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## A Study on Customer Preferences towards UPI Payments Over Cash with Special Reference to Chennai City

A.V.Harikrishnan<sup>1</sup>

### Abstract:

*The study aims at finding the preferences of customers on UPI payments over cash. The UPI or Unified Payment Interface is a digital payment system gateway that allows customers to transfer money from one bank account to another using smartphone and internet connectivity. Due to its ease and security features, UPI payments have recently experienced enormous growth in popularity in India. This study tries to comprehend the variables influencing consumer preference for UPI payments over cash and the preference for various UPI service providers available in the market and the factors influencing it. The questionnaire has a Likert five-point scaling to understand the level of difficulties and satisfaction. The results of this study are based on the responses from 150 individuals on an online survey. The technological revolution has seen a massive change in payment systems and has resulted in a plethora of options for making payments whenever needs. The Unified Payments Interface helps faster growth among the smaller and medium enterprises*

### **INTRODUCTION:**

Money is the result of a long process the physical qualities are worthless without the value that people place on it. We exchange products and services for money by using them as a medium of exchange. In the early days, barter systems were used and they evolved into digital currency as well as digital payments. In India, the government started an initiative named “Cashless India” where the Unified payment interface was launched. The UPI is controlled and regulated by the National Payments Corporation of India (NPCI). In this research paper, the choices or preferences of customers on digital payments (UPI) and the factors influencing it. After the covid pandemic, the growth and usage of UPI payments increased drastically. UPI payments bring many benefits to banks, customers, and merchants such as increased efficiency, lower cost, promotes financial Inclusion, and easy access due to a user-friendly interface.

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<sup>1</sup> Final year, Department of Accounting and Finance, Ramakrishna Mission Vivekananda College, Evening College (Autonomous), Mylapore, Chennai – 600004.

### **OBJECTIVES OF THE STUDY:**

- To study the users' predilection on UPI Payments instead of cash
- To find the preferences among the various UPI Payment service providers.
- To find the factors which are influencing UPI Payments systems among the users
- To study the issues faced by the users while using the UPI payments system.

### **NEED OF THE STUDY:**

In the post covid era, the use of digital payments method has increased drastically, UPI payment had become more popular among people since it helps transfer money from one person to another without physical contact. The study basically focuses on finding the factors which affect the UPI payment system and the customer or users' preferences of UPI payment service providers like Gpay, Phonepe, Paytm, etc. In this research paper, study is done to find the factors influencing people to use the UPI payment system as a mode of payment over cash. This study covers all ranges of income, age, and occupation. This study mainly focuses on finding the preference of the most used UPI apps and the factors influencing the selection of a particular UPI payment service, and the issue faced during the usage of UPI.

### **RESEARCH METHODOLOGY:**

**Primary data:** The data was collected by circulating a structured questionnaire using a Likert five-point scale.

**Secondary data:** The data was collected from articles available in google scholar.

**Sample size:** The scans are collected through google Forms and the sample size was limited to 150 respondents.

**Sample Design:** In this study non probability sampling is being used, In that Snowball sampling and convenience sampling are being used for the purpose of the study.

**Statistical tools:** chi-square and correlation are the statistical tools being used for the study.

### **REVIEW OF LITERATURE:**

1. **DINESH M. KOLTE & DR. VEENA R. HUMBE” STUDY OF UPI/BHIM PAYMENT SYSTEM IN INDIA”** India has witnessed a boom in digital payments since the demonetization. The Republic of India's government launched an initiative named Digital India to provide accessible and prompt services to its citizens. Mobile and internet usage have expanded dramatically because of the Digital India project, directly contributing to the expansion of digital payments. Utilizing digital payments offers more transparency in financial transactions and helps India's economy. Significant improvements in digital payments have been made over the past several years thanks to NPCI's UPI and BHIM apps. It is found that there is a slight gender difference in terms of basic knowledge of smartphones and also the students using UPI/BHIM but they are known by third-party Apps with a payment range of Rs.1 to 10000/-.

2. **KAMALASARAVANAN AND KALADEVI AISHWARIYA “A STUDY ON USAGE OF UPI PAYMENTS SERVICES TOWARDS MERCHANTS IN MADURAI”** The UPI Payments services are currently very significant in the marketplace for digital exchanges. The growth and development of the Unified Payments System (UPI) in the retail digital world are the main topics of this research report. payments made over time, the use of UPI in support of merchants, and UPI issues. Internet connectivity can be strengthened by using high-speed networks like 5G networks so that server problems and transaction failures during UPI payments can be avoided. The UPI Payments can be made easily accessible so that even older people and uneducated people can also get benefitted. UPI Payments can be made available in all local languages. There is no cyber threats till date in UPI services in the business world, in the future it may be a concern, so the security system can be improved and strengthened highly by using advanced software to avoid risk in cyber threats. Also Proper books of record on computers can be maintained by merchants rather than entering the transactions in notes. It makes it easier to maintain records. The records will be safe and can be recovered, and reused at the time of emergency.
  
