

A STUDY ON CONFIDENCE LEVELS IN UPI AND CASHLESS PAYMENT SOLUTIONS

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ABSTRACT

The evolution of digital payments has transformed the financial landscape in India, offering fast, secure, and convenient alternatives to cash transactions. Unified Payments Interface (UPI), in particular, has emerged as a major driver of this digital revolution. However, the success of such platforms depends largely on customer trust. This study explores the factors influencing customer trust in UPI and other digital payment systems, analyzing how ease of use, accountability, security, government policies, and promotional awareness contribute to building a trustworthy digital ecosystem. The findings highlight that perceived security, transparency, and effective customer support play key roles in establishing long-term trust among users.

Key words; Ease of Use, Transparency, Customer Support, Government Policies, Digital Adoption, Payment Systems, User Behavior, Trust Factors, Online Transactions.

1.1 Introduction of the study

The rapid growth of digital payments in India has been primarily fueled by the government's "Digital India" initiative and the increasing adoption of smartphones and internet connectivity. The introduction of the Unified Payments Interface (UPI) by the National Payments Corporation of India (NPCI) has revolutionized person-to-person (P2P) and person-to-merchant (P2M) transactions. Despite the convenience and speed offered by UPI and digital payment apps such as Google Pay, PhonePe, and Paytm, customer trust remains a crucial determinant of their continued usage. Trust involves confidence in the system's reliability, data security, and accountability. Any breach or fraud can significantly reduce users' willingness to engage in digital transactions. Therefore, understanding what builds and sustains trust is vital for the success of digital payment ecosystems in India.

1.2 Objective of the study

- To analyze the role of user experience in building trust in digital payments.
- To assess the impact of digital literacy on customer trust in UPI.
- To evaluate the influence of government policies on trust in digital payments.
- To identify emerging risks affecting customer trust in UPI

1.3 Statement of the study

In the modern financial environment, digital payment systems have become essential for facilitating fast, convenient, and cashless transactions. The Unified Payments Interface (UPI)

has emerged as a key driver of this digital transformation by enabling seamless, real-time payments. However, the success and widespread adoption of UPI and other digital payment methods largely depend on the level of customer trust. Trust plays a crucial role in influencing users' willingness to adopt and continue using these platforms. Despite the growing popularity of digital payments, many users remain hesitant due to concerns related to security, privacy, fraud, and transaction failures. In many regions, especially among certain groups of users, there is still a lack of awareness and digital literacy, which affects their confidence in using UPI services. Additionally, issues such as inadequate grievance redressal systems, limited customer support, and fear of cyber threats further reduce trust in digital payment systems.

1.4 Research Methodology

- **DATA COLLECTION**

- **Primary Data**

Primary data is collected through structured questionnaires distributed to customers using digital payment methods in Coimbatore district. The questionnaire includes Likert-scale questions related to trust, security, ease of use, transaction experience, and issues such as fraud or technical errors.

- **Secondary Data**

Secondary data is collected from journals, research articles, websites, and reports related to digital payments, customer trust, cybersecurity, and financial technology.

- **Research Design**

The study uses a combination of descriptive and analytical research approaches.

- **Sample Size**

A sample of 90 respondents from different occupation people such as Student, Salaried, Business in Coimbatore district is selected.

- **Sampling Technique**

Convenience sampling method is used for selecting respondents

- **Tools for Analysis**

- Percentage analysis

Limitations

- Response Bias
- Limited sample size
- Limited factors considered

1.5 REVIEW OF LITERATURE:

1. **Swain & Rout (2023)**; Swain and Rout compared UPI with traditional banking methods. Their findings revealed that UPI is considered more convenient and time-saving. However, traditional banking systems are perceived as more stable and secure by older customers. The study highlighted the importance of institutional reputation in shaping trust perceptions.

2. **Kumar (2024)**; Kumar conducted a regional analysis of UPI adoption. The study showed that consistent system performance increases trust levels. However, network failures and delayed refunds reduce user confidence. The study emphasized the need for technological upgrades to maintain reliability.
3. **Jacob & Johnson (2024)**; This study focused on low-income groups and financial inclusion. It found that financial literacy significantly enhances trust and adoption of UPI. Users with
4. **Bala & Sharma (2024)**; Bala and Sharma conducted a comprehensive review identifying psychological and social determinants of trust. The study concluded that peer influence, perceived ease of use, and social acceptance positively impact trust formation in digital payment systems.

