User perception towards UPI payment apps– With reference to Hyderabad

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Abstract
The rapid digital transformation in India has led to a significant increase in the adoption of Unified Payments Interface (UPI) applications, transforming the way individuals conduct financial transactions. This study explores the user perception, usage patterns, and satisfaction levels associated with UPI payment apps among residents of Hyderabad. Through a structured questionnaire distributed among 150 respondents, data was collected and analyzed based on demographic variables such as age, gender, education, and occupation. The findings reveal that the majority of users are young, educated individuals with a high inclination towards platforms like PhonePe and Google Pay, which are preferred for their ease of use and transaction speed. However, areas such as customer support and perceived security remain notable concerns among users. The study also examines the influence of socio-demographic factors on UPI app usage and satisfaction, and identifies key challenges and improvement areas. The research provides practical recommendations for app developers, policymakers, and financial institutions to enhance user experience and promote digital financial inclusion.

Introduction
In recent years, digital payment systems have emerged as a transformative force within global economies, particularly in developing nations like India. As the world moves toward a cashless society, India has witnessed a substantial shift toward digital transactions,s largely driven by the advent of platforms such as Unified Payments Interface (UPI), PhonePe, Google Pay, and Paytm (Reserve Bank of India [RBI], 2023; National Payments Corporation of India [NPCI], 2022). These digital payment solutions have not only simplified financial transactions but have also had a profound impact on consumer behavior, altering traditional spending patterns and contributing to broader economic digitalization (Kumar & Raghavendran, 2021) [6].

This study aims to explore the adoption and usage of digital payment platforms in India, focusing on factors influencing their popularity, the role they play in shaping consumer spending behavior, and the challenges consumers face in their usage. By examining consumer demographics, preferences, and perceptions regarding digital payments, this research seeks to uncover the underlying motivations for digital payment adoption and assess the implications for the future of consumer finance in India. The significance of this research lies in its potential to provide insights into the factors driving digital payment adoption, identify barriers to its growth, and offer recommendations for improving the user experience and accessibility of digital payment platforms. As digital payments continue to gain momentum, understanding their impact on consumer spending behavior is crucial for both policymakers and businesses looking to harness the full potential of this digital revolution (Chakravorti & Chaturvedi, 2020; PwC India, 2022) [1].

Review of Literature
Jain (2023), [4] the adoption of UPI has grown exponentially since its inception, particularly in urban areas. The study highlights that UPI's success is attributed to its interoperability between different banks and platforms, along with its simplicity and ease of use.

Singh *et al*. (2023) [14] explored how UPI's accessibility on smartphones has bridged the gap for people without traditional bank accounts. The study emphasizes the role of UPI in promoting cashless transactions and its potential to provide financial services to a larger population.

Patel (2022) [8] discusses how perceived security risks, including the fear of data breaches and fraud, significantly impact the trust users have in UPI apps. The study suggests that while most apps have implemented two-factor authentication and other security measures, many users are still skeptical about the safety of their financial transactions.

Sharma & Singh (2022) [12] emphasize that user satisfaction with UPI apps is primarily influenced by factors such as transaction speed, ease of navigation, and the availability of security features.

Das & Sharma (2021) [3] argue that enhanced awareness programs on security can improve user confidence and encourage higher adoption rates.

Chawla & Rai (2021) [2] further emphasized that educational background and occupational status also influence UPI adoption, with educated professionals and self-employed individuals showing higher usage rates compared to other groups.

Verma (2021) [15] noted that users of PhonePe and Google Pay report higher satisfaction levels due to faster transaction speeds and better user interfaces compared to other apps like Paytm.

Singh *et al*. (2020) [13] found that while UPI apps are widely accepted for everyday transactions, issues such as transaction failures and delayed transfers still affect user satisfaction.

Kumar & Yadav (2020) [5] found that younger people, particularly those aged 18-30, are more likely to use UPI apps due to their familiarity with technology. In contrast, older users tend to be more cautious, primarily due to concerns over security and complexity.

Research Design
1. Statement of Problem
Despite the widespread adoption of UPI applications in India, user satisfaction remains inconsistent, particularly in

urban areas like Hyderabad. Key issues include concerns about usability, customer support, security, and trust. Additionally, the influence of socio-demographic factors on UPI usage and user perception has not been adequately explored. This study aims to investigate these factors, identify barriers to adoption, and provide insights to enhance user experience and promote digital financial inclusion in Hyderabad.

