



A Study on the Affect of Digital Payments (UPI) on People in Aizawl City's Spending Pattern and Behaviour

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ABSTRACT

The way people conduct daily transactions has been completely transformed by digital payment systems in the age of exponential technology growth. This study looks on how users of the Unified Payments Interface (UPI) in Aizawl City, Mizoram, spend their money and how satisfied they are with the interface. To gather information about the preferences, usage trends, and satisfaction levels of UPI users, a mixed-methods approach comprising quantitative surveys and qualitative interviews is used. The study investigates the ways in which the layout, ease of use, and security elements of the digital payment interface influence consumer purchasing decisions, looking at elements including perceived reliability, convenience, and transaction speed.

Keywords : Digital platforms, spending pattern, Unified Payments Interface, Usage patterns, satisfaction level.

1. INTRODUCTION

The development of digital payments, made possible by innovations such as the Unified Payments Interface (UPI), has transformed financial transactions by making it possible for people and companies to send money electronically in a safe and practical manner. Digital payments, as opposed to traditional cash transactions, entail the initiating and receiving of payments via digital devices such computers, credit/debit/prepaid cards, or mobile phones.

In India, UPI has become a widely used digital payment mechanism thanks to the utilization of technology such as Immediate Payment Service (IMPS). Under the supervision of the Reserve Bank of India, UPI enables easy money transfers between bank accounts using mobile devices, even on holidays and non-banking days. Thanks to its easy-to-use interface, every Indian bank account holder can now easily participate in real-time digital transactions. This has led to its widespread adoption.

1.1 UPI BACKGROUND

India's digital payment ecosystem has been significantly shaped by the Payment Structures and Settlements Act, 2007, which is overseen by the Reserve Bank of India (RBI). The RBI has been working to lessen the reliance on cash over the past ten years. One such move, demonetization, caused some immediate disruptions but ultimately sped up the adoption of digital payment alternatives. Virtual payment systems such as the Instant Payment System (IMPS) and the Unified Payments Interface (UPI) have been developed in large part by the National Payments Corporation of India (NPCI). With its 2016 inception, UPI transformed mobile-based transactions by providing a single platform for peer-to-peer, merchant, and fund transfers.

The earlier-introduced IMPS system provided real-time retail payment services that were available through several channels, such as USSD, mobile phones, and the internet, thereby laying the foundation for UPI. The goal of the NPCI's initiatives has been to improve financial inclusion throughout the nation by developing a low-cost, standardized payment system. India has made great progress in the acceptance of digital payments, but there are still issues because the country lacks the necessary infrastructure to handle digital payments. The slow adoption of point-of-sale (POS) systems has made cash withdrawals from ATMs necessary, which has impeded the shift of merchant establishments to digital transactions.

UPI was created to provide a practical and affordable digital payment option for consumers and retailers in order to address these issues. Its adoption of digital payments has been aided by its connectivity with numerous bank accounts and simple fund routing via a single mobile app. In India's transition to a cashless economy, the 2016 trial launch of UPI, which was backed by 21 member banks and officially opened by RBI Governor Dr. Raghuram G. Rajan, was a major turning point. Since then, banks have persisted in creating UPI-compliant applications, which has helped the nation's use of digital payments become more prevalent.

1.2 PROBLEM STATEMENT

The ways in which people obtain data, information, and services have drastically changed with the introduction of the Internet and the World Wide Web. Businesses have been compelled by this to alter the way they interact with their final consumers.

The National Financial Switch (NFS) was standardized, made simpler, and put into place for all of the nation's banks as the first step taken by NPCI in this respect. The purpose of UPI is to provide a cost-effective, universal digital payment solution that enables consumers to easily make digital payments and merchants and businesses to effectively collect digital payments without relying on point-of-sale (POS) systems. The current study looks at residents' income, savings, and spending habits to ascertain how often they use UPI.

2. REVIEW OF LITERATURE

In her paper "Impact and Importance of Digital Payment in India," **Singhal Rashi (2021)** is cited. Banks have numerous opportunities to assist their customers with regard to the digital services they provide. Consumers have a positive opinion of digital payment systems and have a big say in how they are adopted. As one of the primary providers of financial and monetary services in both our urbanized suburbs and the rural countryside, business banks offer unique services to prospective customers. She has discovered that the implementation of a non-financial deferred payment system has led to a number of noteworthy acceptances by the RBI and the Indian government.

A study on "Consumers Perception toward Unified Payments Interface" was carried out by **Sunny Gupta and Dinesh Chand(2021)**. The majority of respondents were found to be utilizing UPI for fund transfers, mobile recharges, or cash back. Women were found to be less receptive to technology, and cash back by itself was not shown to be a significant factor in encouraging users to utilize UPI on a regular basis. According to the study's findings, mobile phones were the most popular device for sending and receiving money, and respondents had a favourable opinion of UPI transactions.

Referenced in **Vally Suma and Divya Hema's (2018)** study, "Digital payments in India with perspective of consumer adoption" It is said that the demonetization event improved the availability of digital payment services, which in turn led to the full transparency of the use of BHIM and UPI applications. The Chi-square approach was employed by the researchers to analyze the results of a primary survey that they conducted among 183 persons in the Hyderabad region of India. They found that digital payments made with technology have enhanced banking capacities, helping them to realize the dream of a cashless society. They also came to the conclusion that banks needed to take particular, practical measures to increase awareness while using technology or security.

