

# A Study on Customer Perception Towards UPI Payment System in Surat District

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## Abstract:

Consumers and customers must be aware of the importance of digital payments in today's world. There are several reasons for this, such as digital India and the mechanization of e-documentation. Physical payment is becoming increasingly important nowadays for various reasons, including time and security. This enabled e-payment techniques such as internet banking, which was further simplified by Android mobile phones. Having this in mind, the research was designed to focus on consumer behavior toward UPI (Unified Payments Interface). The goal of this study is to learn about consumer perception and satisfaction. The research design used in this study is descriptive research design, with the primary data collection method along with a structured questionnaire which constitutes 82 respondents and the statistical techniques used are chi-square analysis. The study finds that gender does not exhibit a substantial influence on either perception or satisfaction levels regarding UPI payments. While the habit of dealing in cash persists among both genders, the data shows no statistically significant link to gender-specific attitudes toward digital transactions. The study was restricted only to Surat District.

**Keywords:** Customer's Perception, Customer's Satisfaction, UPI Payment

## Introduction:

The Unified Payments Interface (UPI), developed by the National Payments Corporation of India (NPCI) in 2016, facilitates immediate interbank peer-to-peer (P2P) and person-to-merchant transactions via mobile devices. Users must register their cellphone numbers with their bank, and transactions are made using the recipient's UPI ID. Operating as an open-source API over Immediate Payment Services (IMPS), UPI is regulated by the Reserve Bank of India. Indian banks started offering UPI-enabled apps on August 25, 2016. IMPS, introduced by NPCI on November 22, 2010, is a mobile-based service allowing 24/7 interbank electronic money transfers with instant confirmation. It leverages India's extensive mobile subscriber base and robust payment infrastructure to facilitate secure, high-volume fund transfers. With availability across over 54 banks, IMPS aims to enhance retail payment electrification. Customer perception and satisfaction with UPI hinge on ease of use, reliability, security, and overall experience. Exploring these aspects reveals key insights for improving service offerings and promoting broader digital payment adoption. Understanding customer sentiment is crucial for fostering engagement and loyalty as UPI becomes a dominant payment method in India's digital economy.

## 2. Literature Review

**V. Vidhya and C. Prem Sanka (2023)** found that most users were satisfied with UPI's transaction speed, ease of use, security, and banking services. However, issues such as bank server outages (80%) and network-related transaction failures (45%) were common.

**T. Kumar & R.Saravanakumar (2022)**, studied "CUSTOMERS PERCEPTION AND ATTITUDE TOWARD UNIFIED PAYMENT INTERFACE" This research aimed to examine how the BHIM app and UPI are affecting the digital payment system. Adapting to shifting consumer preferences is crucial across all brands, including UPI. The study highlights concern about non-credited accounts, particularly among undergraduates and employees. Addressing these issues promptly and prioritizing security concerns will enhance UPI adoption.

**Mahesh A (2021)** wrote "Digital Payment Service in India - A Case Study of Unified Payment Interface," revealing significant growth in digital payments, particularly in the retail sector on the UPI platform.

**Brijesh Sivathanu (2018)** wrote "Digital Payment System Adoption in the Demonetization Era in India," an empirical study on digital payment usage. Findings indicate that behavioral intention (BI) and innovation resistance (IR) impact usage, with cash payment preference moderating BI and actual usage.

**Rahul Gochhwal (2017)** in "Unified Payment Interface—An Advancement in Payment Systems" concluded that UPI allows mobile phones to serve as primary payment devices, leveraging high tele-density in India. UPI facilitates digital transactions for all bank account holders and enables even the smallest merchants to accept digital payments without requiring POS machines.

**Dr. M. Sumathy and Vipin K P (2017)** in "Digital Payment Systems: Perception and Concerns among Consumers" found that digital payment systems significantly impact daily life. Mobile wallets are popular among both urban and rural consumers, offering benefits such as tax avoidance, improved currency management, and enhanced fraud protection.

## RESEARCH METHODOLOGY

The study is based on a Descriptive research design and primary data has been collected through a closed-ended questionnaire and some interviews with 82 respondents from Surat District.

