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The Study on Problems in Levy Additional Charges in UPI

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ABSTRACT

The UPI Payment System was started 2016 in India. The National Payments Corporation of India introduces this system to make the easy and convenient payment for the People. The Reserve Bank of India launched UPI as a part of its efforts to modernize India's payment system. This Paper aimed to explore the problems in Levy of additional UPI charges and its impact towards the additional charges. Structured Questionnaire is applied to gather data for the study. The study was carried primary data by applying various analysis and format. This study focused on several information and create awareness for people about the additional charges. The main implication of this study to help people in one way. This study explores some advanced technique in UPI system and also how it contributes towards the digital economy? Moreover, this study focused some advanced technology in payment methods using this technology how the Charges will change in Further. Moreover, Our India slowly moved towards digitalization for regional growth. To achieve Paperless and digitalized economy the further charges will be reduced to make our economy digitalized. This study was unique by exploring the additional charges.

INTRODUCTION

The Unified Payment Interface is a digital payment system introduced by National Payment Corporation of India. It combines multiple banking services, smooth fund routing and merchant payment systems into single mobile app used by multiple participants. It offers seamless services to people by providing various kind of transactions within the time. It saves people time and makes payment more convenient. [Kuhu Bose, 2013].

The cash transactions through UPI are available 24x7 providing accessibility and convenience to customers across the country. The cash transactions through UPI are, Eventually, to streamline the digital payment market within the country (Sankar et al., 2024). This is a one – stop solution for using separate bank accounts to carry out transfers from a single app. It allows all account holders to send and receive money through their smartphones with a single identifier – the virtual payment system commonly known as the UPI ID – without needing any bank account information. [Fatima Sousa and Sinai, 2023].

It enables a wide range of range of financial transactions, including fund transfer, bill payments, mobile recharge, and more, using mobile devices. It makes users to do multiple work with single app. Users can link their bank accounts to single UPI ID and make transactions without having to remember multiple bank account numbers, IFSC codes, or net banking passwords. UPI is based on Immediate Payment service (IMPS) and is built on top of the National Financial switch (NFS), Which is the largest interbank network in India [N Barath 2023].

The Unified Payment Interface (UPI) is one of the great inventions of E-payments introduced by National Payment Corporation of India (NPCI). To convert the country into digitally empowered, Government of India introduced the program called 'Digital India'. The main vision of this programme is to conduct faceless, paperless and cashless banking transactions in the country. Government introduced United Payment Interface (UPI) which is app based to transact across multiple banks. UPI first launched in India by Dr. Raghuram G Rajan, Governor, RBI at Mumbai on 11th April 2016. UPI is a type of payment system through which any customer holding bank account can send and receive money through a UPI-based app. To use UPI services, one should have a valid bank account and a registered mobile number which is linked to the same bank account. [Prakash, 2023].

This study aims to examine the problems associates with such additional Charges in UPI transactions. By analysing user behaviour, transaction trends, and policy frameworks, this research seeks to understand the implications of these charges on digital payment adoption and payment convenience broader goals of financial transactions.

History of UPI

UPI is a real time payment system evolved by the National Payments Corporation of India (NPC) under the direction of RBI. It activates instant peer - to – peer (P2P) and Person - -to – merchant(P2M) transactions using mobile platforms. It was officially launched in 2016 and plays a major role in India's digital payment systems.

NPIC was founded in 2009 to unify and simplify with retail payment systems. It uses four – pillar push – pull model and supports interoperability between bank and payment systems.

In 2020, India was the world's largest real – time payment market with 25.5 billion transactions. In 2021, a voice based – based UPI service feature was developed using DTMF technology, targeting low – connectivity areas.

UPI is Supported by Multiple mobile apps including:

Google Pay – Digital wallet developed by google and it supports in app and it allows users for contactless payments.

PhonePe – It was launched in 2016; it is based on UPI owned by Flipkart (Walmart).

Paytm – It offers digital payments, financial services, and e- commerce platforms for users.

Mobi Kwik – It is a wallet-based system payments, and later it added lending services to.

Amazon Pay – It is an online payment platform provided by Amazon.

Samsung Pay – It supports NFC and Magnetic secure transmission for payments.

BHIM – It is NPIC's official app launched in 2016 to promote cashless economy.

As of February 2022, 304 banks were linked with UPI, and WhatsApp was approved for full UPI rollout to its 530 million users in India.