2. Objectives of the Study
- To analyze the impact of socio-demographic factors on user perception and adoption of UPI apps.
- To assess the usage patterns and preferences of UPI payment applications among residents of Hyderabad.
- To evaluate the level of satisfaction and perception of respondents.

3. Hypotheses of the Study
- H_1: There is a significant relationship between age and the frequency of UPI app usage.
- H_2: There is a significant difference in satisfaction levels among users of different UPI platforms (e.g., Google Pay, PhonePe, Paytm).
- H_3: Education level has a significant impact on the ease of adoption of UPI payment apps.
- H_4: Gender does not significantly affect the choice of UPI payment application.

Research Methodology
1. **Type of Research:** Descriptive research.
2. **Sampling Method:** Convenience sampling method
3. **Sample Size:** 150 respondents
4. **Tool:** Structured Questionnaire
5. **Data Collection:** Google Forms (field survey)
6. **Tools for Analysis:** Excel, SPSS

Data analysis and interpretation

Table 1: Analysis of demographic factors

Age	Respondents	Percentage %
Below 20	80	53.3
21-30	53	35.3
31-40	9	6
41 above	8	5.3
Gender		
Male	74	49.3
Female	76	50.7
Educational Qualification		
SSC	10	6.7
Intermediate	30	20
Degree	78	52
P.G	17	11.3
Others	15	10
Occupation of the Respondents		
Govt.employee	13	8.7
Private employee	26	17.3
Self employee	49	32.7
Others	62	41.3

(Source: Survey field)

The age distribution of the respondents shows that a significant majority, 53.3%, are below 20 years of age. This indicates that the survey largely attracted younger participants, possibly students. The second-largest group, comprising 35.3%, falls within the 21–30 age range, which

typically includes early-career professionals or university students. Only a small portion of respondents, 11.3%, are aged 31 and above, suggesting that older age groups were underrepresented in this study.

In terms of gender, the survey achieved a nearly equal distribution, with female respondents making up 50.7% and male respondents accounting for 49.3%. This balanced gender ratio suggests that the findings of the survey can be considered fairly representative of both male and female perspectives.

Regarding educational qualifications, a majority of the respondents (52%) have attained a degree-level education, indicating a relatively high level of academic achievement among the participants. Additionally, 20% of respondents have completed intermediate education, while 11.3% hold a postgraduate qualification. A smaller percentage, 6.7%, has only completed their SSC, and 10% fall under the category of "others," which could include vocational training or non-traditional education paths.

When examining the occupational background of the respondents, it is evident that a large portion, 41.3%, is categorized under "others," likely referring to students, homemakers, or those in unlisted occupations. Self-employed individuals make up 32.7% of the respondents, reflecting a strong presence of independent or freelance workers. Private employees constitute 17.3%, while only 8.7% are government employees. This distribution highlights a workforce that leans more toward non-traditional or entrepreneurial forms of employment rather than structured government roles.

Table 2: Usage Patterns and Preferences of UPI Payment

Which digital payment platforms do you use most frequently		
	Respondents	**Percentage %**
Gpay	51	34
Phonepe	54	36
Paytm	16	10.7
Others	29	19.3
What is the reason for using UPI Transactions		
Convenience	81	54
Offers and discounts	41	27.3
Trust	28	18.7
How Often Do You Use Digital Banking		
Daily	70	46.7
Weekly	20	13.3
Monthly	11	7.3
Sometimes	49	32.7

(Source: Survey field)

The data shows that PhonePe is the most frequently used digital payment platform, chosen by 36% of the respondents. Google Pay (GPay) is a close second, used by 34% of participants. Together, these two platforms dominate the digital payment landscape, accounting for 70% of the total users. Paytm, once a leading digital wallet, now holds only 10.7% of user preference, indicating a significant drop in regular usage. Meanwhile, 19.3% of respondents use other platforms, which may include Amazon Pay, BHIM, or direct bank UPI apps, suggesting that while majorities prefer popular apps, a notable segment still explores alternatives based on personal or regional preferences.

When it comes to the reasons behind using UPI transactions, the most common factor cited is convenience, with 54% of users highlighting it as their primary motivation. This reflects the growing importance of speed, ease of access, and user-friendly interfaces in digital payments. Offers and

discounts are the next key driver, influencing 27.3% of users—showing that promotional campaigns and cash backs still effectively attract and retain customers. Lastly, trust in the platform accounts for 18.7% of responses, indicating that while not the top factor, security and reliability remain essential for many users when choosing a payment app.

