



AN ANALYSIS ON ADOPTION TRENDS AND ISSUES IN PAYMENT CHANNELS (UPI) AMONG THE COLLEGE STUDENTS IN BENGALURU

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ABSTRACT :

This study investigates the influence of comfort with technology on college students' usage and preference for payment channels in Bengaluru, India. Employing a direct survey method with a questionnaire distributed via Google Forms, the research explores the adoption level of new payment channels among a sample of over 113 students. The findings aim to elucidate the relationship between technological comfort and payment behaviour in this young demographic.

KEYWORDS: UPI Adoption Trends, College Students (Bangalore), Digital Payments, Payment Behaviour, Youth Financial Inclusion.

INTRODUCTION :

Background

The rapid advancement of technology has revolutionized financial transactions, with digital payment channels gaining widespread adoption. The Unified Payments Interface (UPI) in India exemplifies this shift, offering a convenient and secure platform for cashless transactions. College students represent a crucial demographic for the future of digital payments. Understanding their comfort with technology and its impact on their payment preferences is essential for promoting financial inclusion and fostering a cashless society. The Indian government has actively promoted a "cashless society" through initiatives like Digital India. This push aims to increase financial inclusion, transparency, and security in financial transactions. A core component of this vision is the widespread adoption of digital payment channels. The Unified Payments Interface (UPI) has emerged as a frontrunner, facilitating instant peer-to-peer (P2P) and merchant payments through a simple smartphone app.

College students, as a tech-savvy demographic with growing financial independence, represent a critical target audience for promoting digital payments. Understanding their financial behaviour and the factors influencing their payment preferences is crucial for fostering a cashless ecosystem.

Specific Trends in India:

- **Cash Dominance:** Traditionally, India has relied heavily on cash transactions. However, recent years have witnessed a significant shift towards digital payments, particularly in urban areas.
- **Smartphone Penetration:** The rapid rise of smartphone ownership in India has paved the way for mobile-based payment solutions like UPI.
- **Government Initiatives:** The government has implemented various initiatives to promote digital payments, including reduced transaction fees, merchant incentives, and awareness campaigns.

Importance of College Students:

- **Early Adopters:** College students are typically early adopters of new technologies and are more likely to embrace innovative payment methods like UPI.
- **Future Financial Habits:** Their current payment preferences are likely to shape their financial habits in the future.
- **Financial Independence:** As students gain financial independence, their payment behavior becomes increasingly relevant to the overall digital payment landscape.

By focusing on college students in Bengaluru, a major educational hub in India, this study can offer valuable insights into the evolving trends of digital payment adoption among young adults in the country.

Problem Statement :

While studies explore the general trend of digital payment adoption, limited research specifically investigates the influence of comfort with technology on college students' payment behavior in India. This study aims to bridge this gap by analyzing:

- **The level of adoption of new payment channels:** This includes UPI and other digital payment options used by college students in Bengaluru.
- **The influence of technology comfort:** The study examines how comfort with technology impacts students' usage and preference for specific payment channels.

REVIEW OF LITERATURE:

- According to a study mentioned by Kate (2016), the success of UPI and its numerous benefits, including its speed, security, and advantages of linking several accounts, would mean the end of isolated places in India for the use of financial services. Therefore, although wallet usability has been alarmingly falling, UPI adoption is growing quickly. Users have the benefit of having many accounts under one roof by using UPI to link multiple accounts in their applications.
- The implementation of UPI would benefit both clients and service providers. In terms of sending and receiving payments and transfers, it would be advantageous for both the banking industry and bank consumers. Due to UPI users' preference for ease above other factors, e-wallets will become less of a necessity. (Aarti Sharma, July 2016, "Unified Payments Interface: The Recent Indian Financial Innovation Demystified").
- Another thing to consider is why India, which has a population of over 1.2 billion, has such a small tax base. Do 98% of us make less than 2.5 lakh per year? One of the problems that needs to be solved is that more people, whether they be professionals or small business owners, should be subject to taxes as more transactions become computerised and records of those transactions become public. The question is whether this group of people would use electronic payment methods so that the country can profit from higher taxes. (Navroze Dastur, 2016)
- A study by Sruthy S. Pillai, G. Sandhya and G. Rejikumar (2017) shows that more people in India prefer using the UPI payment method or the non-cash methods even for small transactions. Still, the study shows that people are more concerned about the security aspect as they believe that their details are not safe while engaging in online transactions.

OBJECTIVES:

1. To analyse the influence of comfort with technology on the usage and preference for specific payment channels among college students in Bengaluru.
2. To identify the adoption level of college students in Bengaluru on new payment channels.

METHODOLOGY :

In order to study the adoption trends and issues in payment channels (UPI) among the college students in Bengaluru, research was conducted during January – February 2024 with a sample size of over 113 response. The students belonged from various college in Bengaluru such as Kristu Jayanti College, Christ University, St Joseph University, CMR college, Mount Carmel College, Presidency College. The population under this study belong to the Under- graduate and Post- Graduate student's category.

RESEARCH DESIGN :

As the objective of the study is to analyses the level of adoption trends and issues in payment channels (UPI) among the college students in Bengaluru, the present study is based on descriptive research design.

DATA COLLECTION METHOD :

The data collection method for the study is a primary data collection method dealing with questionnaire on Google Form. The questionnaire was prepared with the consultation of the research guide and based on the literature available on the topic. The questionnaire consists of different parts such as personal data of the respondents, occupation and their understanding on UPI channels.

