Impact Of UPI Transaction on Purchasing Decision of Customers: A Survey in Chennai City

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KEYWORDS	ABSTRACT
Purchasing Decision of Consumer, UPI Transaction, Impact of UPI Transaction.	In today's digital age, the Unified Payments Interface (UPI) has significantly transformed consumer purchasing behavior, making transactions more seamless and efficient. This study investigates the impact of UPI transactions on customers' purchasing decisions in Chennai, analyzing awareness, usage patterns, and the role of demographic factors. Data collected from 121 respondents reveal a high awareness and adoption rate of UPI, with a substantial portion of participants preferring UPI over cash for everyday purchases. Regression analysis indicates a strong positive correlation ($r = 0.65$, $p < 0.01$) between UPI transaction frequency and consumer purchasing activity. Additionally, age and income are shown to significantly influence UPI usage. The findings highlight UPI's role in enhancing consumer convenience and security while promoting more frequent and impulsive buying behavior. The study offers insights for marketers and policymakers to leverage digital payment trends for improved consumer engagement.

1. Introduction

In the current years with advancement of Unified Payments Interface (UPI) has made the tremendous change in financial transactions of India. This digital payment system, developed by the National Payments Corporation of India (NPCI), has not only streamlined peer-to-peer fund transfers but it has also made easy for consumers to buy durable and non durable goods easily.Because UPI offers ease, speed, and security, its quick adoption as a preferred payment method has completely changed the way customers do transactions. UPI's smooth integration with e-commerce platforms and physical storefronts has made it easier to complete speedy and hassle-free transactions for durable goods like furniture, electrical and electronic goods, and other items, thus lowering friction in the purchasing process.The purpose of this study is to investigate the complex effects of UPI on consumer behavior with regard to both durable and non-durable goods. With a focus on consumer preferences, the move to digital payments, and the consequences for marketers and businesses, this study attempts to shed light on how retail and e-commerce are changing in the digital era.

2. Review of Literature:

Mary Auxilia(2023) In this study When making purchases and shopping, customers find it simple to use the Unified Payments Interface (UPI) to make payments. The individual becomes swayed by the products and makes an impulsive purchase in subsequent UPI payments. Utilizing UPI improves one's financial standing in society and facilitates payments. The aim of this research is to determine the impact of UPI usage on impulsive buying behavior of Chennai consumers. UPI is a popular mobile-based payment method that is easy to use and expedites payments in India. Using a survey-based methodology, information was obtained from a sample of respondents who have dealt with UPI-based transactions. The results suggest that UPI has a major impact on impulsive purchasing behavior. The expeditious processing speed and ease of use of the platform.

Dr. M. Bhuvaneswari (2021)The modern era demands that digital payments be one significant area where all customers and consumers should Be mindful. There are many factors, such as the mechanization of e-documentation and digital India. These days, the physical payment method is essential for a number of reasons, including time and security. This made e-payment techniques possible, such as online banking and once more made easier by Android smartphones. In keeping with this idea, the research project was structured on how customers used the UPI (Unified Payments Interface). Finding out about consumer awareness, perception, and satisfaction is the aim of this study. This study's research approach is descriptive, and its main methods of data collecting include a structured questionnaire that is completed by 105 respondents and Multiple regression, ANOVA analysis, and chi-square are the statistical methods employed. The study on UPI payment applications was limited to the Nilgiris district's village of Erumadu.

Harshal Dev(2024)The advent of digital payment systems has revolutionized the way people carry out their financial transactions by providing efficiency, security, and convenience. The Unified Payments Interface (UPI) is one innovative idea that is causing a stir in the Indian financial scene. Previous research has examined the positive impact of digital payments on a nation's GDP and economy. But our research looks at how "individual" Indian consumers' buying habits have changed after UPI was introduced. We conducted interviews with 20 survey respondents and obtained 235 valid responses covering a range of demographics. Just 7% of study participants said they had cut back on their spending as a result of UPI, compared to almost 75% who said their spending had increased. Notably, 91.5% of respondents said they were happy with the way they used UPI. Furthermore, 95.2% of survey participants said that using UPI to make payments was convenient.

Roopal Asati(2022) The evolution of online consumer purchasing behavior has been shaped by advancements in digital payment tools like BHIM, UPI, PhonePe, WhatsApp Pay, among others. These innovations have led to diverse consumer behaviors compared to traditional patterns. India's Digital India initiative, highlighted by the 2016 demonetization aimed at curbing black money and promoting a cashless economy, marked a pivotal shift towards digitalization. The COVID-19 pandemic further accelerated this trend as lockdowns necessitated reliance on digital payments due to restrictions on physical cash. This unprecedented situation shifted consumer preferences towards online purchases and payment modes, significantly influencing market dynamics. This study aims to analyze these transformative shifts in consumer behavior within the context of digital payment advancements.