The survey data indicates that a significant portion of respondents, 46.7%, use digital banking on a daily basis, reflecting a strong reliance on digital platforms for routine financial activities. This daily usage suggests that digital banking has become an integral part of the respondents' everyday lives, likely driven by the convenience and accessibility it offers. On a less frequent scale, 13.3% of

users engage with digital banking weekly, while only 7.3% use it monthly, indicating that regular but less frequent users form a small part of the population. Interestingly, 32.7% of respondents reported using digital banking only "sometimes," which may suggest occasional users who still prefer traditional banking methods or use digital services only when necessary. This group represents a key demographic for potential digital adoption, as they are already familiar with the platforms but haven't transitioned to regular usage. Overall, the data shows that while daily usage dominates, there are still a notable percentage of users whose engagement with digital banking is occasional or limited.

Table 3: For High Value Transactions Preferred Mode of Payments

S.no	sFor high value transactions preferred mode of payments	Respondents	Percentage
1	Net banking	46	30.7
2	Credit /debit card	18	12
3	Cash	51	34
4	E wallet/Mobile app	20	13.3
5	Cheque	15	10
	Total	**150**	**100**

(Source: Survey field)

The survey results reveal that cash remains the most preferred mode of payment for high-value transactions, with 34% of respondents choosing it. Despite the digital revolution, this suggests that a significant number of people still trust physical currency when making large payments, possibly due to habit, ease, or lack of trust in digital systems for large sums.Net banking comes second, preferred by 30.7% of the respondents. This indicates growing confidence in online banking platforms, especially for transactions involving higher amounts, likely due to their security features and direct bank-to-bank transfers.

Interestingly, only 12% prefer credit or debit cards, which might be due to transaction limits, processing fees, or perceived risk of fraud. E-wallets and mobile apps account for 13.3%, showing some users are open to newer technologies even for larger payments, though adoption still trails behind traditional digital modes like net banking. Finally, cheques are the least preferred, chosen by just 10%, reflecting a steady decline in their use due to slower processing times and a shift toward instant payment methods.
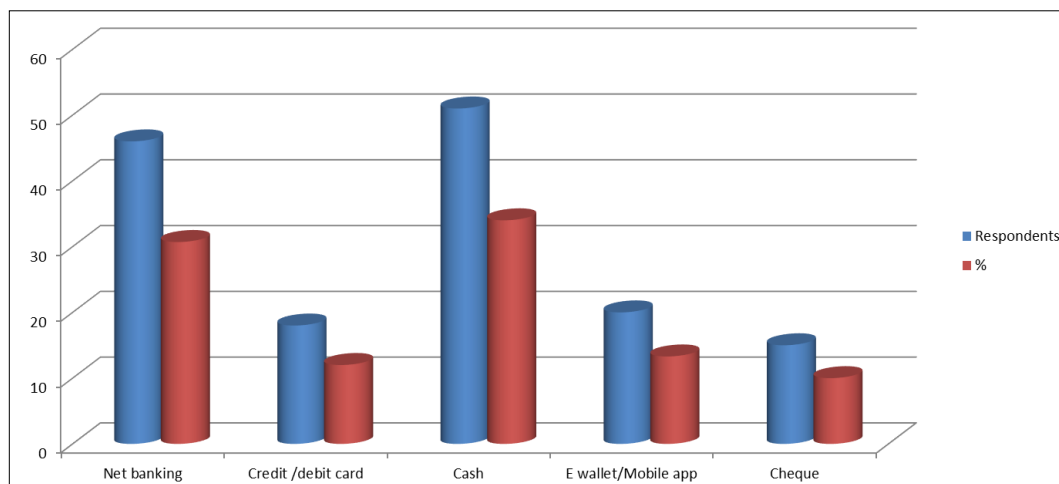

Fig 1

Table 4: Biggest concern around cashless payments

S.No	Biggest concern around cashless payments	Respondents	Percentage
1	Security	92	61.3
2	Merchant acceptance	13	8.7
3	Poor internet connection	29	19.3
4	Costs	5	3.3
5	Lack of technology	11	7.3
	Total	**150**	**100**

(Source: Survey field)

The above table 5.11 represents from the distributions of the respondents based on Biggest concern around cashless payments 61.3 percent respondents represents security.