REVIEW OF LITERATURE

Rasna TPP, & Susila S (2021) in their research paper they focused on analyzing about the preferences of UPI payment apps and a comparative analysis of the male and female users of UPI in rural and urban areas with reference to Kannur district in Kerala. According to the study, there is a growing trend toward UPI preference, though it is declining, and there is a significant difference in usage patterns between male and female respondents in both rural and urban areas.

Parulben Dipsinh Zala (2021) in his Ph.D. thesis entitled “A Study of awareness & Perception about Digital Payments in the Selected Cities of Gujarath” examine the awareness and perception of respondents about digital payments. It was concluded from the study that friends and relatives are the main source of awareness, among different available digital payment methods, the most preferred mode is Unified Payment Interface (UPI) and COVID19 pandemic period was the major driving force, to move towards cashless economy.

Jibin SR (2020) tried to analyse the Customer Perception towards Cashless Digital Payments in the Present Scenario. The study concluded that, most of the respondents are having positive attitude towards digital payments, demonetisation is important factor which influenced to adopt digital payment system.

Elina Kanungo, Sonalika Pati (2020) Customer Preferences in Payment Method Adoption: A Study on the Pre, During, and Post Lockdown Periods of Covid 19 in India. The study's goal is to learn about people's preferences for using the digital form of payment throughout the COVID outbreak lockdown period, both before and after the outbreak, in both urban and rural areas of the country. The report closes by stating that digital payment systems have penetrated rural areas as well.

“To Study the Consumer Satisfaction on UPI (Unified Payments Interface) with Special Reference to Hyderabad and Suburbs”, Deepak (2019) The Unified Payments Interface (UPI), developed by National Payments Corporation of India (NPCI), an umbrella organization of the Reserve Bank of India, is regarded as one of the greatest innovations in the history of electronic payments. A mechanism called Unified Payments Interface (UPI) allows any participating bank to power multiple bank accounts through a single mobile application (NPCI, 2019). On April 11, 2016, Dr. Raghuram G. Rajan, Governor of the RBI, introduced UPI for the first time in India. The purpose of this study was to determine how the UPI services affected customer satisfaction and how customers perceived unified payment services and traditional services. According to the results of this survey, customers have a favourable opinion of unified payment interface services, and utilization of UPI services is correlated with respondents' levels of education.

Balasubramanian M and Amanullah K.M. (2019) conducted a study on ‘Mobile Banking and its Evolution in the UPI Era’. They studied the evolution of the UPI based transactions in India, its impact on the paperless transactions and problems associated with UPI based apps. They found that the UPI is still new in India and developing very rapidly. Google Pay, Pay Tm and Phone Pe are the major contributors of latest payment methods when, it compared to government owned BHIM app and stated that UPI is ideal for smaller fund transfer and other modes of online transfer are preferable for higher amounts.

Virshree Tungare (2019), “A Study on Customer Insight towards UPI (Unified Payment Interface) - An Advancement of Mobile Payment System” states that cashless transaction has become significant component after the Demonetization. In Indore, the researcher conducted a study on UPI payments and related Epayment modes. According to the study's findings, the majority of respondents find UPI payments to be a convenient method of payment that offers a variety of rewards and incentives.

Agarwal (2018) this paper describes about various innovations in the banking and financial sector. The services are ECS, RTGS, EFT, NEFT, ATMs, retail banking, Debit and credit cards, Payment of utility bills, fund transfers, Internet banking, Telephone banking, Mobile Banking and many more

value-added services. The paper also describes the benefits and challenges of innovative banking trends. 15 The paper end with the conclusion that, banks can go for cluster of villages o technological institutions have to bring low-cost solutions.

Bhosale (2017) this research paper emphasis on the attention on development of ebanking services. According to authors, new technology has created highly competitive market conditions for bank providers. Comparative study of nationalised bank in Satara district has been conducted to analyse ATM, Net banking, M-banking services. The paper is concluded as e-banking is risky but as the software is tested by RBI expert it is safe. As per author, due to help of technology all sample banks are performing well than earlier.

Pijush Chattopadhyay, S Saralelimath, (2016) This study aims at analyzing the customer preference towards the use of ATM services of cooperative banks viz. Vishweshwar Sahakari Bank Ltd., Pune, The Thane Janata Sahakari Bank Ltd., Thane and Abhyudaya Cooperative Bank Ltd., Pune with respect to some aspects such as use of services offered through ATMs, whether number of ATMs implemented in the city are sufficient, regularity in working of ATMs, problems faced by customers and their opinions on various other related issues. The study provokes the authority concerned to take some positive measures for improving the effectiveness of ATMs.