3. **ASWIN SHAJU - “A STUDY ON CUSTOMER INSIGHT TOWARDS UPI, WITH SPECIAL REFERENCE TO THRISSUR DISTRICT”**, Security is the biggest concern among consumers and can be considered as a key factor for the adoption the UPI payments. In India, there is a lack of internet connectivity in rural areas and some parts of urban areas. Government should invest in providing high-speed internet and accessibility at a low cost. If internet connectivity will increase, then online fund transfers will also increase. As trends and consumer preferences are constantly changing, Consumer behavior towards UPI (Unified payments interface) is improving. Based on day-to-day life. The important aspects which affect online payment applications are Non-credit of money and Payment delay due to network issues and some other issues related to bank infrastructure and the Smartphone. Convenience, reliability, and speed are the three main factors in payment processing. India's payment system evolved from bartering to using currency, cards, and ultimately digital payment methods. Consumers' primary issue is security, which may be seen as a crucial factor in the adoption of UPI payments. which is leading to them believing that making payments as a card or cash is much better than using the UPI application.

**DATA ANALYSIS AND INTERPRETATION:**

**FREQUENCY:**

**TABLE 1: AGE**

	<b>FREQUENCY</b>	<b>PERCENT</b>	<b>VALID PERCENT</b>	<b>CUMULATIVE</b>
<b>BELOW 20</b>	<b>51</b>	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>
<b>21 TO 30</b>	<b>55</b>	<b>36.7</b>	<b>36.7</b>	<b>70.7</b>
<b>31 TO 40</b>	<b>9</b>	<b>6</b>	<b>6.0</b>	<b>76.7</b>
<b>41 &amp; ABOVE</b>	<b>35</b>	<b>23.3</b>	<b>23.3</b>	<b>100.0</b>
<b>TOTAL</b>	<b>150</b>	<b>100.0</b>	<b>100.0</b>	

**INTERPRETATION:**

From table 1, we can clearly see that most of the responses are from people aged 21-30 with 36.7% of total responses. People aged below 20 with 34%, people aged 41 & above form 23.3% and people aged 31-40 form 6%

**TABLE 2: GENDER**

	<b>FREQUENCY</b>	<b>PERCENT</b>	<b>VALID PERCENT</b>	<b>CUMULATIVE PERCENT</b>
<b>MALE</b>	<b>120</b>	<b>80.0</b>	<b>80.0</b>	<b>80.0</b>
<b>FEMALE</b>	<b>28</b>	<b>18.7</b>	<b>18.7</b>	<b>98.7</b>
<b>PREFER NOT TO SAY</b>	<b>2</b>	<b>1.3</b>	<b>1.3</b>	<b>100.0</b>
<b>TOTAL</b>	<b>150</b>	<b>100.0</b>	<b>100.0</b>	

**INTERPRETATION:**

From table 2, we can clearly see that almost 120 out of 150 (80%) of the responses are from males whereas 28 out of 150 (18.7%) are from females and 2 out of 150(1.3%) of responses prefer not to say their gender.

**TABLE 3: OCCUPATION**

	<b>FREQUENCY</b>	<b>PERCENT</b>	<b>VALID PERCENT</b>	<b>CUMULATIVE PERCENT</b>
<b>STUDENT</b>	<b>87</b>	<b>58.0</b>	<b>58.0</b>	<b>58.0</b>
<b>PRIVATE EMPLOYEE</b>	<b>27</b>	<b>18.0</b>	<b>18.0</b>	<b>76.0</b>
<b>PUBLIC EMPLOYEE</b>	<b>20</b>	<b>13.3</b>	<b>13.3</b>	<b>89.3</b>
<b>UNEMPLOYED</b>	<b>8</b>	<b>5.3</b>	<b>5.3</b>	<b>94.7</b>
<b>RETIRED</b>	<b>8</b>	<b>5.3</b>	<b>5.3</b>	<b>100</b>
<b>TOTAL</b>	<b>150</b>	<b>100.0</b>	<b>100.0</b>	

**INTERPRETATION:**

From the table 3, we can clearly see that the Out of 150 respondents, 58% of them are students and followed by private employees with 18%, and public employee with 14%.the unemployed and retired have an equal percentage of 5%

