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## Customer awareness on UPI and mobile banking: An exploratory study

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### Abstract

Banking has played a very important role in the economic development of India and calling it the life blood of modern commerce will not be inappropriate. Like other sectors of economy, banking has also seen digital transformation where customer service is not confined to bank branches only. Digitalization has made 24\*7 banking a living reality and almost all banking services are available at finger tips of the customers. Digitalization has brought convenience to the customers and enabled banks to provide better customer service at lower costs. Banks need to maintain staff and other infrastructures facilities to manual banking services but digital banking is highly cost effective alternative for the banks as the cost of transaction is very low. Earlier internet banking was only available on computers and people of low income group could not afford computers. Hence the reach of digital banking services was limited to high and middle income group of the country. But smartphone revolution has changed the whole face of digital banking. Smartphones have reached to every segment of the society and even low income people can afford smartphones due to their cheap prices. A smartphone can perform all functions of a computer and digital banking services can be provided on smartphones as well. Also a customer cannot carry a computer along with him everywhere but smartphone can be carried anywhere by the user. To take advantage of cost effectiveness and provide greater customer satisfaction, almost every Bank of the country has developed its own mobile banking applications and other platforms to shift their customers from manual banking to digital banking. After Note ban of 2016 and social distancing norms of COVID - 19, digital transactions have increased very sharply. Government is promoting digital transactions to curb down black economy and make India a cashless economy. Introduction of UPI and BHIM by NPCI was also an attempt by the government to make mobile banking more convenient and widely accepted medium of transaction. Various initiatives were taken by the government to promote digital transactions and their results are visible in the country. The researcher has made an attempt to study customer awareness on UPI/mobile banking, problems faced by users and their reasons of choosing UPI/mobile banking over tradition banking. The study is conducted on 300 respondents of Delhi.

**Keywords:** UPI, mobile banking, cyber security, cashless transactions

### Introduction

#### UPI and Mobile Banking

Mobile banking is basically internet banking facility being provided by banks through various mobile applications to their customers. These apps are developed by banks to provide digital banking services like fund transfer, account statement, fixed deposit, depository services etc. To promote digital transaction through mobilephones, UPI- unified payments interface was developed by national payments corporation of India (NPCI) in year 2016 as an instant real-time payment system which facilitates fund transfer from one bank account to other. Both parties of the transaction have to register with UPI and link their bank accounts to make any transaction. UPI facilitates inter-bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions. UPI is also a part of mobile banking but it is available across various platforms and does not require a particular bank provided application. UPI is very user friendly, easy to use and transfers funds immediately from one bank account to other. NPCI does not charge any fee from users for its services and it is a very safe and secure platform which makes it a preferred mode of transaction for smartphone users. Digital payments in the country are seeing exponential growth and the country is leading the world in digital payments by clocking 40% of real time digital payments. Most of these payments are made using UPI/ mobile banking.

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Transactions on the Unified Payments Interface (UPI) platform hit a new record of 782 crore in December 2022, with the value of these also touching a new high of Rs 12.8 lakh crore. In calendar year 2022, the UPI platform saw 7,404 crore transactions for Rs 125 lakh crore. To access UPI services, a user should have an internet connection and a smartphone. These days smartphones are available at very cheap prices and even low income people are using smartphones in the country. Thanks to digital India initiative of the government, we can see a small vegetable vendor or tea vendor using UPI/Mobile banking in his/her smartphone. Note ban of 2016 and corona virus pandemic have worked like catalysts to digital payments making them common payment methods of common Indians.

### Objectives

The following are some of the objectives framed for the study -

- To study the level of awareness among respondents about UPI/mobile banking.
- To study the age and occupation of respondents using UPI/mobile banking.
- To study the problems faced by respondents while using mobile banking.
- To study the level of awareness regarding cyber frauds and scams.
- To offer suitable suggestions to promote the awareness of the customers and safe mobile banking.

### Review of literature

A very large number of researches and studies have been conducted on mobile banking, customer awareness, reasons of popularity and challenges faced by users. Some of the researches were reviewed by the researcher.

Devi A (2017) explained factors determining customer satisfaction of E- banking services and made an analysis of usages patterns, factors influencing adoption of digital banking and level of awareness about E-banking services. Customers of various educational and economical backgrounds were studied by the researcher and E-banking service satisfaction levels were assessed.

Roshna Thomas (2019) discussed influence of mobile banking on social and economic lives, Awareness and knowledge of users, various forms of mobile banking, transfer of knowledge among users and impact of demography on uses. Study has described role of bank employees on promotion of mobile banking and transfer of knowledge among customers.

Vijendra singh (2019) examined issues and problems related to mobile banking and various challenges faced by users. While discussing advantages and limitations of mobile banking, researcher has also discussed security of transactions, handset operability, transmission of financial information and worldwide mobile banking.

