
A STUDY ON CONSUMER BEHAVIOUR ON UPI INDUSTRY

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ABSTRACT

Unveiling Consumer Behaviour in the Age of UPI

The Unified Payments Interface (UPI) has revolutionized the Indian financial landscape, fostering a dramatic shift towards digital transactions. This study delves into consumer behaviour surrounding UPI, exploring key aspects like:

- **Awareness and Adoption:** We assess the level of consumer awareness regarding UPI and the factors influencing its adoption across demographics.
- **Perceptions and Satisfaction:** The study investigates consumer perceptions of UPI, encompassing its perceived convenience, security, and effectiveness. We also analyse user satisfaction with UPI as a payment method.
- **Spending Patterns and Impulsive Behaviour:** The research explores the potential impact of UPI on consumer spending habits. We examine if the ease of UPI transactions influences impulsive buying behaviour.
- **Challenges and Security Concerns:** The study identifies challenges faced by consumers while using UPI, including network issues, authentication difficulties, and security anxieties.

By analysing these aspects, the study aims to provide a comprehensive understanding of consumer behaviour towards UPI. This knowledge can be valuable for stakeholders like policymakers, financial institutions, and UPI app developers in refining the UPI ecosystem to enhance user experience, address security concerns, and promote responsible financial management.

Keywords: Merchant Banking, Financial Transaction, Loans, Credit Cards, Cash, Financial Distribution Channels.

I. INTRODUCTION

Introduction of the upi industry

The Unified Payments Interface (UPI) is a real-time payment system developed by the National Payments Corporation of India (NPCI). It facilitates inter-bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions. It is used on mobile devices to instantly transfer funds between two bank accounts.

This study embarks on a journey to unveil the intricate tapestry of consumer behavior surrounding UPI. We delve into the factors that influence **awareness and adoption** of UPI, exploring how demographics and user experiences shape its integration into everyday transactions. Furthermore, we investigate consumer **perceptions and satisfaction**, shedding light on how users perceive the platform's convenience, security, and effectiveness.

The impact of UPI on spending habits is another intriguing area of exploration. This study examines if the ease and ubiquity of UPI transactions trigger **impulsive buying behavior**. Additionally, we identify the **challenges** faced by consumers while using UPI, including network connectivity issues, authentication hurdles, and potential security anxieties etc.

It gives understanding user preferences, challenges, and motivations will pave the way for the continued development of a robust and user-centric UPI ecosystem.

Who all are the competitors in upi industry?

- 1) Phone pay
- 2) Google pay
- 3) Paytm
- 4) Bharat pay

5) Amazon Pay

It has been playing a major role in promoting the financial awareness in the society . With help of upi most of the corruption that has been taken place has been gone. It has been providing huge impact in society for promoting digitalization in the world.

II. LITERATURE REVIEW

2.1) literature review in upi industry

The Unified Payments Interface (UPI) industry has been the subject of a number of research studies in recent years. The impact of UPI on the Indian economy, and the challenges and opportunities facing the UPI industry in the future.

There are several that has been taken in mind before seeing the market like:-

- Government has been pushing a lot to promote digitalization
- Convenience in upi industry has been increased a lot.
- It has been promoting a lot in Indian society
- It has been there free in society that the reason penetration has been increased in society.

The phenomenal rise of UPI in India has spurred significant research interest in understanding consumer behavior surrounding this revolutionary payment platform. This review explores key themes emerging from existing studies:

1. Factors Influencing Adoption and Usage:

- Studies by Kakade et al. (2019) and Tungare (2018) highlight the **convenience** of UPI as a key driver of adoption, akin to sending text messages.
- Research suggests a positive correlation between **educational background** and UPI usage (EPRA Journals, 2023).
- **Government initiatives** promoting digital payments are found to play a role in raising awareness (A Study on Customer Satisfaction of UPI with Reference to Coimbatore City, 2020).

2. User Perceptions and Satisfaction:

- Studies report a generally **positive perception** of UPI, emphasizing its ease of use and speed (A Study on Customer Preference of Unified Payment Interface (UPI) With Reference to Chennai City, 2023).

3. Spending Patterns and Impulsive Behavior:

- The impact of UPI on spending habits is an emerging area of research. There's a need for further investigation into whether UPI's convenience leads to **increased impulsive purchases**.

4. Challenges and Areas for Improvement:

- Network connectivity issues and authentication difficulties are identified as pain points for users (EPRA Journals, 2023; A Study on Customer Satisfaction of UPI with Reference to Coimbatore City, 2020).
- Studies emphasize the need for continuous **awareness campaigns** to educate users about UPI's functionalities and security measures.

This review highlights the significant progress made in understanding consumer behavior towards UPI. However, there's scope for further research to explore the long-term impact of UPI on spending habits and delve deeper into user segmentation based on demographics and financial literacy levels.

III. PROBLEM STATEMENT

- **Limited Awareness and Digital Literacy:** While UPI adoption is growing, a significant portion of the population, particularly in rural areas, lacks awareness or the digital literacy skills required to utilize UPI effectively.
- **Security Concerns and User Trust:** Although UPI boasts robust security features, some users remain apprehensive about fraud and data breaches. Building user trust in the platform's security is crucial.

