International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 06 Issue: 06 | June - 2022 Impact Factor: 7.185 ISSN: 2582-3930

Impact of UPI Payment on Plastic Money

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INTRODUCTION

Plastic money can be said as using of plastic cards such as debit/credit cards in the area of electronic payments, with the goal of removing about the need for customers to carry actual paper money when completing process and activities. Debit cards, credit cards, Money access cards, client cards, key cards, and Cash cards are all examples of plastic money. The sole goal about having these cards is to make it easier for clients to make huge payments and to ensure their personal safety.

Barclays in London would be the one to introduce the plastic card in 1967, subjected to Chemical Banks in New York in 1969. The establishment of a bar code together with unique identifying numbers was a watershed moment. In 1973, a dedicated hardware component was introduced in addition to making secure transactions utilising microchip technology, which was an important moment in the history of plastic money. Payment systems were then developed in the late 1970s and became popular in the mid-1980s.

The Unified Payments Interface (UPI) is a system that combines many banking services, smooth fund routing, and merchant payments into a single mobile application (of any participating bank). It also handles "Peer to Peer" collection requests, which can be scheduled and paid according to need and convenience.

In light of the foregoing, the National Payments Corporation of India (NPCI) undertook a test launch with 21 member banks. Dr. Raghuram G Rajan, Governor of the Reserve Bank of India, launched the pilot on April 11, 2016 in Mumbai. Since August 25, 2016, banks have been uploading their UPI-enabled apps to the Google Play store.

REVIEW OF LITERATURE

Dennehy and Sammon (2015) looked at how online transaction usage has risen over time in the twenty-first century. The primary goal of this study was to determine where the electronic transaction network will position in the future. Many publications have been reviewed in order to determine what people think about the online payment system. As advanced at a breakneck pace, the goal of technological advancement has been to familiarise individuals with cashless banking. Merchants have also been given a new framework on which to invest in order to meet the needs of their consumers. Data was gathered using surveys, interviews, and other empirical methods. Finally, the research was limited to the Internet data base, which posed a challenge.

Sanaz Zarrin Kafsh (2015) conducted research on "Creating Customer Adoption Models on Mobile Wallets during Canada," in which she utilised sampling technique to pick 530 participants and then tested the data using the ordinary least model. According to the findings, considered usage, relative advantage of using it, and facilitating conditions are all related to anticipating online payment acceptance.

Bezhovski (2016) looked at how the world wide web and e-commerce have opened the door for digital currencies, and how individuals are implementing the new payment systems, how they will gain from them, and if there are any drawbacks to utilising them. When e-commerce was first introduced, it was a novel method of doing business; similarly, payment system is a novel way of doing business that will develop as e-commerce and, in the not-too-distant future, would become the foundation of e-commerce. Because consumers are highly concerned about security, the existence of all these mobile currencies will be determined by the confidentiality and protection given by the companies. Any advantages and disadvantages will decide the direction of mobile currencies. It's not merely limited.

Ravi (2017) found that rural regions account for two-thirds of India's population, so therefore play a vital part in the nation's growth. With the rise of IT and communication, it is expected that rural areas will account for half of India's Internet users by 2020. Digital currencies should be employed in rural areas so that people understand the importance of using them and the benefits they will receive. The Indian government also took the entrepreneurial spirit to educate rural population about computerisation. In comparison to other nations, India has always been slow to adopt technologies, but in the context of virtual wallets, our country is catching up to the rest of the world in becoming a paperless society.

In their study, Singh (2017) demonstrated how currency devaluation boosted the popularity of digital payments and wallets in India. People found it handy to use as a cash substitute because internet usage had increased dramatically and the number of smart phone users had increased as well. He also mentioned in this report how numerous mobile wallet businesses were competing to penetrate and enhance the Indian market because it was the best potential for them to do so. It was also anticipated that India would become a major economic power in the coming, with people adopting the digital means of transactions as a result of digitalization. This study uses ANOVA to demonstrate that there is still a relationship between the variables.

In his study, Baghla. A (2018) highlighted the trends for implementing the online transaction mechanism in India. The report also discusses how, following currency devaluation, people began to use online platforms for interactions. The government's ambition to render our economy paperless is examined further, as well as how consumers will adapt such a system. A structured questionnaire was utilised to gather data and determine the future of Today's online transaction mechanism.

In one study, Pandey and Rathore (2018) looked at the influence of mobile money services. It was critical for individuals to adopt current payment methods as a result of industrialization and urbanization. The study made use of secondary data, as well as research from previous works and official data. All of the information gathered has been evaluated and used to analyse the effect and implementation of electronic transactions among the general public.

