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A Comparative Study on the Usage Pattern of UPI Payments among Rural and Urban at Kannur District of Kerala.

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Abstract

Digitalization is taking place in each and every sector, busy life schedules of people have changed the mindset of people towards making everything digitalized. This study mainly intend to understand the preference of online payment known as UPI in Urban and rural area. It's a digital payment system put forwarded by the National Payment Corporation of India. It's an interbank payment system which has the capacity to transform and universalize digital payment in India. The study focuses 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. UPI is an advanced payment system which offers greater ease of use for consumers along with high security and it has shown greater adoption by the people. UPI payments can be considered as a forward stepping stone towards Digital India.

Keywords: Digital Payment, Unified Payment Interface, Digitalization, Rural and Urban Area.

Introduction

Now a day the word "Online" is much familiarizing irrespective of rural and urban areas. If we look some years back doing everything using an online medium was surprising for the people who are not aware of internet and technology but today the situation has changed a lot because of internet penetration and influence of smart phones among the people. Whatever be the case there still exist some people who are not aware of such technological developments. People's busy life has made them turn towards doing everything in an easy as well as within a short span of time which is possible to greater extends by doing everything using an online platform. In Today's world people or the consumers are forced to move towards the technological way of doing things as most basic services received by the people are changing to online medium. The banking services, water and electricity bills, purchasing of necessity products everything is possible at a single click in 24 hours. Day by day budding up of many online shopping sites shows the penetration of people towards online shopping along with which there is also tremendous development of many apps for doing payment through using an online medium. As far as India is considered the aim is to develop a cashless transaction economy as a part of Digitalized India. There are infinite number of digital payment methods some of the most prominently used digital or online payment methods include Unified Payment Interface (UPI), the Prepaid Credit Cards, The Aadhar enabled payment system which is commonly known as AEPS, Rupay or Debit Card Mobile wallets etc. Among the various specified digital payment methods UPI has become widely accepted because of its distant features comparing to other types of digital payment methods. Through this study a comparative analysis is done for understanding whether a difference exist between male and female users of UPI payments in rural and urban areas of Kannur district of Kerala.

Objectives

1. To analyze about the preference of UPI Payments.
2. To make a comparative analysis for understanding whether a difference exist in male

and female users of UPI payments in rural and urban area.

Statement of Problem and Significance

Now a day’s digital transactions are spread across all areas and sectors irrespective of large or small transactions. The success and existence of an initiative depends on how people accept those things. There are infinite numbers of digital transaction app both by the government as well as by the private parties; most of the banks are offering their own digital transaction apps. Most of the Studies exhibits that most of the people especially in rural areas are not aware of such apps mostly the studies are done on advancement and impact of UPI apps. Many research has already been conducted in different areas related with digital payment platform. This study is mainly intended to understand the preference of UPI apps as well as to carry out a comparative analysis between male and female users of UPI in rural and urban areas of Kannur District of Kerala. A study has not been conducted in this area in Kannur District of Kerala this research gap has been fulfilled.

Review of Literature

(Babita Singla, Manish Bansal 2015) was of the opinion that a shopper is happy with cashless and plastic use payments.

(Sujatha Mohan 2017), Head of digital and new initiatives at RBL Bank, Which possess their own banks UPI app named as BHIMRBL pay “UPI has made a drastic change among the payment used for peer to peer payments and a lot of recurring cash transactions have moved towards making their payments using UPI apps. This a bigger positive for the payment system”

(Radhika Basavaraj kakade, Prof Nupur A.Veshne 2017)As per their research analysis they have come to the opinion in their report that the payment transaction done in UPI apps is simple as sending a text message through phones. They have also incorporated their opinion in their research work that such a development and use of UPI app will move India towards their goal of becoming a cashless economy.

(Roshna Thomas, Dr Abhijeet Chatterjee 2017) UPI is considered as a leading monetary transaction app which is simple and economical .Greater dependence of people on smart phones shows a positive trend towards the usage of UPI apps, they have also incorporated an opinion that the technical errors arising during the processing time may sometimes negatively hinder the progress of such UPI apps.

(Ravish Rana 2017) in their research study mention that highly educated people are more attracted towards such digital payment apps comparing to illiterate they have also mentioned that the city people are mostly using such payment apps while the rural people depends mostly on traditional type of payment system.

(Samrat Sharma 2019) report published in financial express exhibits that even the statistics is showing a growth in number of UPI payments, the developments of such digital payments in rural India is still at its forbidding because of poor network issues and unawareness of rural people in using such plat forms.