## PROBLEM STATEMENT:

The study aims to investigate the customer perception towards UPI payments within the Surat district. Despite the widespread adoption of UPI across India, there is a dearth of localized understanding regarding user attitudes and behaviors in Surat. The research seeks to address this gap by examining factors influencing UPI usage, including usability, security concerns, and transactional experiences specific to Surat's socio-economic context. Understanding customer perceptions is critical for enhancing UPI adoption and optimizing its functionality within the district's digital payment landscape.

## Objectives:

1. To analyse customer perception toward the UPI payment system in Surat District.
2. To investigate the level of customer satisfaction towards UPI payment system in Surat District.

**SAMPLING:**

Sampling frame:	For this study sampling unit is the population of the Surat District
Sample technique	Non-probability convenience sampling technique
Research instrument:	Structured questionnaire
Sample size:	82 respondents
Research Design	Descriptive

**TOOLS FOR DATA ANALYSES:**

For analysis of Factor analysis has been used. The coding of the questionnaire is done by the Excel and SPSS software.

**LIMITATION FOR THE STUDY:**

- Respondents may express biased opinions.
- This study covered only three influencing factors, It may be more factors that influence the usage of UPI payments.
- This study is limited to Surat City only.

**SCOPE FOR FUTURE RESEARCH:**

The necessity and importance of this study are also reflected in the research questions and objectives addressed by this study. However, there are many main reasons for conducting this study. Therefore, this study addresses the need for research that investigates the relationships among other factors that influence the usage of UPI payments. Further research focuses on demographic factors and barriers to the usage of his UPI payment system.

**Hypothesis:**

H0: There is no association between Age and the Perception, and Satisfaction of UPI Payment in the Surat district.

H1: There is an association between Age and the Perception and satisfaction of UPI Payment in the Surat district

H0: There is no association between Gender and Perception, and Satisfaction with UPI Payment in the Surat district

H1: There is an association between Gender and the Perception, and Satisfaction with UPI Payment in the Surat district

**Data Analysis:****1) Customer perception toward UPI payment in Surat District.****An association between Age and Perception of UPI Payment in the Surat district**

The habit of dealing in cash persists among certain age demographics, The chi-square value is 25.384 with a p-value is .001 indicating a strong association between age and perception of UPI payments, highlighting the importance of age as a determinant factor in shaping customer attitudes toward digital payments.

Statement	Chi-square value	P value	Ho Accept/Reject
Money is likely to be transferred to an unknown account.	8.333	.402	A
Confidential information related to the bank account may be leaked.	9.012	.341	A
The UPI payment process is complicated.	15.239 <sup>a</sup>	0.055	R
There can be a cyber-attack on the bank account through UPI payments.	5.915 <sup>a</sup>	.657	A
It is very painful that the bill shows pending even after paying the bill.	10.471 <sup>a</sup>	.234	A

**An association between Age and satisfaction of UPI Payment in the Surat district**

The ability to use UPI payment from anywhere at any time is a key driver of satisfaction, transcending age demographics and catering to the convenience needs of all users. With a chi-square value is 3.169 and a p-value is .787, the study indicates that age may not be a significant determinant of satisfaction with UPI payments in the Surat district.

**Customer Satisfaction toward UPI Payment in Surat District.**

Statement	Chi-square value	P value	Ho Accept/Reject
I use UPI payment because it helps me keep track of my day-to-day expenses and bills	2.874 <sup>a</sup>	.824	A
UPI payment is compatible with my lifestyle	16.662 <sup>a</sup>	.034	R
UPI payment provides cashback	3.224 <sup>a</sup>	.920	A
UPI transactions are secure and reliable	6.826 <sup>a</sup>	0.556	A
UPI transactions are speedy	3.978 <sup>a</sup>	.595	A
UPI providers solve my queries as soon as possible	11.005	.201	A

**An association between Gender and Perception of UPI Payment in the Surat district**

The habit of dealing in cash remains prevalent among both genders, indicating a broader cultural or behavioral trend rather than a gender-specific issue. The chi-square value is 2.283 with a p-value is .684 says that gender may not be a significant factor influencing the perception of UPI payments in the Surat district.