Pushpa S. Abbigeri and Rajeshwari M. Shettar (2018) discussed how well the " Make in india " flagship initiative encouraged a great amount of people to begin using mobile wallet, which they began to use because of the numerous money back special discounts available. Following the launch of the digital India flagship initiative, a slew of mobile wallet businesses flooded the market, as did other payment mechanisms like UPI and NEFT. Individuals were accepting of the government's and RBI's endeavour because they were employing similar approaches.

In their study mostly on acceptance of mobile money services in the period of currency devaluation, Shivathanu B. (2019) focused about how individuals used or embraced digital banking systems during cashless economy. It was considered as an early structure with a sample size of 766 participants. According to the findings, behavioural goals and aversion to development had an effect on actual consumption

SCOPE OF STUDY

After demonetization and the digital India efforts, the Indian banking sector has been working hard to popularise digital payments. "National Payment Corporation of India (NPCI)" developed the "Unified Payment Interface (UPI)" to support online currencies, which is an astonishing, updated, and expense innovation for exchanging of information payment processing for everyone. The rise of smartphones, technical advances, and efficient internet connections have resulted with the use of mobile banking services by smartphone users, financial institutions, and especially banks. Unified Payment Interface (UPI) is a possibly innovative technique of sending monies using a digital payment location designed by the National Financial Corporation of India to promote a paperless and cashless society (NPCI). As a result, it must be evaluated for its opportunity to impact to the attainment of the goals.

India's banking system is currently undergoing considerable structural changes, as well as increased use of information and communication technology (ICT). It has largely revolutionised the financial sector from a paper-based to a virtual-based structure, allowing for quick and secure fund transfers between bank accounts. Furthermore, ICT enabled a range of electronic payment techniques, generally referred to as mobile payment services, of which UPI (Unified Payments Interface) has become widespread. It is an electronic payment tool that lets users to conduct a wide range of financial transactions using their smartphone. You can accept payments on the UPI network without providing your bank account information by using a digital payment addresses (VPA). Customers must, nevertheless, have a checking account and be enrolled on the UPI platform in order to complete UPI money transfers. Based on the customers' preference for payment cards over other means, UPI has seen significant development in recent years. As per the research, the utilization of new payments has accelerated, particularly in the retail transaction sector mostly on UPI technology.

This study looks at UPI's place in the online payment environment, with a focus on addressing UPI's core areas of strength and growth prospects, as well as areas for future research into India's entire e-payment ecosphere.

OBJECTIVE OF STUDY

For both rural and urban India, research and development (R&D) has resulted in a major growth in technical usage. This article aims to critically assess the elements that influence customers' decision to switch platforms. The goal of the research is to learn more about customer behaviour and demographics in order to update on the electronic payment option. The following are the study's goals:

Primary objectives: To research the financial system's progress and developments in building India a paperless economy, as well as future internet financial allocation. The report also takes into account the government's different efforts to promote technical advancements in order to improve the economies. The article examines the current state of cashless payment knowledge, as well as its range, accessibility, and distribution.

Secondary objectives : A few of the subgoals include interpreting the variables that motivate citizens to move toward a digital payment in a shorter time span, with a focus on the political and social impact of contactless transactions and digital ways of paying on society. Second, to examine the Indian government's readiness to develop a financial inclusion following the implementation of GST and demonetization, as well as how to settlement across the nation.

The major goal of a unified system is to get an infrastructure and a series of related APIs to enable upcoming digital instant payments by utilising trends like mobile banking. Number of mobile devices is expanding, and Indian language displays are becoming more popular and unlimited World wide web and access controls.

Many of the most important features of the immediate payment system are listed below.

* The direct payment system is intended to make it simple to make cashless transaction via mobile, internet, as well as also other apps.

*. For both payer as well as the payee can begin transactions. Services are carried away in a safe, practical, and coordinated manner fashion.

* This architecture creates a scalable ecology a collection of APIs that take maximum advantage of the architecture. Smartphones are becoming increasingly popular.

* Digital payment identities, one-click two-factor authentication, Aadhaar connection, and secure password capture using the payer's smartphone are among the possibilities.

RESEARCH METHODOLOGY

Data Collection- Primary data is gathered via structured questionnaires. Secondary data were collected through official reports, websites, and other sources.

Analysis Scale and Tools

The study employed the Nominal Scale to input the responses into SPSS 20. Cronbach's Alpha has used to determine determine the data's trustworthiness As a result, the information is correct. For the purpose of evaluating the hypothesis, it was discovered to be dependable. T-test on its own & Frequency distribution was discovered to become the best suitable. A descriptive statistic is used to figure out the solution to a research question.

A hypothesis had been used to frame this following study hypothesis.

Theory

H1: There is a huge disparity in UPI use.