Unified Payment Interface

Unified payment interface is a payment platform where a person can transfer money to another person account instantly through ones mobile platform, The payment can be done through a mobile app only and can do transactions on this platform in 24 hrs. A person can do UPI transaction only if they possess a bank account which provides UPI facility. Most of the nationalized banks have come up with their own UPI apps apart from that there are some private player’s like Paytm, Phonepe, Google pay etc. A registered mobile number with the bank is mandatory for transacting via UPI for verification purposes. The money can be transferred through UPI apps by entering virtual Payment address (VPA) of the receiver or by entering account number and IFSC code or QR code. The extended limit for the transaction through UPI is Rs 100000 and the number of transaction is limited to 10 per day. This limit of transactions are subject to variations based on banks apps. In UPI transaction cash directly goes to bank account but in other apps like pay tm payments and cash back stay in wallet and involves charges for moving the money to bank account.

Why UPI?

UPI is a real time payment system developed by National Payment Corporation of India, it facilitate interbank transactions, which is regulated by RBI.NPCI has introduced UPI with a view to simplify the digital transactions with a single interface which can be used across all systems, Introduction of UPI made banking services more accessible to larger number of peoples. India is considered as the second largest country in use of smart phones in the world, which is considered as highly essential for the growth of UPI apps. People can use the UPI apps for various purposes like payment of electricity and water bills, reserving movie tickets, prepaid number recharging etc. that too at a single clicks. People are highly attracted towards digital payments now a days as most of such type of apps are providing mind blowing prizes, cash rewards etc. As per the newspaper reports the information received from NPCI shows that the use of UPI has crossed other forms of digital payments in terms of its development shifting from cash to Smartphone based payments.

Research Methodology

The study is mainly carried out to understand the preference to use UPI as a medium of payment transaction in general and to carry out a comparative study for understanding the pattern of usage of UPI payment apps among male and female respondents in rural and urban area. Percentage analysis is used in the study for data analysis. A sample of 200 respondents has been collected based on convenience sampling from rural and urban areas of kannur district.

Analysis and Interpretation

Table: 1 Preferential Factor of UPI Payments in General.

Sl.No	Statements	Number of Responses		Percentages	
		Rural	Urban	Rural	Urban
1	Easy & Fast Transaction				
1	Strongly Disagree	10	16	12.5%	13.33%

2	Disagree	13	14	16.25%	11.66%
3	Neutral	10	15	12.5%	12.5%
4	Agree	12	30	15%	25%
5	Strongly Agree	35	45	43.75%	37.5%
2	Secure & Cheap				
1	Strongly Disagree	20	10	25%	8.33%
2	Disagree	12	10	15%	8.33%
3	Neutral	13	40	16.25%	33.33%
4	Agree	25	35	31.25%	29.16%
5	Strongly Agree	10	25	12.5%	20.83%
3	Convenience				
1	Strongly Disagree	13	5	16.25%	4.16%
2	Disagree	10	10	12.5%	8.33%
3	Neutral	15	35	18.75%	29.16%
4	Agree	12	20	15%	16.66%
5	Strongly Agree	30	50	37.5%	41.6%
4	Spend Analysis Reports				
1	Strongly Disagree	8	20	10%	16.66%
2	Disagree	15	22	18.75%	18.33%
3	Neutral	15	20	18.75%	16.66%
4	Agree	17	30	21.25%	25%
5	Strongly Agree	25	28	31.25%	23.33%
5	Prizes & Reward Points				
1	Strongly Disagree	17	18	21.25%	15%
2	Disagree	21	57	26.25%	47.5%
3	Neutral	10	10	12.5%	8.33%
4	Agree	12	20	15%	16.66%
5	Strongly Agree	20	15	25%	12.5%

Sources: Primary Data

The above table shows the various influential factors which have made the people to opt for UPI as a medium of payment in general. An easy and fast transaction followed by convenience was found to be the highly influential factors which shift the people’s preference towards UPI

irrespective of rural and urban area. It was 43.75% strongly agree towards easy and fast transactions through UPI in rural area followed by 37.5% in urban area. Around 37.5% people in rural area strongly agree about convenience as a factor to choose UPI while it was 41.6% in urban area.

Table: 2 Non Preferential Factors of UPI Payments in general.

