

Adoption of UPI and Mobile Wallets: A Study on Changing Payment Behaviour Among Millennials

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Abstract

India's payment ecosystem has changed as a result of the quick digitization of financial transactions. Mobile wallets like Google Pay, PhonePe, and Paytm, as well as the Unified Payments Interface (UPI), have been increasingly popular, especially among millennials. With an emphasis on adoption-influencing elements including convenience, security, and perceived utility, this study attempts to examine the behavioral change from cash-based to digital payments. To collect primary data on usage frequency, preferred platforms, and trust levels, a structured questionnaire was distributed to 100 urban millennial respondents.

To interpret trends, the study uses Excel for descriptive and correlation analysis. The results show that while security concerns continue to be a considerable barrier, convenience and cashback rewards greatly boost adoption. According to the study's findings, millennials' strong adoption of UPI and wallets is a result of their digital awareness and lifestyle alignment. In order to improve customer retention and trust in digital payment platforms, the paper offers management insights for banks and fintech companies.

Introduction & Background

Over the past ten years, the Indian payment ecosystem has experienced significant change, particularly in the wake of the government's "Digital India" project and the demonetization effort in 2016. Millions of people may now make real-time payments thanks to the National Payments Corporation of India's (NPCI) Unified Payments Interface (UPI), which streamlined peer-to-peer and commercial transactions. Millennials (those between the ages of 23 and 40) who favor quick, safe, and incentive-driven digital payment systems have made mobile wallets like Google Pay, PhonePe, and Paytm popular tools. UPI has emerged as a crucial facilitator of a cashless economy due to rising smartphone adoption and internet access. This study looks at how millennials have embraced various digital channels, what drives them, and what obstacles still exist.

Problem Statement & Research Objectives

Problem Statement: Although UPI and mobile wallets are widely used, millennials' consistent use of digital payments is influenced by a variety of factors, including platform preferences, security concerns, and differing levels of trust.

Research Goals:

1. To investigate millennials' use of mobile wallets and UPI.
2. To determine the main elements impacting wallet-based and UPI transactions.

3. To examine the connection between the frequency of digital payment use, perceived convenience, and trust.
4. To offer suggestions for improving adoption and loyalty for fintech companies.

Research Methodology

The study used a descriptive design to examine the payment habits of millennials. One hundred respondents, mostly young professionals and students, were chosen from metropolitan locations using convenience sampling. Data was gathered via a Google Forms-based online survey. Convenience, trust, security, cashback influence, and frequency of UPI usage were all evaluated using five-point Likert scale questions. Additionally, secondary data from NPCI and RBI reports were examined. Descriptive statistics including mean, median, standard deviation, and correlation were calculated using Excel. Visual charts and pivot tables made it easier to see trends in user behavior.

Data Collection & Analysis

Primary data were collected from 100 respondents aged 23–35. 85% of participants reported using UPI as their primary mode of payment, with Google Pay (45%) and PhonePe (35%) being the most preferred apps. Most users cited convenience and cashback as motivating factors. The mean convenience score was 4.6, and trust scored 4.1 on a 5-point scale. Standard deviation analysis showed consistent satisfaction levels across respondents. A positive correlation ($r = 0.64$) was found between trust and transaction frequency, indicating that as confidence in digital payments grows, usage frequency increases. Visualizations such as bar charts and pivot tables highlighted demographic differences in usage.

Findings and Interpretation

The analysis reveals that millennials have deeply integrated UPI and mobile wallets into their daily lives. Ease of use, speed, and cashback incentives are primary drivers of adoption. However, a small portion of respondents expressed moderate security concerns. Trust and convenience were found to have the highest influence on payment frequency. The study's results indicate a clear behavioural shift from cash to digital modes, supported by growing fintech reliability and government promotion of digital payments.

Managerial Implications:

- Fintech companies should emphasize cybersecurity communication to boost trust.
- Continuous cashback and rewards can sustain engagement.
- Simplified interfaces and faster app performance will enhance adoption.

Conclusion & Recommendations

The study concludes that millennials have become the primary drivers of digital payment adoption in India. Their preference for UPI and mobile wallets reflects a larger cultural shift towards cashless convenience. While security concerns remain, they do not significantly hinder adoption. Fintech companies should focus on maintaining trust through transparency and continued technological innovation.

1. Strengthen cybersecurity awareness campaigns.
2. Develop loyalty programs and gamified rewards.
3. Integrate cross-platform payment solutions between banks and fintech apps.

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Annexure

- Sample Survey Questionnaire
- Raw Data Excel File
- Pivot Table Screenshots
- Graphs and Correlation Outputs