International Journal of Engineering Technology and Applied Science

(ISSN: 2395 3853), Vol. 10 Issue 12 December 2024

Customer Perception towards UPI and Mobile Banking Apps in India

Dr. Ranjana Shrivastava
TGT,
Maharshi Centre for Educational Excellence

Abstract

The rapid growth of digital financial technology has revolutionized the Indian banking system, especially through the introduction of Unified Payments Interface (UPI) and mobile banking applications. This study aims to assess customer perception towards UPI and mobile banking apps in India, focusing on factors such as convenience, security, reliability, and trust. Primary data were collected through a structured questionnaire from 100 respondents, including students, working professionals, and small business owners. The findings indicate that customers perceive UPI and mobile banking as convenient, time-saving, and user-friendly, although security and data privacy remain major concerns for some users. The study concludes that while digital payment adoption continues to rise, there is a need for enhanced awareness, improved security features, and consistent customer support to strengthen trust and increase long-term usage.

Keywords: UPI, Mobile Banking, Digital Payments, Customer Perception, Financial Technology, India

Introduction

The financial landscape in India has undergone a remarkable transformation over the past decade, driven primarily by advancements in technology and government-led initiatives aimed at promoting a digital economy. The introduction of the Unified Payments Interface (UPI) in 2016 by the National Payments Corporation of India (NPCI) marked a significant milestone in the country's journey toward digitalization of financial transactions. UPI allows users to transfer funds instantly between bank accounts using smartphones, without the need for traditional payment instruments such as cash or cheques. Alongside UPI, mobile banking applications developed by banks and fintech companies have further revolutionized the way individuals manage their finances, offering services such as fund transfers, bill payments, balance inquiries, and investment options, all accessible from the convenience of a mobile device.

The growing popularity of these digital payment platforms is closely tied to several factors. First, they provide **ease of use and convenience**, eliminating the need for physical visits to bank branches or ATMs. Second, they facilitate **faster and more efficient transactions**, which is particularly important in urban settings where time constraints are significant. Third, the adoption of UPI and mobile banking apps aligns with broader government initiatives such as the Digital India program, which seeks to increase financial inclusion and reduce the reliance on cash in the economy. As a result, millions of users across India, from young students to working professionals and small business owners, have started integrating digital payment solutions into their daily lives.

Despite their advantages, these platforms also face challenges that influence customer perception. Security and privacy concerns remain major issues, as users worry about potential fraud, phishing attacks, and misuse of personal data. Technical glitches, transaction failures, and lack of awareness about app functionalities can also negatively impact the user experience. Additionally, perceptions may vary between urban and rural users due to differences in digital literacy, smartphone penetration, and internet accessibility. Understanding these perceptions is crucial not only for financial institutions and fintech companies but also for policymakers who aim to foster a secure and inclusive digital payment ecosystem.

India is witnessing a digital revolution in the financial sector, driven by innovations such as the Unified Payments Interface (UPI) and mobile banking applications. These tools have transformed traditional banking by offering customers instant, cashless, and seamless payment options. The Digital India initiative and the demonetization policy of 2016 significantly boosted the use of digital payments. Today, apps such as Google Pay, PhonePe, Paytm, and BHIM have become household names.

The convenience, speed, and accessibility of UPI have made it a preferred mode of payment for millions of Indians. However, customer perception towards these platforms depends on various factors, including ease of use, security, service quality, and trust. Understanding these perceptions is vital for banks, policymakers, and fintech companies to improve services and ensure digital inclusion.

Review of Literature

Singh and Gupta (2020) studied the role of digital payment systems in India and found that UPI transactions have increased customer convenience and reduced dependency on cash.

Rao and Sharma (2021) explored customer satisfaction towards mobile banking and concluded that factors such as reliability and security play a crucial role in shaping customer trust.

Kumar (2022) analyzed the awareness of UPI among rural and urban consumers and observed that younger users are more inclined towards using mobile banking apps due to their familiarity with smartphones.

Patel and Verma (2023) examined the challenges in UPI transactions and identified technical glitches, lack of awareness, and security concerns as major issues affecting user experience.

Mehta (2024) emphasized that despite minor challenges, digital payment systems in India have significantly enhanced transparency, efficiency, and financial inclusion.

Research Methodology

Research Design: Descriptive research design was adopted for the study.

Objectives:

1. To analyze customer perception towards UPI and mobile banking apps in India.
2. To identify factors influencing customer satisfaction and trust.

3. To understand major challenges faced by users in digital transactions.

Data Collection:

Primary data were collected from 100 respondents through a structured questionnaire. The respondents included students, professionals, and small business owners from both urban and semi-urban areas.

Sampling Method: Convenience sampling method was used.

Tools for Analysis: Data were analyzed using percentage analysis and interpretation.

Variables Studied:

- Ease of use
- Security and privacy
- Reliability
- Transaction speed
- Customer satisfaction

Data Analysis and Interpretation

Customer Opinion Parameter	Agree (%)	Neutral (%)	Disagree (%)
UPI and mobile apps are easy to use	82	10	8
Transactions are fast and convenient	86	8	6
I feel my data and money are secure	65	20	15
I face technical issues during transactions	40	30	30
I prefer UPI over cash payments	78	12	10

Interpretation:
The data show that a large majority of respondents find UPI and mobile banking applications easy to use and highly convenient. However, nearly one-third of users still face technical or security-related challenges. The preference for UPI over cash indicates growing trust and acceptance of digital payments, especially among younger demographics.

Conclusion

The study reveals that customers in India perceive UPI and mobile banking apps positively due to their ease of use, accessibility, and time efficiency. Most users consider digital transactions a secure and modern method of payment, though some concerns regarding data safety and transaction errors persist. The increasing adoption rate highlights a strong trend towards digitalization in the Indian banking system. To sustain this growth, financial institutions and app developers must focus on strengthening cybersecurity, user education, and improving service reliability. Digital payment systems are poised to play a pivotal role in shaping India's cashless economy in the years ahead.

References

- Kumar, R. (2022). *Awareness and Usage of UPI among Urban and Rural Consumers in India*. Journal of Business and Management Research, 18(2), 45–53.
- Mehta, P. (2024). *Digital Payment Systems and Financial Inclusion in India*. International Journal of Commerce and Economics, 12(1), 22–30.
- Patel, S., & Verma, A. (2023). *Challenges in UPI Transactions: An Analytical Study*. Indian Journal of Finance and Banking, 9(3), 66–74.
- Rao, V., & Sharma, D. (2021). *Customer Satisfaction towards Mobile Banking Services in India*. Global Review of Accounting and Finance, 11(4), 15–25.
- Singh, A., & Gupta, R. (2020). *Adoption of Digital Payment Systems in India: An Empirical Analysis*. International Journal of Business Studies, 14(3), 55–62.