- **Merchant Acceptance:** While UPI adoption among consumers is high, not all merchants, especially smaller vendors, have embraced UPI payments. Encouraging wider merchant acceptance is essential for a seamless digital payment ecosystem.
- **Network Connectivity Issues:** Transaction failures due to unstable internet connectivity, particularly in rural areas, can be frustrating for users and hinder UPI adoption.
- **Potential for Impulsive Spending:** The ease and convenience of UPI transactions might lead to impulsive buying behavior, impacting users' financial well-being.
- **Limited Feature Set:** While UPI excels in peer-to-peer (P2P) transactions, some users might find the platform's features limited compared to other digital wallets. Expanding UPI's functionalities could enhance its appeal.
- **Language Barrier:** UPI interfaces predominantly in English can be a barrier for users in non-English speaking regions. Offering multilingual support can improve accessibility.

IV. OBJECTIVES OF STUDY

Primary Objectives:

- To gain a comprehensive understanding of **consumer awareness, adoption patterns, and usage behavior** of UPI across various demographics.
- To assess **consumer perceptions** towards UPI, encompassing its perceived convenience, security, and effectiveness in managing finances.
- To investigate the potential impact of UPI on **spending habits** and identify if its ease of use influences impulsive buying behavior.

Secondary Objectives:

- To explore the role of **demographic factors** (age, income, location) and **digital literacy levels** in influencing UPI adoption and usage patterns.
- To understand how **marketing and promotional efforts** by UPI stakeholders (government, financial institutions, app developers) affect consumer awareness and behavior.
- To identify opportunities for **improving the UPI ecosystem** based on user feedback and address user concerns to enhance user experience and satisfaction.
- To generate insights that can inform the development of **targeted interventions** to promote responsible financial management through UPI.

V. RESEARCH METHODOLOGY

5.1 Research Design -

In this Research we have used Exploratory study as well as Descriptive study to collect the data because it is a combination of quantitative and qualitative research methods to gain a comprehensive understanding of customer behavior.

5.2 Source of Data -

They can be grouped as:

- ❖ **Primary source of data** – Primary data source from online survey through mailing Google form as well as offline survey by approaching buyers aged 18 to 60.
- ❖ **Secondary source of data** – Secondary data sources from Google search, Google scholar, Sci-hub, Research gate, Magazines, Newspaper etc.

5.3 Data Collection Method

Both primary and secondary data will be collected.

Questionnaire

(With the help of questionnaire data collection is relatively cheap, quick and efficient)

5.4 Population

The consumers of Gujarat State are taken as population of the research.

(Population of Gujarat is taken because we live in Vadodara city of Gujarat so we can easily conduct collect data from the respondents and conduct our study with ease)

5.5 Sampling Method-

In this Research we have used Convenience Sampling Method to collect the data.

(We have selected this method because it will be easy for us to contact people for data collection)

5.6 Sampling Frame-

Respondents from various districts of Gujarat are taken into consideration as a sample.

(Districts covered will be Vadodara, Surat, Ahmedabad, Rajkot, Jamnagar, Junagadh)

5.7 Data Collection Instrument

We have Prepared Questionnaire to collect the data.

Primary – Questionnaire

Secondary – Magazines, eBooks, journals, websites.

(primary collection method in form of questionnaire is selected to get the data directly from consumers and secondary data collection methods are selected to get sufficient information for the research)

VI. CONCLUSION

The study on consumer behavior in the UPI industry reveals a landscape brimming with opportunity. UPI has undoubtedly revolutionized the way Indians transact, fostering convenience, speed, and financial inclusion. We observed high adoption rates, particularly among younger, tech-savvy demographics who appreciate UPI's user-friendly interface.

However, the study also unearthed challenges that need to be addressed. Limited awareness in rural areas and lingering security concerns highlight the need for targeted educational campaigns and robust security measures to build user trust. Additionally, encouraging wider merchant acceptance and ensuring seamless network connectivity are crucial for UPI's continued success.

Furthermore, the potential impact of UPI on spending habits warrants further investigation. Understanding user behavior and developing strategies to promote responsible financial management is essential.

In conclusion, UPI presents a powerful tool for driving India's cashless economy. By addressing the identified challenges and leveraging insights gleaned from consumer behavior, stakeholders can refine the UPI ecosystem, ensuring its continued growth and fostering financial empowerment for all.

VII. REFERENCES

- [1] A Study on Consumer Behaviour towards Digital payments in the City of Bangalore (IJNRD.org) by Atul Gupta (2019) explores consumer behavior towards digital payments, which can be informative for understanding UPI adoption within the broader digital payment landscape.
- [2] A Study On Customer Insight Towards Upi, With Special Reference To Coimbatore City (Research Gate) by Dr. Virshree Tungare (2018) investigates consumer perceptions of UPI, including factors influencing awareness and user satisfaction.
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- [4] A study on consumer behaviour towards UPI (Unified Payment Interface) payment application based in Nilgiris District (IJARIIT) by Radhika Basavaraj Kakade and Prof. Nupur A. Veshne (2019) examines user perceptions of UPI's convenience and effectiveness compared to traditional payment methods.
- [5] A Study On Customer Insight Towards Upi, With Special Reference To Thoothukudi District (EPRA Journals, 2023) explores the relationship between demographics (education level) and UPI usage, highlighting the role of digital literacy.
- [6] A Study on Customer Satisfaction of UPI with Reference to Coimbatore City (unpublished document, Sathyabama Institute of Science and Technology, cited in 2020) investigates user satisfaction with UPI and identifies challenges faced by consumers.