Bahl, Sarita, (2015) determined that security and privacy issues are the biggest issue in e-banking. The challenges are a serious matter that needs to be looked into by the relevant authorities in this country. The objective of the study is to enumerate and rank the challenges faced by E - banking. In the long run, the cost involved to implement better security will be worth it and beneficial to the banking industry. In order for electronic banking to continue to grow, the security and the privacy aspects need to be improved. With the security and privacy issues resolved, the future of electronic banking can be very prosperous. If security and privacy issues resolved, the future of electronic banking can be very prosperous

Rahman (2015) The adoption of E-banking becomes a necessity for the banking which wishes to maintain its share of market and retain its customers. In one hand, it offers ease of operation for both customers and consumers. The objective of this research is to analyses the current situation of E-banking in Bangladesh and the impact of E-banking on banking activities. The new challenges of E-banking are to develop and apply policy from the perspectives of society, banks, and regulatory authorities as like as government are addressed in the study. It determined that ebanking is still a new technology in Bangladesh.

Varsha Kuchara (2014) the analysis done with the help of statistical tools clearly indicate the factors responsible for internet banking. Factor analysis results indicate that 'Convenience', 'security', 'easy to maintain banking transaction', 'Curiosity', 'Better rate' and 'Low service charges' are major factors. It is determined that internet banking is convenient and flexible ways of banking and it also have various transaction related benefits. Thus, Providing Internet banking is increasingly becoming a "need to have" than a "nice to have" service.

Ankit Kesharwani, Shailendra Singh Bisht, (2013) the main purpose of this paper is to extend the technology acceptance model (TAM) in the context of internet banking adoption in India under security and privacy threat. The paper reveals that perceived risk has a negative impact on behavioural intention of internet banking adoption and trust has a negative impact on perceived risk. A well-designed web site was also found to be helpful in facilitating easier use and also minimizing perceived risk concerns regarding internet banking usage.

Uppal, R.K (2012) threw light on the growth of information technology in various banks. The objective of this research is to analyse the extent of technological developments in various bank groups. Findings show as compared to new private sector banks and foreign banks, in public sector banks very less IT has taken place. The maximum technology is taking place in new generation private sector banks and foreign.

OBJECTIVES

- To study the sources of awareness of UPI charges.
- To study the alternate to UPI when additional charges levied.
- To study the frequency of UPI usage.

RESEARCH METHODOLOGY

Research Design

The study follows a descriptive research design, aimed at understanding the awareness, usage patterns, and perceptions of users regarding additional charges levied on UPI (Unified Payments Interface) transactions. This method is suitable for gathering factual information and describing the characteristics of a given population regarding a specific topic.

Data Collection Method

The study is based on primary data, which was collected using a structured questionnaire administered to a sample population. The questionnaire contained both multiple-choice and close-ended questions, designed to extract insights into awareness, alternatives, and frequency of UPI usage.

Sampling Method

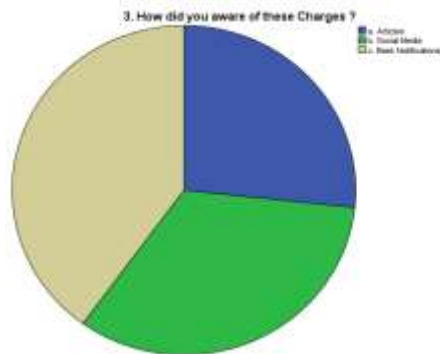
A convenience sampling technique was used to gather responses from individuals who were readily available and willing to participate. This included students, employees, and professionals.

ANALYSIS

AWARENESS OF UPI CHARGES

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-----------|--------------|---------------|--------------------|
| Articles | 8 | 26.7 | 26.7 | 26.7 |
| social media | 10 | 33.3 | 33.3 | 60.0 |
| Bank Notifications | 12 | 40.0 | 40.0 | 100.0 |
| Total | 30 | 100.0 | 100.0 | |

Among 30 respondents, the majority become aware of UPI charges through bank notifications (40%). It indicates that bank playing a major role in disseminating information about UPI related costs. Social media was the next major source (33.3%) followed by articles (26.7%). This results traditional and digital platform holds strong effect among users.