**TABLE 4: UPI SERVICE PROVIDER**

UPI SERVICE PROVIDER	SPEED	USER FRIENDLY	SECURE	CASHBACKS & DISCOUNTS	TOTAL
GPAY	45	47	11	6	109
PHONEPE	7	6	6	2	21
PAYTM	5	7	3	0	15
BANK UPI	0	3	2	0	5
<b>TOTAL</b>	<b>57</b>	<b>63</b>	<b>22</b>	<b>8</b>	<b>150</b>

**INTERPRETATION:**

From table 4, we can see that almost 109 out of 150 respondents choose Gpay over other cash, and people prefer Gpay for user-friendly followed by speed. 21 respondents choose phonepe and 15 choose Paytm and 5 choose Bank UPI. The User friendly is the most influencing factor.

**TABLE 5: THERE IS NO SIGNIFICANT DIFFERENCE IN AGE AND UPI PAYMENT**

	UPI	INTERNET BANKING	MICRO ATM	MOBILE BANKING	TOTAL
BELOW20	46	2	1	2	51
21 TO 30	52	1	0	2	55
31 TO 40	8	1	0	0	9
41 AND ABOVE	27	4	1	3	35
<b>TOTAL</b>	<b>133</b>	<b>8</b>	<b>2</b>	<b>7</b>	<b>150</b>

**CHI-SQUARE TEST**

	VALUE	Df	Asymptotic Significance (2-sided)
Pearson chi-square	8.581	9	.477
Likelihood Ratio	9.204	9	.419
Linear by Linear	2.348	1	.125
N of valid cases	150		

a.12cells (75%) have expected count less than 5. The minimum expected count is .12

**INTERPRETATION:**

From table 5, we can see that the significant value is 0.477, which is higher than 0.05, the Null hypothesis is accepted and the alternative hypothesis is rejected, hence It reveals that is no significant difference between age and UPI payment

**TABLE 6: THERE IS NO SIGNIFICANT DIFFERENCE IN UPI PROVIDERS AND DISCOUNTS AND CASHBACK**

**CORRELATION.**

		<b>UPI SERVICE PROVIDER</b>	<b>CASHBACK AND DISCOUNTS</b>
<b>UPI SERVICE PROVIDER</b>	<b>Pearson correlation</b>	<b>1</b>	<b>.186</b>
	<b>Sig. (2 tailed)</b>		<b>0.23</b>
	<b>N</b>	<b>150</b>	<b>150</b>
<b>CASHBACK AND DISCOUNTS</b>	<b>Pearson correlation</b>	<b>.186</b>	<b>1</b>
	<b>Sig. (2 tailed)</b>	<b>0.23</b>	
	<b>N</b>	<b>150</b>	<b>150</b>

**INTERPRETATION:**

From table 6, we can see that the significant value is 0.186, which is higher than 0.05, the Null hypothesis is accepted and the alternative hypothesis is rejected, hence It reveals that is no significant difference between UPI providers and discounts and cashback.

**FINDINGS:**

- We find from the study that the Gpay is the most used UPI service provider among the respondents.
- The UPI is preferred mainly for Speed and user friendly rather than cashbacks and discounts.
- According to a study almost 52.7% prefer Unified Payment Interface for transferring larger amounts.
- The popularity and Usage of the UPI payment made a great progress after the Covid lockdown.
- In the study we found that almost 83.3% of the total population of the study thinks that the speed of the UPI payment is adequate.

**SUGGESTION:**

- The major issue faced by the UPI users is Bank server problems, the Bank needs to improve their Bank servers so the payments will not get intervened.
- The UPI payments system needs an upgrade so that we transfer funds from one person to another overseas.
- The discounts and cashback given by the UPI service providers are not adequate so the UPI providers need to improve the chances of getting the discounts and cashbacks.
- The user interface of the UPI apps needs to be approved so that users who are illiterate can use it easily and frequently.

**CONCLUSION:**

This study shows that UPI usage and preferences have been increasing drastically and customers expect more discounts and cashback while using UPI payment. This study highlights key factors like rapid transaction speed, security, 24/7 availability and cashback offer. UPI payment provide users with the ability to make transaction without the need for cash. The UPI

payments have been used frequently for the transfer of funds from one to another without the use of cash or net banking services especially after the post covid pandemic lockdown, also users find easy for them to use scan and pay option to use the UPI payment system instead of searching for their UPI ids. Overall the UPI have been used frequently and UPI providers keep improving their services for the better user experience.

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