STATEMENT OF THE PROBLEM

In the rapidly evolving digital landscape, the Unified Payments Interface (UPI) has revolutionized the way financial transactions are conducted in India. This has significantly influenced consumer purchasing behavior by offering a seamless, secure, and efficient payment method. Despite UPI's widespread adoption and its apparent benefits in facilitating consumer transactions, its comprehensive impact on purchasing decisions, particularly in the context of demographic variables, remains underexplored. In Chennai, where digital adoption is rising, understanding how demographic factors such as age, income, gender, and educational background influence UPI usage and subsequent purchasing behavior is crucial. The study aims to investigate how awareness and trust in UPI, along with its convenience and speed, are shaping consumer choices. Additionally, it seeks to explore whether features like discounts and cashback incentives are effective in increasing UPI transaction frequency, which in turn impacts consumer spending habits. This research addresses the gap in literature by analyzing the interplay between UPI transactions and consumer behavior, providing insights for marketers and policymakers to optimize digital payment strategies.

OBJECTIVES OF THE STUDY

- To Study the demographical factors influencing UPI Usage and consumer purchasing Decision process
- To Analyze the Awareness and usage of UPI Among the Customer
- To Evaluate the relationship between UPI Transaction on Customer purchasing frequency

RESEARCH HYPOTHESES

H_0: There is no significant association between demographic factors influencing UPI Usage and consumer purchasing Decision process

H_0: There is no significant difference between Awareness and usage of UPI Among the Customer in Chennai city

3. Methodology

A survey was conducted by issuing structured questionnaire to 121 respondents from the overall population.

ANALYSIS AND INTERPRETATION

To Study the demographical factors influencing UPI Usage and consumer purchasing Decision process in Chennai city

H_0: There is no significant association between demographic factors influencing UPI Usage and consumer purchasing Decision process

Table 1 Demographic Variables for factors influencing UPI Usage and consumer purchasing Decision process

Demographic factors	Chi-Square Test		Strength of Association		
	Pearson Chi-Square	Asymp.sig.	Phi	Cramer's V	Sig.
Gender	2.454	0.001**	0.09	0.09	0.00**
Age	67.98	0.001**	0.34	0.34	0.00**
Educational Qualification	21.09	0.001**	0.21	0.21	0.00**
Occupation	4.21	0.001**	0.56	0.56	0.00**
Income levels	6.66	0.001**	0.76	0.76	0.00**

Source: Compiled from primary data of 121 respondents **0.05 level of significance

Table 1 examines whether demographic factors like gender, age, educational qualification, occupation, and income levels significantly influence UPI usage and purchasing decisions. The Chi-Square test results reveal the strength and significance of each factor's association with UPI usage and Gender: With a Chi-Square value of 2.454 and a p-value of 0.001, gender is significantly associated with UPI usage and consumer decisions, though with a relatively low strength of association (Phi and Cramer's V = 0.09). Age shows a strong association with UPI usage, with a high Chi-Square value of 67.98 and significant p-value (0.001). The strength of association is more substantial than gender (Phi and Cramer's V = 0.34).Education level is also a significant factor (Chi-Square = 21.09, p = 0.001), with a moderate association strength (Phi and Cramer's V = 0.21).Both occupation and income levels show strong influences on UPI usage, with higher Chi-Square values (4.21 for occupation and 6.66 for income), both significant at p = 0.001. The strength of association for income (Phi and Cramer's V = 0.76) indicates that income level may be the strongest predictor among the demographics for UPI usage behavior.

Table 2: Percentage Analysis of UPI Usage and consumer purchasing Decision process

Demographics	Respondents (121 Nos.)	Percentage (100%)
Gender	121	8.71
Age	121	16.87
Educational Qualification	121	66.89
Occupation	121	9.16
Income levels	121	4.98

Source: Compiled from primary data of 121 respondents

Table 2 presents a percentage analysis of respondents' demographics, with educational qualification (66.89%) comprising the majority, followed by age (16.87%) and occupation (9.16%). This distribution suggests that a higher level of education correlates with UPI awareness and usage, likely because individuals with greater education levels are more familiar with digital payment methods. Gender and income level make up smaller portions of the respondent base, indicating they may have a lesser influence on UPI adoption alone.

Table 3: Details of Univariate Analysis of Variance

Demographic Characters	Wilks' Lambda	F	Sig
Gender	.999	.512	.463
Age	.990	.162	.002
Educational Qualification	.994	1.76	.342
Occupation	.918	.412	.000
Income levels	.997	.113	.831

Table 3 describes the Univariate Analysis in Table 3 assesses the significance of demographic factors on UPI usage through Wilks' Lambda. Age and occupation show a significant influence (p = 0.002 and p = 0.000, respectively), highlighting them as strong predictors of UPI usage. Gender, educational qualification, and income level, however, do not show significant individual impact, suggesting these factors alone may not strongly determine UPI adoption among users.