Anuj pal kapoor (2019) aimed to develop a digital maturity scale to assess digital maturity levels of customers and develop a multidimensional framework to analyze the decision factor behind adoption of mobile banking by consumers. For better understanding of the subject, researcher has categorized customers into distinct segments based on online shopping attributes and mobile banking capabilities.

Sakshi bansal (2020) analyzed services given by various banks about mobile banking, factors affecting behavior of

customers, challenges involved in mobile banking and various types of risks associated. Common factors affecting adoption of mobile banking are discussed with usage factor and safety of transactions.

### Research Methodology

The present study is based on a survey conducted in national capital Delhi and it is based on descriptive research. Responses were collected from users of UPI/mobile banking of different age groups having different occupations. A total of 300 users have been approached who are customers of different banks like Punjab national bank, state bank of India, HDFC, ICICI bank etc. The respondents were made clear about the purpose of the study & accordingly, confidentiality of their response was assured.

### Tools & Techniques

A total of 500 questionnaires were E-mailed to respondents, only 300 were found duly completed in all respects.

These were put to interpretations on the basis of different questions and dimensions considered for the purpose of analysis. Following dimensions were considered:

- Main reason for choosing UPI and mobile banking
- Whether the occupation, age or education of users had any bearing on the mobile banking preference.
- Level of cyber security awareness
- Reach of mobile banking and UPI in society

### Precautions for data collection

- Researcher has followed the ethics of data collection, only the subjects willing to respond were interviewed or asked to fill up the questionnaire.
- Respondents were given assurance that their identity would not be disclosed.
- The respondents were free to refrain from answering certain questions which require personal information if they wish to do so.
- Rapport was established & maintained throughout the procedure of data collection.
- Researcher has made an attempt to cover all types of UPI/mobile banking users from various banks, age and occupation groups.
- The respondents were asked to give free and honest replies only.

### Results and Interpretation

#### Reasons of choosing UPI/mobile banking

The table given below shows the reason of choosing UPI/mobile banking services by the respondents.

**Table 1:** Reasons of choosing UPI /mobile banking

S. No.	Reason of choosing UPI/mobile banking	No. of respondents	Percentage (%)
1.	Convenient to use	115	38
2.	Time saving	75	25
3.	Safety and security	60	20
4.	Others	50	17
	Total	300	100

#### Interpretation

The above table shows that out of 300 respondents, 115 respondents preferred UPI/mobile banking as it is convenient to use and they don't need to carry cash or cheque book along with them to make any financial

transaction. For 75 respondents, the main reason of choosing UPI/mobile banking is time because it transfers funds immediately saving a lot of fund clearing time. 60 out of 300 respondents find UPI/mobile banking more safer and 50 respondents preferred UPI due to various other reasons.