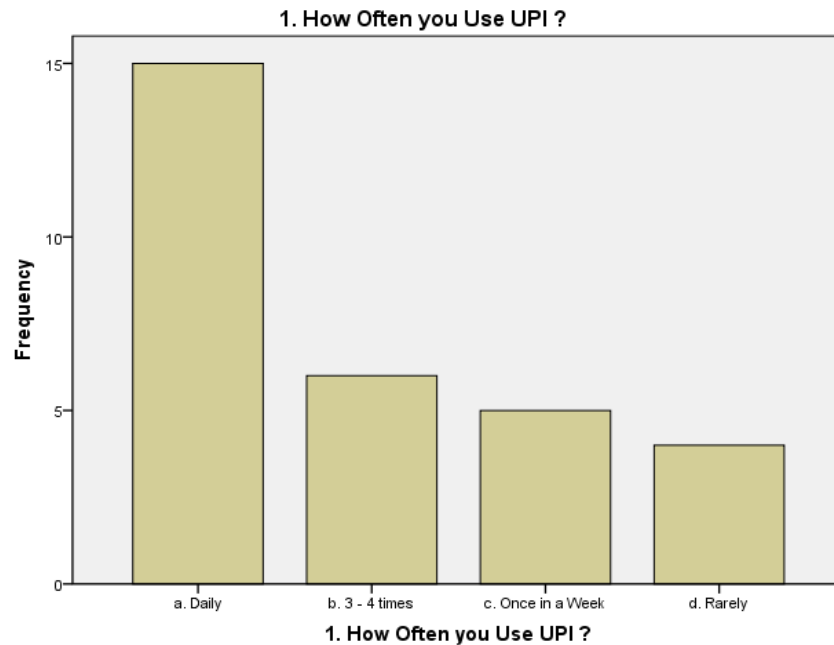


PREFERENCE OF OTHER PAYMENT METHODS

| | Credit / Debit Card | Net Banking | Cash | Wallets | Total |
|--------------|---------------------|-------------|----------|----------|-----------|
| Student | 5 | 5 | 3 | 3 | 16 |
| Employee | 3 | 3 | 4 | 0 | 10 |
| Professional | 1 | 1 | 2 | 0 | 4 |
| Total | 9 | 9 | 9 | 3 | 30 |

Among 30 respondents 16 were students 31.3% chose credit / debit cards, as same 31.3% preferred net banking, 18.8% opted for cash and 18.8% selected wallets. Followed by employees 10 respondents, 40% Preferred cash, 30% chose credit / debit card and 30% chose net banking, none selected wallets. Observed by Professionals 4 respondents, 50% selected cash, 25% each chose credit / debit card and net banking, similar to employees, no a opted for wallets.

| Frequency of UPI usage | | | | |
|------------------------|-----------|--------------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Daily | 15 | 50.0 | 50.0 | 50.0 |
| 3 - 4 times | 6 | 20.0 | 20.0 | 70.0 |
| Once in a Week | 5 | 16.7 | 16.7 | 86.7 |
| Rarely | 4 | 13.3 | 13.3 | 100.0 |
| Total | 30 | 100.0 | 100.0 | |



Among 30 respondents, 50% reported using UPI daily, suggesting a high dependency on digital payments. 20% use 3 – 4 times a week, and 16.7 % use it once a week. Only 13.3 % reported rare usage. This results that UPI has become an integral part of user's financial transactions.

FINDINGS

- The introduction on additional charges in Upi (Unified payment interface) will reduce the frequency of the users in future.
- In the modern era people adopt and focus on many digital platforms for their own convenience for time saving if charges were increased the will focus on alternatives.
- These charges may discourage the small - value payments they will return to cash transactions.
- Banking system may face various troubles from the customer site and they lose many transactions.
- Small merchants and local business may face financial burden due to the additional charges.
- People will focus on alternatives like debit / credit card and paypal which provides securities from digital frauds.
- It indirectly increases the price of goods and services where the extra costs lead to pass the burden to customers.

SUGGESTIONS

- Service providers should clearly communicate UPI transactions charges through notifications and messages during transactions.
- A limited number of free UPI transactions can be allowed to encourage users.
- Cashback offers, discounts, or loyalty rewards can motivate users to continue UPI Platforms.
- Financial literacy campaign should be conducted to educate users on UPI Usage, benefits, and cost awareness.
- Government bodies like NPCI should consider regulating or subsidizing transaction charges to avoid drops in digital payment.
- Improving the user experiences by enhancing app speed, reliability, and interface can help retain users despite the charges.

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