1.6 Analysis and Interpretation

Table1.1 Showing the Respondents using digital payments

Respondents	Number of Respondents	Percentage
Daily	37	41.1%
Weekly	40	44.4%
Monthly	10	11.1%
Rarely	3	3.3%
Never	0	0%
Total	90	100%

Interpretation:

The data shows that digital payments are widely adopted among respondents. A majority of users (44.4%) use digital payment methods on a weekly basis, followed closely by 41.1% who use them daily. This indicates that digital payment systems like UPI and cards are an integral part of regular financial transactions for most users. Only a small portion of respondents (11.1%) use digital payments monthly, suggesting occasional usage, possibly for specific transactions. A very minimal percentage (3.3%) reported using digital payments rarely, and none of the respondents selected “never,” which clearly reflects near-universal adoption within the sample group.

How often do you use digital payments (ex:UPI,cards etc)

90 responses

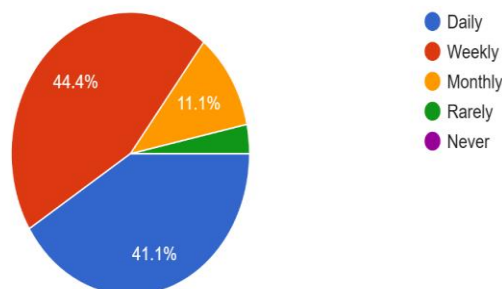
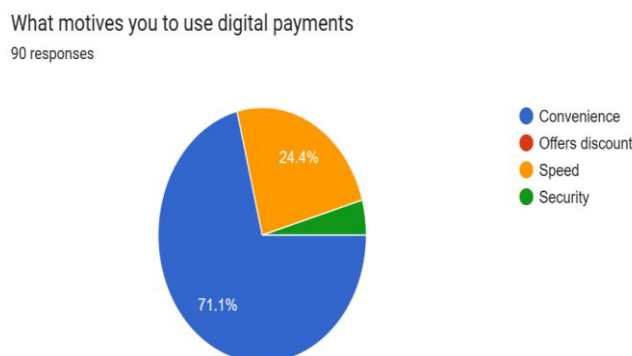


Table 1.2: 1 Showing the factors motivating the use of digital payments

Motivation	Approx. Number of Respondents	Percentage (%)
Convenience	64	71.1%
Offers/Discounts	0	0%
Speed	22	24.4%
Security	4	4.4%
Total	90	100%

Interpretation:

The results clearly indicate that convenience is the primary factor motivating users to adopt digital payments, with a significant majority of 71.1% choosing it. This suggests that ease of use, accessibility, and the ability to make quick transactions anytime and anywhere are the main drivers behind digital payment adoption. Speed is the second most important factor, selected by 24.4% of respondents, highlighting that users value fast transaction processing as a key benefit of digital payment systems. A very small percentage (4.4%) consider security as their main motivating factor.



1.7 Findings

- The total sample size of 90 respondents 100% ensures that the analysis represents all participants clearly.
- A large majority of respondents use digital payments frequently, with 85.5% using them either daily 41.1% or weekly 44.4%.
- *Weekly usage 44.4% is the highest among all categories, indicating that most users prefer regular but not necessarily everyday transactions.
- A significant portion 41.1% uses digital payments daily showing strong dependence on digital transaction methods.
- Only 11.1% of respondents use digital payments monthly indicating limited or occasional use among a small group.
- A very minimal percentage 3.3% use digital payments rarely suggesting low resistance or accessibility issues.

- No respondents 0% reported “never” using digital payments, highlighting complete adoption and widespread acceptance of digital payment systems among the sample.

1.8 SUGGESTIONS

1. Enhance security awareness by educating users on fraud prevention and safe transaction practices.
2. Improve app usability to maintain convenience with simple, user-friendly interfaces.
3. Strengthen system reliability by ensuring high transaction success rates and minimal downtime.
4. Increase digital literacy among rural and less tech-savvy users to boost trust and adoption.
5. Encourage wider usage by introducing meaningful incentives and engaging occasional users.

1.9 CONCLUSION

Customer trust in UPI and digital payments has shown significant growth in recent years, driven by factors such as convenience, speed, ease of use, and increasing smartphone penetration. Most users prefer digital transactions due to their efficiency and accessibility in daily life. However, trust is strongly influenced by security, privacy, and reliability of payment platforms. Concerns such as fraud, data breaches, and transaction failures still act as barriers for some users. The study concludes that while customers generally have a positive attitude towards UPI and digital payments, strengthening security measures, improving awareness about safe usage, and enhancing customer support services are essential to further build and sustain trust. Continuous technological improvements and government initiatives will play a key role in increasing user confidence and promoting wider adoption of digital payment systems.

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