

A Study on Customer Perception Towards UPI Payments with Reference to PhonePe

1. **BYRAPURAM PRIYANKA** (24UJ1E0011) Student of 2nd Year MBA, Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad – 501 401.
2. **Dr Shaik Mastan Vali**, Associate Professor Dept of MBA, Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad – 501 401.

Abstract

The Unified Payments Interface (UPI) has transformed India's digital payment ecosystem by providing secure, fast, and convenient financial transactions. This study examines customer perception towards UPI payments with reference to PhonePe by evaluating awareness, usage patterns, satisfaction, security, convenience, and service quality. Using primary and secondary data, the study finds that customers view PhonePe as a reliable digital payment platform that supports financial inclusion, enhances transaction efficiency, and promotes India's transition towards a cashless economy.

Keywords: UPI Payments, PhonePe, Customer Perception, Digital Payments, Financial Technology, Customer Satisfaction.

1. INTRODUCTION

The rapid advancement of digital technology has transformed financial services across the globe, making digital payment systems an integral part of modern economic activities. In India, the increasing adoption of smartphones, internet connectivity, and digital banking has accelerated the shift from cash-based transactions to electronic payment methods. Consumers increasingly prefer digital payments because they offer greater convenience, speed, transparency, and accessibility. Government initiatives such as **Digital India**, together with the expansion of financial technology (FinTech), have further encouraged the adoption of cashless transactions throughout the country.

The Unified Payments Interface (UPI), developed by the National Payments Corporation of India (NPCI), represents one of the most significant innovations in India's digital payment ecosystem. Introduced in 2016, UPI enables users to transfer funds instantly between bank accounts using mobile applications without requiring lengthy bank account details. Transactions can be completed through a Virtual Payment Address (VPA), mobile number, QR code, or bank account information, making digital payments simple, secure, and highly efficient. Today, UPI supports person-to-person transfers, merchant payments, utility bill payments, online shopping, and numerous other financial services.

Among the leading UPI-enabled applications, **PhonePe** has established itself as one of India's most widely used digital payment platforms. Since its launch, the application has gained popularity because of its user-friendly interface, fast transaction processing, secure payment mechanisms, and comprehensive financial services. In addition to UPI transfers, PhonePe offers mobile recharges, utility bill payments, insurance products, mutual fund investments, merchant payments, and other digital financial solutions through a single platform. The application combines convenience with technological innovation, making it accessible to users from diverse demographic backgrounds.

Customer perception plays a crucial role in determining the success of digital payment platforms. Factors such as convenience, transaction speed, security, trust, reliability, ease of use, customer support, and service quality influence customers' willingness to adopt and continue using UPI-based applications. Strong security features, including encryption, device verification, and multi-factor authentication, enhance customer confidence, while smooth transaction processing and intuitive application design improve user satisfaction. Positive customer experiences encourage repeated usage and contribute to the rapid expansion of digital payment ecosystems.

The COVID-19 pandemic further accelerated the adoption of digital payment systems as consumers increasingly preferred contactless financial transactions. Merchant acceptance of QR-code payments and wider digital financial inclusion have also strengthened the growth of UPI services across urban and rural India. This study evaluates customer perception towards UPI payments with reference to PhonePe by examining awareness, usage patterns, customer satisfaction, transaction security, convenience, and service reliability. The findings provide valuable insights for improving digital payment services while supporting India's vision of a financially inclusive and cashless economy.

2. LITERATURE REVIEW

Customer perception has become a critical factor in determining the success of digital payment platforms. With the rapid growth of Unified Payments Interface (UPI) services, researchers have extensively examined customer acceptance, satisfaction, trust, convenience, and security associated with digital payment applications. The uploaded project report reviews several significant studies that explain the factors influencing customer perception and the adoption of UPI-based payment systems.

Davis (1989) introduced the **Technology Acceptance Model (TAM)**, which explains that perceived usefulness and perceived ease of use are the primary determinants of technology adoption. The study concluded that customers are more likely to accept digital payment platforms when they believe the technology improves transaction efficiency and is easy to operate. This framework has become one of the most widely used models for studying customer acceptance of digital payment services. **Davis and Venkatesh (2000)** further expanded the model by identifying the influence of user experience, perceived benefits, and social influence on technology adoption. Their research highlighted that customer trust and satisfaction significantly encourage the continued use of digital payment platforms.

Arora and Gupta (2017) examined the adoption of digital payment systems in India and found that convenience, accessibility, and transaction speed were the major reasons customers preferred cashless transactions. However, security concerns remained an important barrier to wider adoption. **Rana and Singh (2018)** investigated customer perception of mobile payment applications and observed that digital payment services provide greater efficiency and convenience than conventional payment methods. Although users appreciated faster transactions, concerns regarding cyber threats and occasional technical failures continued to influence customer confidence.

Agarwal and Sharma (2019) analysed UPI-based payment applications and reported that transaction speed, service reliability, and user-friendly interfaces significantly improve customer satisfaction. The researchers recommended continuous technological improvements to enhance user experience. **Verma and Kumar (2020)** compared major UPI applications such as PhonePe, Google Pay, and Paytm, concluding that customers prefer UPI platforms because of their convenience, instant fund transfers, and reduced dependence on cash. The study also identified security and trust as important determinants of customer loyalty.