OBJECTIVES

1. To study the buying behaviour and spending patterns of the UPI users.
2. To study the satisfaction level of digital payments on the users.

HYPOTHESIS OF THE STUDY

This study is based on the following set of hypotheses:

1. H0: There is no significant relationship between buying behaviour and spending pattern among users of digital payments.

H1: There is a significant relationship between buying behaviour and spending pattern among users of digital payments.

2. H0: There is no significant difference between the satisfaction level of male and female among digital users.

H1: There is a significant difference between the satisfaction level of male and female among digital users.

3. METHODOLOGY

The population addressed under the study consists of the people from Aizawl City, Mizoram with an experienced of online transactions using UPI. This study covers a period of 5 months i.e from October 2023 to February 2024.

Convenience sampling method is used to collect the data from 100 respondents from the city which can be identified as sampling size.

RESEARCH GAP

1. This study analyses the ways in which spending habits and digital payments are influenced by demographic characteristics.
2. To comprehend adoption rates and expenditure patterns across various demographic groupings, use subgroup analyses and determine any differences or trends in the adoption of digital payments and consumer spending habits according to demographic attributes.

RESEARCH INSTRUMENTS

The tool for collecting the primary data was a structured questionnaires for respondents who has an experienced in online transactions using UPI applications.

4. TOOLS FOR DATA COLLECTION AND ANALYSIS

To find the significance difference in the variables, the hypothesis were examined using techniques such as Correlation Analysis, ANOVA.

TEST 1: Correlations

Null Hypothesis:

(H0): There is no significant relationship between buying behaviour and spending pattern Alternate Hypothesis

(H1): There is a significant relationship between buying behaviour and spending pattern

Table 1.1: Showing Spending behaviour and Spending pattern

Correlations

		SB	SP
SB	<u>Pearson Correlation</u>	1	-.065
	Sig. (2-tailed)		.519
	N	100	100
SP	<u>Pearson Correlation</u>	-.065	1
	Sig. (2-tailed)	.519	
	N	100	100

Interpretation:

The correlation between the two variables is -0.065, which is a very weak negative correlation. The p-value is 0.519, which is greater than the significance level of 0.05. This means that we fail to reject the null hypothesis and conclude that there is no statistically significant relationship between buying behaviour and spending pattern.

Hypothesis	H0	There is no significant relationship between buying behaviour and spending pattern	ACCEPTED
	H1	There is a significant relationship between buying behaviour and spending pattern	REJECTED

TEST 2: ANOVA

Null Hypothesis (H0): There is no significant difference between the satisfaction level of male and female.

Alternative Hypothesis (H1): There is a significant difference between the satisfaction level of male and female.

Table 2.1: Showing Satisfaction level towards digital payments Descriptives

N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	
				Lower Bound	Upper Bound			
Female	53	2.15	.928	.127	1.90	2.41	1	5

Male	47	2.04	.779	.114	1.81	2.27	1	4
Total	100	2.10	.859	.086	1.93	2.27	1	5

Table 2.2: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.293	1	.293	.394	.531
Within Groups	72.707	98	.742		
Total	73.000	99			

Interpretation:

The p-value in the ANOVA table is 0.531, which is greater than the significance level of 0.05. Therefore, we fail to reject the null hypothesis. This means that there is not enough evidence to conclude that there is a significant difference in satisfaction level between males and females.

Hypothesis	H0	Decision
	There is no significant difference between the satisfaction level of male and female	ACCEPTED
	There is a significant difference between the satisfaction level of male and female	REJECTED

FINDINGS AND CONCLUSIONS

Digital payment especially UPI is primarily used for day-to-day expenses and basic necessities, with non-durable goods like food and clothing being the most common type of purchases made using UPI. It also plays a significant role in their monthly expenses, but the exact proportion varies depending on individual financial situations. This suggests that UPI is widely adopted for everyday transactions.

1. The majority of respondents (both male and female) fall within the age range of 18- 25 years. Google Pay is the preferred mode of UPI application for most respondents, followed by Phone Pe and Paytm.
2. There is no significant relationship between buying behaviour and spending pattern
3. Digital payment methods are mostly used for non-durable goods and services like repairs, bills, and medical treatment.
4. After using digital payment, most respondents reported an increase in their spending.
5. The factors that are likely to influence spending behaviour include personal financial situation, ease of use, attitude, lifestyle, and instant transfer.
6. There is no significant difference between the satisfaction level of male and female
7. The satisfaction level of using UPI for transactions is rated neutral by most respondents.

SUGGESTIONS AND RECOMMENDATIONS

Based on these findings, here are some suggestions recommendations:

1. Improve the reliability and stability of the digital payment system to minimize transaction failures.
2. Encourage more merchants to accept digital payments by providing incentives, educating them about the benefits, and improving the infrastructure for digital transactions.
3. Implement a user-friendly process for users to recover or reset their UPI PIN easily.
4. Regularly update and maintain UPI apps to ensure smooth functioning and minimize technical glitches.
5. Optimize the speed of transactions to provide a seamless and quick experience for users.

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