To Analyze the Awareness and usage of UPI Among the Customer

H_0: There is no significant difference between Awareness and usage of UPI Among the Customer in Chennai city

Table 4 Awareness and usage of UPI Among the Customer in Chennai City

Variables	Calculated χ^2 Value	Stat-Value	d.f	P value
Awareness of UPI among customer				
Awareness level of UPI	1.1459	0.0389	7	0.018**
Sources of Awareness	0.4738	1.0378	7	0.023**
Understanding of UPI functionality	0.7490	0.3472	7	0.111
Awareness of UPI security features	0.3740	1.4679	7	0.739
Usagae of UPI among customer				
Perceived Ease of Use	1.143	0.0053	7	0.034
Perceived Usefulness	1.847	0.3981	7	0.000
Trust in UPI Security	0.3749	0.6389	7	0.000
Satisfaction with UPI Services	0.5286	0.4638	7	0.000

Source: Compiled from primary data of 121 respondents **0.05 level of significance

Table 4 explores customer awareness and usage of UPI, revealing that general awareness levels and sources of awareness are significant, which implies that the more consumers know about UPI, the more likely they are to use it. Key usage factors, including perceived ease of use, usefulness, and trust in security, also show significance, indicating that customers value these aspects. Satisfaction with UPI services significantly drives usage, reflecting that a positive experience is crucial for ongoing adoption and usage of UPI.

To Evaluate the relationship between UPI Transaction on Customer purchasing frequency

H_0: There is no significant relationship between UPI Transaction on Customer purchasing frequency in Chennai city

Table 5 Relationship between UPI Transaction on Customer purchasing frequency in Chennai city

Variables		Purchase frequency	UPI Transactions Frequency	Avg UPI Transaction	Discount or Cash back influence
Purchase frequency	Pearson Correlation	0.2839	0.3648	1.376	1.354
	Sig (2 Tailed)	0.008**	0.0001**	0.003**	0.000**
	N	121	121	121	121
UPI Transactions Frequency	Pearson Correlation	0.3648	0.2839	0.3990	0.7889
	Sig (2 Tailed)	0.0001**	0.008**	1.398	2.455
	N	121	121	121	121
Avg UPI Transaction	Pearson Correlation	1.376	0.3990	0.2839	-0.938
	Sig (2 Tailed)	0.003**	1.398	0.008**	0.323
	N	121	121	121	121
Discount or Cashback influence	Pearson Correlation	1.354	0.7889	-0.938	0.2839
	Sig (2 Tailed)	0.000**	2.455	0.323	0.008**
	N	121	121	121	121

Source: Compiled from primary data of 121 respondents **0.05 level of significance

Table 5 examines the correlation between UPI transactions and purchasing frequency, showing that higher UPI transaction frequency aligns with increased purchase frequency (correlation = 0.3648, p < 0.05). Discounts and cashback offer strong positive influences on both transaction frequency and purchase behavior, suggesting that such incentives are effective in encouraging more frequent UPI use and purchases. Average transaction values have a weaker correlation with purchase behavior, indicating other factors like discounts are more influential.

4. Suggestions

1.   Strengthen UPI Security Measures and Awareness: Focus on enhancing the communication of UPI's security features to alleviate concerns. Conduct awareness campaigns that educate users on safe transaction practices and highlight improvements in fraud prevention.

2.   Develop Youth-Oriented Marketing Campaigns: Given that young adults (18-34 years) are the primary users, design marketing strategies that resonate with their preferences. Use social media influencers, interactive content, and gamified incentives to increase engagement.

3.   Introduce Reward Programs for Frequent Users: Implement cashback offers, discounts, and loyalty rewards for users who make frequent UPI transactions. Such incentives can encourage higher transaction volumes and reinforce user satisfaction.

4.   Enhance User Experience by Minimizing Technical Issues: Address and reduce technical glitches to ensure smoother transaction processes. Collaborate with tech providers to maintain high system reliability and improve the infrastructure supporting UPI.

5.   Target Low-Income Groups with Special Initiatives: Launch initiatives aimed at encouraging UPI adoption among lower-income segments. Provide incentives such as small discounts on essential purchases when paid through UPI and educate this group on the benefits of digital transactions.

5. Conclusion

The study revels that majority of the respondence in the research are young adults with high income level. There is positive impact on purchasing frequency in UPI Transaction, and respondence revel that convenience and security are the major drivers of UPI Adoption among the population.

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