Consumers, both masculine and female, use the same system.

H2: The use of the UPI technology differs significantly amongst clients in the integrated service sectors.

H3: There is indeed a huge disparity in UPI acceptance. Network for new consumers, mature customers, and elderly customers individuals.

Analysis and conclusion

Assessment of UPI system responsiveness

Table 1 illustrates the results of the study on responder understanding. A collection of different digital transaction mechanisms.

Table 1 shows the various online payment mechanisms available.

Electronic payment system	percantage	No. of respondent
E banking	22	23
UPI	36	35
Mobile banking	18	21
Debit/credit card	24	24
Total	100	103

According to the graph above, 35 from out 104 participants are knowledgeable of UPI forms of payment, implying that 35 percent of the population is familiar of UPI transaction systems.

Assessment of UPI Adoption And implementation

The assessment that follows depicts the capability of participants are more likely to use UPI offerings.

SNo.	Parameter	Stongly agree	Agree	percent	Total
Q.1	UPI is a straightforward method of settlement	32	47	77	103
Q.2	UPI allows you to send and receive money from anywhere in the world.	32	51	81	103
Q.3	Additional discount coupons back benefits are available with contactless transaction alternatives.	36	50	83	103
Q.4	Allows for expenditure freedom and convenient monitoring.	16	66	80	103
Q.5	Currencies valuation and UPI advertisement encourage you to use this method.	35	49	82	103

LIMITATION

The NPCI has imposed a limit on UPI transactions. The daily UPI transaction limit is currently Rs 1 lakh. In addition, the highest amount of Digital payments per day would be twenty. The maximum bound differs from one bank to the next. As a consequence, the highest limit might be in the tens of thousands of dollars to one million dollars. It's vital to keep in mind that the restriction may alter over time.

"The money transfer limit for transactions using Unified Payments Interface (UPI) at establishments managed by'verified merchants' would be enhanced to Rs.2 lakh upon next financial year," as per a circular issued by the NPCI in March 2020. This measure is intended to help money transfer companies like PhonePe, Google Pay, and others. This adjustment, meanwhile, will not affect mentoring money transfer.

Inside the UPI system, various institutions add an extra layer of protection. Additionally, significant adjustments to the government transactions have been implemented in order to further enhance the UPI environment. "New UPI customers or clients who have switched their equipment credit and debit identity can transaction just upto Rs 5,000/- for the first 24 hours on Android phone & 72 hours for iPhone users," according to HDFC Bank's website.

"The 10-transaction restriction only applies to fund transfers and excludes Recurring billing and commerce transactions," says the company.

For monthly installments, NPCI has developed UPI Quantitative research . quantitative. Customers now can establish periodic e-mandates for recurrent expenditures such as monthly bills, Spotify, OTT rates, WIFI rates, Service charge, and EMI invoices using whatever UPI service.

Google pay limit

The following is the Gpay Limit:

A total of Rs 1,00,000 can be transferred in a single day using all UPI applications.

In such a single day, you can use all UPI services a total of ten times.

A total of Rs 2,000 might be requested from some other person or entities.

DATA ANALYSIS AND INTERPRETATION

With the deregulation of the financial system and the advent of new innovations such as Metallic Ink Character Segmentation (MICR), Automated Teller Machine (ATM), and others, India's online payment environment has seen a continuous shift since the 1990s. Following that, in 2010, a slew of new payment solutions (prepaid debit cards, wallets, and recharge coupons) as well as cable companies were introduced. India is outpacing several advanced non-cash economies in terms of digital payments development. The development trajectory has been accelerated by cashless economy in November 2016 and the administration's and regulators' continual drive for a cashless economy. In FY 2019, India's financial technology market was worth INR1,638.49 trillion, and it's predicted to increase to INR4,323.63 trillion by FY 2024, with a percent per annum of 10%. (CAGR)

Technological advancements have aided the sector in equal measure. In the digital payment industry, the country has experienced many distinctive and cutting-edge product breakthroughs during the previous ten years. With the emergence of a younger generation that has grown up with mobile phones and connectivity, technological developments in digital payments have been adopted more quickly. India is deemed to have a more mature digital payment ecosystem than 25 other nations, including the United Kingdom, China, and Japan, as per according to a survey2 performed on characteristics such as shaped provision of facilities, adoption, and immediacy of transactions. The administration has also continued to be involved in the business through specific regulatory regulations.

A slew of notable inventions and activities have transformed the way India does business. For example, proposals such as the United Payments Interface (UPI), Bharat Functionality for Money (BHIM), RuPay cards, FASTags, wallet interoperability, cash recycling plants, or FinTech developments such as radio frequency identification (RFID) based fuelling apps, all-in-one quick response (QR) code for vendors, and Code generator withdrawing money on ATMs; digital India obviously holds an extremely bright future. Awareness level or security concerns, on the other hand, remain among some of the industry's largest challenges, and they require continued attention. According to updated data from The central Payments, the digital payments sector has seen a 30% reduction in operation value in the current COVID-19 circumstances.