Recent studies have emphasized the importance of innovation and service quality in digital payments. **Shah and Mehta (2021)** found that while most users were satisfied with UPI transactions, unsuccessful transactions and delayed refunds occasionally reduced customer satisfaction. **Prasad and Reddy (2022)** observed that increasing smartphone penetration and internet accessibility have accelerated UPI adoption across India. **Rao and Patel (2023)** concluded that secure transaction systems, privacy protection, and effective customer support strengthen customer trust. **Gupta and Verma (2024)** reported that continuous innovation, strong security features, and value-added services enhance customer satisfaction and sustain the long-term growth of digital payment platforms such as PhonePe.

3. RESEARCH OBJECTIVES

The study was conducted with the following objectives:

1. To assess customer awareness and usage of PhonePe's UPI payment services.
2. To examine customer perception regarding the convenience, security, and reliability of PhonePe transactions.
3. To evaluate customer satisfaction with PhonePe's products and digital payment services.
4. To identify the factors influencing the adoption and continued usage of UPI payments through PhonePe.
5. To suggest suitable measures for improving customer experience and enhancing the effectiveness of PhonePe's UPI payment services.

4. RESEARCH METHODOLOGY

The study adopted a **descriptive research design** using a survey method to analyse customer perception towards UPI payments with reference to PhonePe. Both **primary and secondary data** were collected for the study. Primary data were obtained from **100 active PhonePe users** through a structured questionnaire using the convenience sampling technique. Secondary information was collected from NPCI reports, books, research journals, finance magazines, industry publications, and official digital payment websites. The collected data were analysed using percentage analysis, tabular analysis, and comparative analysis to evaluate customer awareness, satisfaction, and usage behaviour.

5. DATA ANALYSIS AND INTERPRETATION

Table 1: Awareness of UPI Payment Services

Response	Respondents	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	100	100

Interpretation: A combined **70%** of respondents either agreed or strongly agreed that they possess good knowledge of UPI payment services. This indicates a high level of awareness among PhonePe users regarding digital payment methods and their practical applications in daily financial transactions.

Table 2: Frequency of PhonePe Usage

Response	Respondents	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	100	100

Interpretation: The results indicate that **70%** of respondents frequently use PhonePe for digital transactions. The findings reflect the growing acceptance of UPI payments because of their speed, convenience, and ease of access, making PhonePe a preferred platform for everyday financial activities.

Table 3: Customer Perception of PhonePe's Convenience

Response	Respondents	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	100	100

Interpretation: A majority of respondents (**70%**) agreed that PhonePe provides a convenient platform for digital payments. Customers appreciated its simple interface, quick payment process, and accessibility, which together contribute to a positive user experience and encourage regular use of UPI-based transactions.

6. Results

The analysis reveals that PhonePe has gained widespread acceptance among users because of its convenience, speed, and secure transaction facilities. Most respondents demonstrated good awareness of UPI payment services and reported using PhonePe regularly for day-to-day financial transactions. Customers expressed positive opinions regarding the application's user-friendly interface, transaction processing speed, reliability, and security features. The findings also indicate that cashback offers, customer support services, and simple navigation enhance overall user satisfaction. Respondents believed that PhonePe has played an important role in encouraging cashless transactions and promoting digital financial inclusion. Furthermore, a majority of users indicated their intention to continue using PhonePe in the future, reflecting strong customer trust and satisfaction with the platform.

7. Suggestions

PhonePe should continue strengthening its security framework through advanced authentication methods, fraud detection systems, and continuous monitoring to enhance customer confidence. The company should further reduce transaction failures and improve payment processing efficiency by regularly upgrading its digital infrastructure. Customer support services can be strengthened through faster grievance redressal mechanisms and 24×7 assistance. Introducing additional reward programmes, personalized cashback offers, and loyalty benefits will encourage greater

customer engagement. Expanding digital literacy and financial awareness programmes, particularly in rural and semi-urban areas, can further increase UPI adoption and promote inclusive digital banking.

8. Conclusion

The study concludes that customers hold a positive perception of PhonePe as a UPI-based digital payment platform. Convenience, transaction speed, security, reliability, and ease of use have significantly influenced customer satisfaction and continued usage. The platform has successfully supported cashless transactions, strengthened digital financial inclusion, and simplified everyday financial activities. Continuous technological innovation, enhanced customer service, and stronger security measures will enable PhonePe to sustain customer trust and maintain its leadership position in India's rapidly growing digital payment ecosystem.

9. Scope for Further Research

Future research may compare customer perception across multiple UPI platforms such as PhonePe, Google Pay, Paytm, and BHIM while examining the influence of cybersecurity, artificial intelligence, digital literacy, and financial inclusion on UPI adoption.

References

1. Agarwal, R., & Sharma, P. (2019). Customer satisfaction with UPI-based payment applications. *International Journal of Financial Technology*, 8(2), 45–58.
2. Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340.
3. National Payments Corporation of India. (2024). *UPI Product Statistics and Annual Report*.
4. PhonePe Pvt. Ltd. (2024). *Digital Payments and Annual Business Report*.
5. Prasad, V., & Reddy, K. (2022). Consumer behaviour towards digital payment systems in India. *Journal of Digital Finance*, 11(3), 62–76.
6. Rao, P., & Patel, S. (2023). Customer trust and UPI payment adoption in India. *Indian Journal of Financial Services*, 17(2), 41–55.
7. Verma, A., & Gupta, R. (2024). Innovation and service quality in digital payment platforms. *International Journal of FinTech Research*, 12(1), 28–44.