Statement	Chi-square value	P value	Ho Accept/Reject
Money is likely to be transferred to an unknown account.	1.827 <sup>a</sup>	.768	A
Confidential information related to the bank account may be leaked.	4.600 <sup>a</sup>	.331	A

The UPI payment process is complicated.	19.023 <sup>a</sup>	.001	R
There can be a cyber-attack on the bank account through UPI payments.	3.739 <sup>a</sup>	.443	A
It is very painful that the bill shows pending even after paying the bill.	8.575 <sup>a</sup>	.073	A

**An association between Gender and satisfaction of UPI Payment in the Surat district**

The ability to use UPI payments flexibly from anywhere at any time emerges as a universal satisfaction factor, irrespective of gender. With a chi-square value is 2.629 and a p-value is .452, gender appears to have minimal impact on satisfaction levels with UPI payments.

Statement	Chi-square value	P value	Ho Accept/Reject
I use UPI payment because it helps me keep track of my day-to-day expenses and bills	3.445 <sup>a</sup>	.328	A
UPI payment is compatible with my lifestyle	2.432 <sup>a</sup>	.657	A
UPI payment provides cashback	5.291 <sup>a</sup>	.259	A
UPI transactions are secure and reliable	11.760 <sup>a</sup>	.019	R
UPI transactions are speedy.	9.242 <sup>a</sup>	.055	R
UPI providers solve my queries as soon as possible	3.239 <sup>a</sup>	.510	A

**Conclusion:**

Based on the data collected in the Surat district, a notable association between demographic factors and perceptions/satisfaction regarding UPI payments has been revealed. The study identifies age as a significant determinant of perception, with distinct attitudes observed across different age groups. Notably, the data indicates a prevalent habit of dealing in cash among certain age demographics, highlighting entrenched behavioral patterns that may pose challenges to UPI adoption. Conversely, satisfaction levels with UPI payments appear consistent across age groups, suggesting that convenience factors transcend age-related preferences. Moreover, the study finds that gender does not exhibit a substantial influence on either perception or satisfaction levels regarding UPI payments. While the habit of dealing in cash persists among both genders, the data shows no statistically significant link to gender-specific attitudes towards digital transactions. Across all demographics, the data underscores the primary driver of satisfaction as the ability to use UPI payments from anywhere at any time, emphasizing the universal appeal of convenience offered by digital payment solutions. These findings underscore the importance of targeted initiatives to address age-related perceptions and promote cashless transactions, leveraging the universally appealing aspects of UPI to enhance adoption and satisfaction levels across demographic segments in the Surat district.

**RECOMMENDATION**

1. Develop targeted educational initiatives aimed at different age groups to raise awareness about the benefits and security features of UPI payments. Tailoring the messaging to address specific concerns related to different age demographics can help alleviate apprehensions and encourage wider adoption.

2. Continuously improve the user experience of UPI payment platforms to ensure seamless and intuitive navigation, particularly for older age groups who may be less familiar with digital technology. Providing user-friendly interfaces and clear instructions can enhance confidence and satisfaction among users of all ages.
3. Introduce incentives or rewards programs to encourage individuals, especially those accustomed to dealing in cash, to transition towards cashless transactions using UPI. Discounts, cashback offers, or loyalty rewards can incentivize users to embrace digital payments and gradually shift away from cash reliance.
4. Implement comprehensive security awareness programs to educate users about best practices for safeguarding their UPI accounts and personal information. Empowering users with knowledge about fraud prevention measures and security protocols can help build trust and confidence in UPI as a secure payment option.
5. Collaborate with local community organizations, businesses, and government agencies to conduct outreach programs and workshops on the benefits and usage of UPI payments. Leveraging community networks can facilitate the widespread dissemination of information and foster a culture of digital inclusivity within the Surat district.
6. Establish mechanisms for collecting feedback from UPI users in the Surat district to identify areas for improvement and address emerging concerns proactively. Regular surveys, focus group discussions, and customer feedback channels can provide valuable insights for refining UPI services and enhancing customer satisfaction.

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