.4. shows the coefficients of the regression analysis. The unstandardized coefficient (B) for financial literacy is 0.425, which indicates that a one-unit increase in Financial Literacy leads to a 0.425 unit increase in UPI Usage. The standardized coefficient (Beta) is 0.336, suggesting a moderate positive impact of financial literacy.

8.3. Hypothesis Result

The value of R Square = 0.113 means 11.3% of variation in UPI Usage is explained by financial literacy. The remaining 88.7% variation is influenced by other factors. The standard error of estimate was 0.63, indicating a moderate level of deviation between observed and predicted values of UPI usage. The ANOVA table checks whether the regression model as a whole is statistically significant. A higher F-value indicates the regression model fits the data better than a model with no predictor. Since p-value is less than 0.05, indicating that financial literacy significantly predicts UPI usage among respondents. **Since the significance value is below 0.05, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is supported.** Therefore, improving financial literacy may contribute toward enhancing digital payment adoption.

IX. ACHIEVEMENT OF OBJECTIVES

Objective 1. To examine the level of UPI Usage and financial literacy among the users in emerging Tier-2 and Tier-3 cities of Jharkhand.

The mean value of UPI Usage is 3.8592, which indicates that there is high level of UPI Usage among respondents. **Hence, Objective 1 is achieved.**

Objective 2. To assess the relationship between financial literacy level and UPI Usage.

Pearson correlation coefficient was found to be $r = 0.366$ ($p < .001$). Further, regression analysis showed that Financial Literacy has a significant positive impact on UPI usage ($\beta = 0.336$, $t = 3.793$, $p < .002$). The model explained 11.3% variance in UPI Usage due to financial literacy. **Hence, objective 2 is achieved and the alternative hypothesis H1: "There is significant impact of financial literacy on UPI Usage" is accepted.**

Objective 3. To identify the common risks, challenges, and errors commonly experienced by UPI users during transactions.

The statement regarding connectivity problem, FL9, has a mean score of 3.08, indicating medium risk but lower than mean score of FL9. The statement regarding technology complexity, FL10, has the lowest mean score of 2.73. This indicates that students slightly disagree that banking technology is too complex. Since all three means are above 2.33, it indicates that UPI users in the emerging tier-2 and tier-3 cities of Jharkhand perceive medium levels of risk in UPI usage. However, fear of financial loss is the most prominent challenge among the users. **Thus, objective 3 is achieved.**

X. FINDINGS, CONCLUSION, AND SUGGESTIONS

Major Findings:

- Respondents demonstrated moderate financial literacy, Mean = 3.50, SD = 0.53.
- Respondents reported moderately high UPI usage, M = 3.86, SD = 0.67.
- Pearson product-moment correlation analysis revealed a statistically significant positive relationship between financial literacy and UPI usage, $r = 0.34$, $p < .001$. As per Cohen's (1998) conventions, the correlation coefficient $r = .336$ indicates a moderate effect size.
- The coefficient of determination $R^2 = 0.113$ indicates that 11.3% of the variance in UPI Usage is explained by financial literacy.
- The significant F-value, $F = 14.386$, $p < .001$ indicates that financial literacy reliably predicts UPI usage and the regression model provides a better fit to the data than a model with no independent variables.
- Despite statistical significance, financial literacy explains only 11.3% of variance in UPI usage. This implies that 88.7% of variance is influenced by other factors not captured in this model, such as technological infrastructure, perceived usefulness, social norms, trust, and demographic characteristics.

Conclusion

The analysis validates that the respondents possess moderate level of knowledge regarding financial concepts like budgeting, saving and digital financial tools. Therefore, the study establishes that financial literacy significantly enhances UPI adoption among the young population in Jharkhand. The findings are relevant for policymakers, educators, and fintech companies aiming to promote digital financial literacy and build trust in cashless payment ecosystem across tier-2 and tier-3 cities in Jharkhand.

Suggestions

Based on the findings and conclusions, the following suggestions are offered:

- For Government and RBI: Financial literacy programs under PMJDY and RBI should integrate specific modules on digital payments, UPI safety, and grievance redressal to convert literacy into usage.
- For Banks and UPI service providers: Banks and Fintech companies like Paytm, Phonepe, Google Pay should conduct targeted awareness campaigns to address the fear of financial loss and to explain the UPI benefits in simple language, focusing on users with low financial literacy scores.

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