HYPOTHESES OF THE STUDY :**Hypothesis 1**

H0: The usage of a specific payment channel is not influenced by comfort with technology.

H1: The usage of a specific payment channel is influenced by comfort with technology.

Hypothesis 2

H0: There is no significant difference in the adoption level of sample respondents based on gender.

H1: There is a significant difference in the adoption level of sample respondents based on gender.

SAMPLING TECHNIQUES AND SAMPLE SIZE :

As our area of research is Bengaluru and the respondents are various college such as Kristu Jayanti College, Christ University, St Joseph University, CMR college, Mount Carmel College, Presidency College. we have adopted purposive sampling method with a sample size over 113.

TOOL FOR DATA COLLECTION :

Since the study is primary data collection method, the tool for data collection is a Direct Method. The data was collected using questionnaire on Google Form. The survey was done on a sample size of over 113 in Bangalore.

TOOL FOR DATA ANALYSIS :

The various data analysis tool used in this study are as follows:

1. Regression Model
2. Chi-Square Test

DATA ANALYSIS AND INTERPRETATION:**TEST 1: REGRESSION MODEL**

AIM: To analyse the influence of comfort with technology on the usage and preference for specific payment channels among college students in Bengaluru.

Null Hypothesis (H₀):

The usage of a specific payment channel is not influenced by comfort with technology.

Alternative Hypothesis (H₁):

The usage of a specific payment channel is influenced by comfort with technology.

Table 1.1**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .421 ^a | .177 | .170 | .887 |

Table 1.2**a. Predictors: (Constant), Comfort with Technology**

| Model | Sum of Squares | df | Mean Square | F | Sig. | |
|-------|----------------|---------|-------------|--------|--------|-------------------|
| 1 | Regression | 18.478 | 1 | 18.478 | 23.487 | .000 ^b |
| | Residual | 85.756 | 109 | .787 | | |
| | Total | 104.234 | 110 | | | |

ANOVA^a

a. Dependent Variable: How comfortable are you with using technology in general?

Table 1.3

b. Predictors: (Constant), How likely are you to recommend the use of payment channels to others?

Coefficient

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | |
|-------|-----------------------------|------------|---------------------------|------|-------|------|
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | .652 | .142 | | 4.588 | .000 |
| | Comfort with technology | 0.440 | .091 | .421 | 4.846 | .000 |

a. Dependent Variable: Usage of Specific Payment Channel

Interpretation:

From the above Table 1.2 we can see that the significant value is less than 0.05. Analyzing Table 1.1, combining all the results, we can see that the R square value is 0.177 which is equal to 17.7% which means that there is a positive usage of 17.7% on payment channel influenced by comfort with technology. The F value of model is shown to be 23.487 and the significant value is 0.000 which is less than 0.05. So, the researcher rejects the null hypothesis and accepts the alternative hypothesis. This means that the usage of a specific payment channel is influenced by comfort with technology.

TEST 2: CHI-SQUARE TEST

AIM: To identify the adoption level of college students in Bengaluru on new payment channels.

Null Hypothesis (H₀):

There is no significant difference in the adoption level of sample respondents based on gender.

Alternative Hypothesis (H₁):

There is a significant difference in the adoption level of sample respondents based on gender.

Table 2
Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square | 59.204 ^a | 8 | 0.000 |
| Likelihood Ratio | 12.851 | 8 | .117 |
| Linear-by-Linear Association | 4.794 | 1 | .029 |
| N of Valid Cases | 113 | | |

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .02.

Interpretation:

Pearson Chi-Square Test shows a value of 59.204 with 8 degrees of freedom and an asymptotic significance (2-sided) of 0.000. This result is not significant at the 0.05 level, indicating the adoption level of sample respondents based on gender. Likelihood Ratio Chi-Square Test has a value of 12.851 with 8 degrees of freedom, resulting in a significance of 0.117.

FINDINGS :**Following are the findings of the study:**

- Respondents generally exhibit a high likelihood of adopting new payment technologies in the future.
- Word of mouth and social media emerge as the primary sources through which respondents learned about the payment channels they currently use. Additionally, advertising plays a significant role in raising awareness.
- Payment channels are generally perceived as accessible in terms of proximity and availability of service points. Smartphone ownership is widespread, facilitating access to digital payment options.
- Most respondents express comfort with using technology. Comfort levels with technology usage vary, with some indicating higher levels of proficiency than others.
- Smartphone usage for financial transactions is common, with many respondents reporting daily usage.
- The majority of respondents express a likelihood of recommending the use of payment channels to others.
- The usage of a specific payment channel is influenced by comfort with technology.
- There is a significant difference in the adoption level of sample respondents based on gender.

SUGGESTIONS AND RECOMMENDATIONS :

1. **Incentivize Adoption:** Consider implementing incentive programs to encourage adoption and usage of digital payment channels. This could involve offering cashback rewards, discounts, or loyalty points for transactions made through preferred payment channels. By providing tangible benefits, such as financial incentives or exclusive offers, users may be more motivated to switch from traditional payment methods to digital alternatives. Additionally, such incentive programs can help attract new users and retain existing ones, thereby contributing to the growth and sustainability of the digital payment ecosystem among students.
2. **Promote Digital Literacy and Awareness:** Develop campaigns (social media, workshops) specifically aimed at college students, leveraging popular platforms and influencers they trust. Create engaging tutorials and guides that explain UPI benefits and usage in a user-friendly way.
3. **Improve User Experience:** Streamline the UPI registration process to make it quick and easy for new users. Explore ways to enable basic UPI transactions even with limited internet connectivity, catering to students who might face network issues.

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