However, at such instances, the government and authorities have promoted digital transactions such as National electronic funds transfer (NEFT), Immediate payment service (IMPS), UPI, BHIM, and others to avoid using physical currency, which carries a greater risk of COVID-19 propagation. Such initiatives, combined with the economic reform, are evident in the rapid recovery of different mobile money services on the National Payments Corporation of India (NPCI). This obviously demonstrates that, while COVID-19's adverse effects on digital transactions is large, it is not lasting, and India's digital wallet environment is projected to evolve quickly in the post-COVID-19 age to assist define the country's progress.

Consumers have made UPI their favourite mobile payment method. Throughout January 2020 and September 2020, the quantity of card purchases fell from INR 1,511 billion to INR 1,262 billion, according to the Reserve Bank of India (RBI). Similarly, the value of sales using instant payment mechanisms (PPIs) fell from INR 183 billion to INR 166 billion over the same time. Around the same timeframe, however, total value of Money transfers climbed from INR 2,162 billion to INR 3,290 billion.

Regulators are crucial in accelerating the use of UPI. Companies are increasing UPI acceptability in new payment regions and encouraging usage by eliminating charges on Money transfers.

The National Payments Corporation of India (NPCI) has increased the transaction records limit for certified merchants for specific UPI transactions between INR one lakhs to INR two lakhs. Customers can then use UPI to pay outstanding bills and loan repayments, as well as fund manager and stockbroker contributions.

The modification also closes the gap among pretty gross settlements (RTGS) remittances and UPI operations, which have a lower amount of INR two lakh.

Payments made, merchant discount rate (MDR), and payment service provider (PSP) fees have all been eliminated by authorities in recent years. The Central Board of Direct Taxes (CBDT) posted a notification in August 2020 directing all institutions to stop paying for Money transfers and reimburse all charges received between January 2020 and August 2020. For transactions costing less than INR 1,000, banks charged INR 2.5, whereas for projects worth more than INR 1,000, banks charged INR 5. PSP fees for person-to-merchant (P2M) UPI transactions were also banned by the NPCI on January 1, 2020, therefore ending one of PSPs' key funding sources. For payments costing less than INR 1,000, these PSP apps charged INR 0.25, INR 1 for transactions worth up to INR 25,000, and INR 5 for assets worth more than INR 25,000.

While the number of Payments is growing, a free-market paradigm, in which pricing and charges are established by market forces, is better suited for market stability and continued exponential expansion. Regulators must promote investment among companies while also safeguarding the interests of customers. Furthermore, an economy cost structure pushes institutions and third-party participants to improve and maintain their infrastructures to handle the growing quantity of Payments. Penalties on Payments were put in place to prevent low-value UPI payments from putting undue strain on the infrastructure.

CONCLUSION AND SUGGESTION

UPI has making digital payments extremely simple and efficient. We shouldn't have to memorise your bank details and anyone else's. All we must do is input the recipient's digital payment account or cellphone number. This safely and securely approach has become one of the most common methods for sending and receiving money over the internet.

The consumer is frequently unaware of the UPI transaction limit. As a consequence, transactional failure may occur while the operation is being processed. This may result in payment delays as well as a loss of trustworthiness. For example, due to UPI technical failures, you may be unable to pay your outstanding bills on schedule. As a result of the lapse, we'll have to pay a significant sum in fines as well as an additional amount.

Consumers are concerned about their security, their information being compromised or exposed, hefty transaction fees, and so on. With the rise in mobile phones, the world has become smaller and more accessible. Any customers can pay with a simple click. It is clear from our research that customers orThe participants are pleased with their ability to utilise Amazon Pay to make a wide variety of transactions.and that, as the number of people using online payment methods grows, so does the number of people using them. Numerous technology that make the entire concession agreement easier.Which can be seen, the cashless society including the use of internet banking applications has its advantages and disadvantages. If a state determines to go paperless, there are numerous benefits and drawbacks to consider. The economics should thoroughly examine the situation.

Suggestions:

- Many participants confirmed that digitization ignorance among India's population is a barrier to implementing a financial inclusion, and that the administration has taken steps to educate the public about just the issue.
- People should be educated about contactless purchases and e-wallets.
- Many of the participants believe that settlements in India are unsafe, hence The authorities should ensure that the infrastructures for online payments is absolutely safe and protected.
- To encourage more cashless transactions, the administration should improve operation openness and effectiveness.

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