

A Study of Consumer Preference of UPI over Mobile Wallets among Students

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ABSTRACT

The advent of digital payment systems has revolutionized consumer transactions, offering unprecedented convenience and security. This study explores consumer preference for the Unified Payments Interface (UPI) over mobile wallets among students in urban India. Utilizing a descriptive research design, the study surveyed 200 students across various educational institutions, employing stratified random sampling to ensure representativeness. The findings suggest a strong preference for UPI due to its ease of use, security features, and quick transaction capabilities. This paper provides valuable insights for financial institutions and policymakers aiming to enhance digital payment systems.

- What are the levels of awareness and usage of UPI and mobile wallet services among students?
- What are the perceived benefits and drawbacks of using UPI and mobile wallets?

1.5 Significance of the Study

This research is significant for financial service providers and mobile payment systems to tailor their offerings to better suit the needs of young consumers, potentially driving higher adoption rates.

1.6 Scope and Limitations

The study is geographically limited to urban areas and focuses on students who are already users of digital payment systems.

I. INTRODUCTION

1.1 Background of the Study

The financial landscape has seen a substantial shift with the introduction of digital payment systems like UPI and mobile wallets. These platforms offer significant convenience and have changed how consumers access and spend their money.

1.2 Statement of the Problem

While there is rapid adoption of these technologies, there is scant comprehensive research into the preferences of a crucial demographic—students—for choosing UPI over mobile wallets.

1.3 Objectives of the Study

- To identify the factors influencing students' preferences for UPI over mobile wallets.
- To assess the awareness and usage rates of UPI and mobile wallets among students.
- To analyze the perceived advantages and disadvantages of UPI and mobile wallets from the students' perspective.

1.4 Research Questions

- What factors influence students' preferences for UPI over mobile wallets?

II. LITERATURE REVIEW

This section reviews existing literature to frame the context of the study, define key terms, and establish a theoretical foundation for understanding the factors influencing consumer preferences for digital payment systems like UPI and mobile wallets.

2.1 Evolution of Digital Payments

This subsection traces the development of payment systems from traditional methods to modern digital platforms. The evolution began with paper-based instruments, moved through credit cards and online banking, and has now reached a stage where mobile-based solutions are predominant. This historical context is crucial as it shows the shift towards convenience and security in consumer transactions, setting the stage for the adoption of advanced systems like UPI.

2.2 Overview of UPI (Unified Payments Interface)

UPI, developed by the National Payments Corporation of India (NPCI), represents a breakthrough in banking technology in India with its real-time payment system that allows transactions directly between bank accounts via

mobile apps. The system's key features—such as 24/7 availability, real-time processing, and the use of a Virtual Payment Address (VPA) to obfuscate personal details—offer a blend of convenience and security not previously available in traditional banking systems.

2.3 Overview of Mobile Wallets

Mobile wallets, such as Paytm, Google Pay, and Amazon Pay, function as virtual wallets where consumers can preload funds and use them for various transactions. Unlike UPI, which is tightly integrated with bank accounts, mobile wallets can be topped up using a variety of sources and used for a diverse range of services, including direct merchant payments, bill payments, and peer-to-peer transfers. They offer unique advantages such as rewards and cashbacks, which are appealing to a broad consumer base, especially the younger demographic.

2.4 Comparative Analysis of UPI and Mobile Wallets

This subsection provides a detailed comparison of UPI and mobile wallets in terms of functionality, user experience, and security. It discusses how UPI's integration with bank accounts enhances security and speeds up transactions, contrasting with the broader utility but potentially lower security perception of mobile wallets. The analysis includes consumer perceptions drawn from existing surveys and studies, providing insights into why certain features might influence preference.

2.5 Previous Studies on Consumer Preferences in Digital Payments

Reviewing past research helps identify gaps in the literature and understand the factors that have historically influenced consumer choices. Studies typically highlight ease of use, security, speed of transaction, and incentives as key determinants. This research builds on such studies by focusing specifically on the student demographic, which has been underrepresented in previous research.

2.6 Theoretical Framework

The subsection introduces two key models used in the study: the Technology Acceptance Model (TAM) and the Theory of Planned Behaviour (TPB). TAM suggests that perceived ease of use and perceived usefulness are the primary predictors of technology adoption, while TPB adds subjective norms and perceived behavioural control into the mix, offering a broader

understanding of user behaviour in social contexts. These models are applied to examine how students perceive and decide to use UPI over mobile wallets, considering both individual attitudes and the influence of societal trends.

III. METHODOLOGY

3.1 Research Design

The study adopted a descriptive research design, which is particularly effective in accurately portraying characteristics of a large population without manipulating the environment. This design facilitated the collection of quantitative and qualitative data to describe patterns in student preferences and behaviors regarding the use of UPI and mobile wallets.

3.2 Population and Sample

The target population consisted of students from urban educational institutions who actively use digital payment systems. A sample of 200 students was carefully chosen to reflect the diverse characteristics of the population. This size was considered sufficient to achieve statistical power while remaining manageable for detailed analysis.

3.3 Data Collection

Data collection was conducted using a structured questionnaire developed based on the literature review. The questionnaire included multiple-choice questions, Likert scale questions for assessing attitudes and preferences, and open-ended questions to gather qualitative insights. It was distributed electronically, which allowed for a broader reach and was more practical given the tech-savvy nature of the demographic.

3.4 Data Analysis

The collected data were analyzed using SPSS software, which facilitated both descriptive and inferential statistical analyses. Descriptive statistics provided an overview of the data distribution and central tendencies, while inferential statistics, including chi-square tests and logistic regression, were used to test hypotheses about the relationships between demographic variables and preferences for payment methods.

IV. FINDINGS AND DISCUSSION

4.1 Demographic Profile

Analysis revealed a balanced gender distribution within the respondent group, predominantly aged between 18 to 24 years, reflecting the typical college student age group in urban areas. This demographic is significant as it

represents a primary user base for digital payment systems in India.

4.2 Usage Patterns

The study found that UPI is favored for its direct bank-to-bank transactions, which are perceived as straightforward and secure. In contrast, mobile wallets are primarily used for transactions that benefit from rewards programs such as online shopping or bill payments. This suggests that while UPI is preferred for its functionality, mobile wallets attract users with additional incentives.

4.3 Influencing Factors

The preference for UPI over mobile wallets was strongly influenced by its perceived higher security and ease of transaction. UPI's integration with bank accounts offers enhanced security measures, which is a critical factor for students. Additionally, the quick processing of transactions and the absence of extra fees contributed to its preference. For mobile wallets, although less preferred, the ease of loading funds and the attraction of promotional offers were significant positive factors.

V. CONCLUSION AND RECOMMENDATIONS

5.1 Key Insights

The study concluded that UPI's simple interface, coupled with robust security features, drives its preference among students over mobile wallets. The real-time processing capability and direct link to users' bank accounts provide a trust factor that is crucial for financial transactions.

5.2 Recommendations

- ****For Payment Service Providers:**** Develop more robust security features for both UPI and mobile wallets to enhance trust. Additionally, improving the user interface and simplifying the transaction process could attract more users.
- ****For Educational Institutions:**** Implement digital payment education programs to raise awareness about the safe and effective use of digital payment technologies.
- ****For Policymakers:**** Consider regulations that ensure the security of digital transactions and protect user data, which will further build consumer confidence in these payment methods.

5.3 Limitations and Future Research

The study's scope was limited to urban students, which might not reflect the preferences of the broader youth population, especially in semi-

urban and rural areas. Future research could expand the demographic scope and also consider longitudinal studies to track changing preferences over time as digital payment technologies evolve and new platforms emerge.

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