Sl.No	Statements	Number of Responses		Percentages	
		Rural	Urban	Rural	Urban
1	Security Issues				
1	Strongly Disagree	16	30	20%	25%
2	Disagree	15	20	18.75%	16.66%
3	Neutral	14	45	17.5%	37.5%
4	Agree	20	10	25%	8.33%
5	Strongly Agree	15	15	18.75%	12.5%
2	Poor Network Connectivity				
1	Strongly Disagree	8	35	10%	29.16%
2	Disagree	7	35	8.75%	29.16%
3	Neutral	16	35	20%	29.16%
4	Agree	14	10	17.5%	8.33%
5	Strongly Agree	35	5	43.75%	4.16%
3	Lack of Technical Knowledge				
1	Strongly Disagree	10	45	12.5%	37.5%
2	Disagree	7	47	8.75%	39.16%
3	Neutral	8	20	10%	16.66%
4	Agree	15	5	18.75%	4.16%
5	Strongly Agree	40	3	50%	2.5%

Sources: Primary Data

The above table shows the various non-preferential factors of UPI payments in general among rural and urban area. Considering the factors 50% of rural people strongly agree that they are lacking in technical knowledge with regard to

making payments using UPI. While poor internet connectivity accounts to 43.75% strongly agree by the rural people. 12.5% in urban area strongly agree about their concern in security issues while depending on UPI apps.

Table: 3 Preference of Mode of Payment in Rural & Urban Area based on Gender.

Sl.No	Mode of Payment	Frequency	Rural		Urban		Percentage Rural		Percentage Urban	
			Male	Female	Male	Female	Male	Female	Male	Female
1	Cash	100	40	15	20	25	50%	18.75%	16.6%	20.83%
2	UPI Payment	100	15	10	45	30	18.75%	12.5%	37.5%	25%
	Total	200	80		120					

Sources: Primary Data

From the above table it can be inferred that only 18.75% of male respondents in rural area preferred UPI mode of payment while it was only 12.5% among female respondent. In urban area 37.5% of male respondent prefer UPI while it was 25% among female respondents. Which indicates a wide gender gap still exist between the rural and urban people towards UPI.

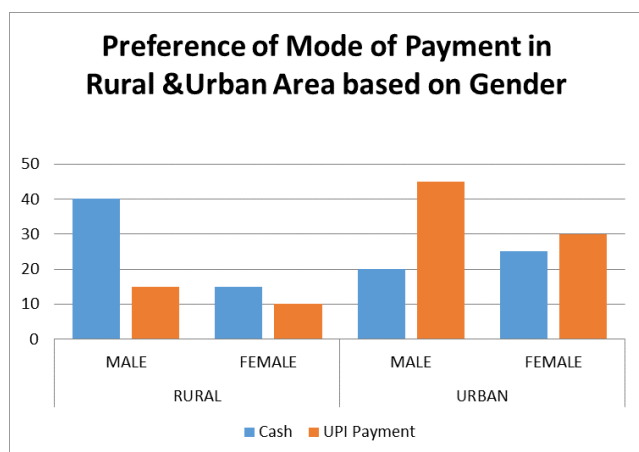


Fig. 1

Suggestions

Without accepting change it become difficult to sustain, the only solution for this is to accept change and lead accordingly. In spite of all its limitations majority of the people have accepted to carry all their transactions through different digital media, its every important that for a regional development the people focus should change irrespective of rural and urban area, based on the interpretation of analysis an initiative have been taken to express certain suggestions to improve the usage of UPI payments especially in rural area.

- 1) it has been noticed that the growth of UPI is occurring at decreasing rate, this has been happened mainly because of the unawareness about the benefit of UPI as well as lack of technical knowledge in carrying out transactions Government, banks as well as other financial institutions must take active measures to rectify such issues by providing proper awareness to the people in rural areas by conducting practical live classes and seminars on how to transact through UPI.
- 2) Equal development should take place in rural and urban area for accomplishing the goal of digital India, for these proper infrastructure facilities like providing good network connectivity should be assured and measures should be taken to rectify network related issues on time.
- 3) The transaction details through UPI help the marketers to understand payment pattern as well as the spending behavior which can create a turning point in developing various marketing strategies. So merchants

should encourage consumers for making payments through UPI transaction.

- 4) The UPI app developers should incorporate new feature like dummy payment option for the first time users of UPI.
- 5) Mind blowing and striking offers of cash back should be provided for the first time users, so that people may take an initiative to try it at least one time.
- 6) Small Scale merchants should be encouraged to accept payments through UPI, so people will be contrived to depend on UPI.
- 7) For increasing the trust of people towards online payment like UPI Government should take initiative to pass strict laws on violation of IT act related with online payment.

Conclusion

Through the study we can conclude that there is a developing trend about the preference of UPI but at a decreasing rate, there exist a wide difference in usage pattern among male and female respondents in both rural and urban area. Online payment like UPI is one among a strategy for acquiring our countries goal towards digital India. The number of Smartphone users and online shoppers are increasing day by day such a high influence will obviously open up a positive trend towards acceptance of UPI if the government urge them. Therefore government banks, financial institutions, merchants should collaboratively work together to develop a habit among people making the payment transaction using an online platform especially among rural area by creating different awareness programs. Targeting on the female respondents awareness in rural area can be done in tie up with kudumbasree units across the region.

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