Similarly 19.3 percent represents poor internet connection. While 7.3 percent lack of technology and 8.7 percent represents merchant Acceptance and 3.3 percent Costs.
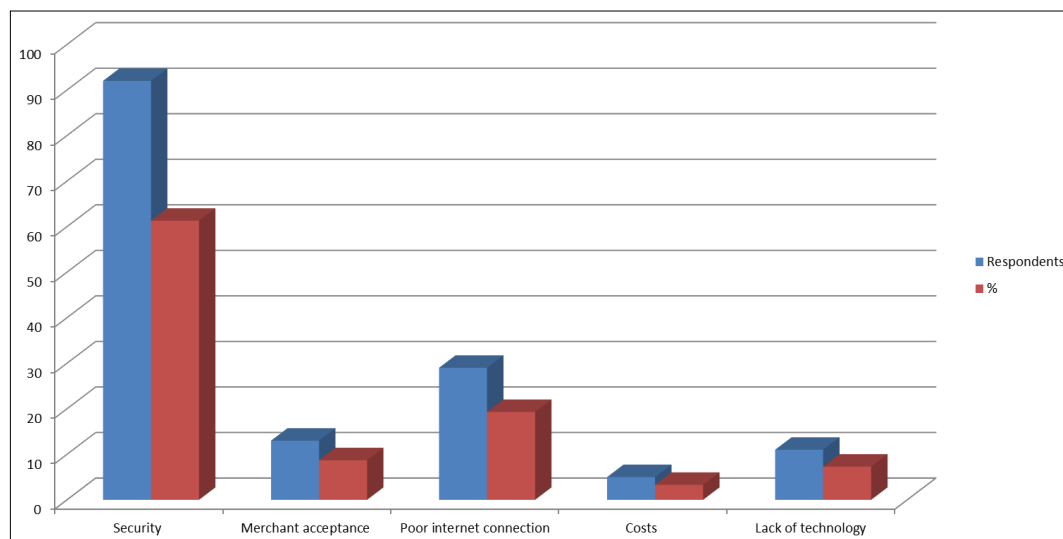

Fig 2

Table 5: Perception of online UPI payments apps and Problems While UPI Transaction

Perception	Respondents	Percentage %
Positive	99	66
Negative	10	6.7
Neutral	41	27.3
Do you face any problem during UPI Transaction		
Yes	38	25.3
No	27	18
Some times	85	56.7

(Source: Survey field)

The data on perception toward UPI transactions shows that the majority of respondents have a positive outlook, with 66% expressing satisfaction and confidence in using UPI services. This suggests a high level of trust and acceptance among users, likely influenced by the ease, speed, and widespread availability of UPI. On the other hand, 6.7% of respondents have a negative perception, which may stem from technical glitches, security concerns, or bad past experiences. Meanwhile, 27.3% of users maintain a neutral stance, possibly indicating that while they use UPI, they neither strongly favor nor oppose it, and their experience has been average.

When asked whether they face any problems during UPI transactions, 56.7% reported experiencing issues sometimes; highlighting that while UPI is generally efficient, occasional problems such as failed transactions, delays, or technical errors are still common. 25.3% of users said they do face problems regularly, suggesting a need for improvement in system reliability and customer support. In contrast, only 18% reported no issues at all, indicating that a fully seamless experience is still not universal. These insights show that while perception is largely positive, there is still room for enhancing the stability and trustworthiness of UPI systems.

Findings
▪ Majority of users are below the age of 30.
▪ PhonePe and Google Pay are most popular.

▪ Female and male usage rates are nearly equal.
▪ Degree holders and students make up the largest group of users.
▪ Security and support are still major concerns.

Hypothesis Testing
▪ H_1: Accepted – Younger users (below 30) use UPI apps more frequently.
▪ H_2: Accepted – Google Pay and PhonePe users reported higher satisfaction than Paytm.
▪ H_3: Accepted – Degree holders showed faster adoption rates.
▪ H_4: Not rejected – Gender had no statistically significant impact on app choice.

Recommendations
▪ Improve app security awareness among users
▪ Introduce UPI in more regional languages
▪ Enhance customer support response times
▪ Offer better rewards to improve app loyalty
▪ Run digital literacy campaigns for older users

Conclusion
This study shows that UPI apps have seen wide adoption in Hyderabad, especially among the youth. While PhonePe and Google Pay dominate due to ease of use and user interface, challenges like support and security must be addressed to enhance satisfaction and broader adoption.

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