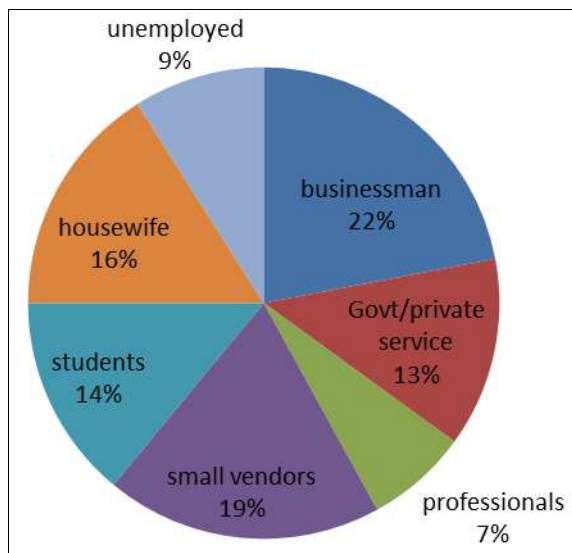


Fig 1: Occupation of respondents

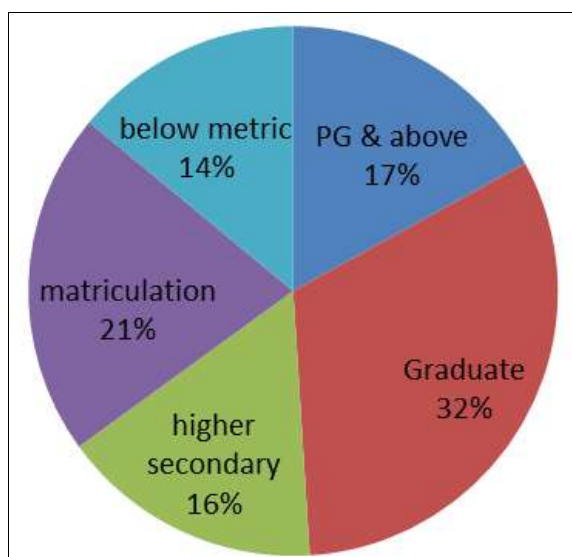


Fig 2: Educational qualification of respondents

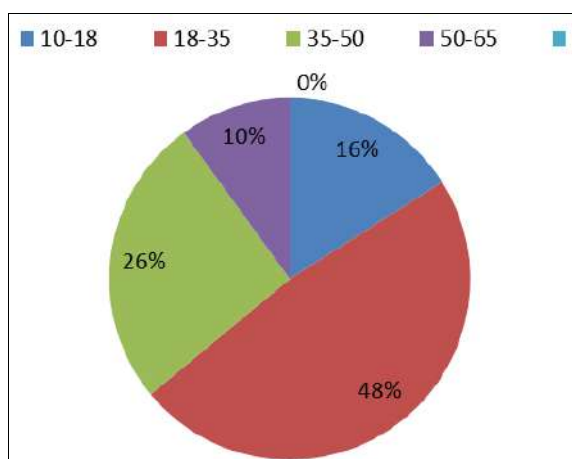


Fig 3: Age of respondents

### Interpretation

From pie charts given above, it can be easily understood that youngsters were using UPI/mobile banking services more than their older counterparts. Out of 300 respondents, 48% respondents belonged to the age group 18-35 and users in the age group of 35-50 were 26%, which clearly indicates that UPI/mobile banking is very popular among youngsters who are tech savvy but aged respondents who are not very familiar with technology still prefer manual banking as their proportion was only 10% of total respondents. Educational background also plays a focal role in user preferences, where almost half of the respondents were graduates or post graduates and only 14% of the users were below metric. Most of them were small vendors who had very poor knowledge of the technology but they were using the platform to receive payments from their customers. These vendors prefer cash payments but also use UPI/mobile banking to collect payments from those customers who prefer to pay electronically. 19% of respondents were such small vendors. 22% respondents were businessmen who use UPI/mobile banking for their day to day business transaction like payments of salary/wages, payments to suppliers, expenses of routine nature and receipts from customers. Businessmen prefer UPI/mobile banking because it transfers funds instantly to their accounts avoiding funds clearing time delays. Respondents from all walks of life were using UPI/mobile banking and it is a part of their daily life.

### Problems faced by users

Respondents were asked to mention problems faced by them while using mobile banking and their responses are recorded in table given below –

Table 2: Problems faced by users

S. No.	Problem faced by user	No. of respondents	Percentage (%)
1.	Network/server related	90	30
2.	Failed transaction	42	14
3.	Fraudulent transaction	15	5
4.	Other problems	63	21
5.	No problems faced	90	30
	Total	300	100

### Interpretation

The above table shows that Out of 300 respondents, 90 respondents faced bank server or network related issues while using UPI/mobile banking and 42 respondents faced problems related to failed transaction while using mobile banking. 5% of the users were victims of various types of cyber frauds and 63 respondents have faced various other types of problems while using UPI/mobile banking. 90(30%) respondents said they have not faced any problem with UPI/mobile banking and showed high degree of satisfaction.

**Frauds:** Respondents who reported frauds were victims of various cyber crimes like phishing, hacking, spying etc where they were either asked OTP to receive money or click on a link given by fraudsters. 15 respondents who were victims of cyber fraud lost Rs 2,77,000/- in these scams. Only one of them could recover his money with the help of police.

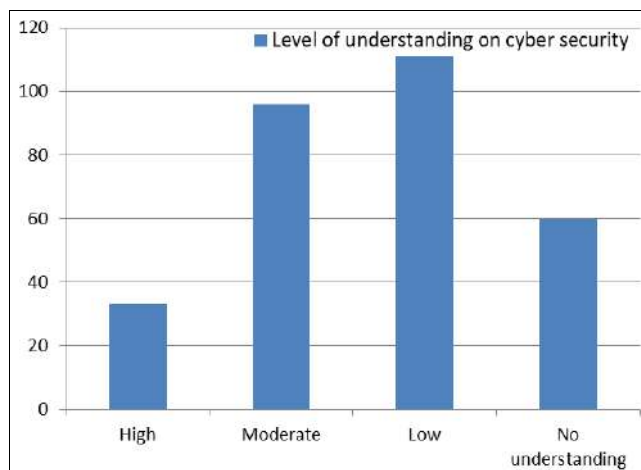
**Awareness of users on cyber security:** Researcher has asked respondents some basic questions about cyber security to test their understanding and found following results –



**Table 3:** Awareness of users on cyber security

S. No.	Level of understanding on cyber security	No of respondents	Percentage (%)
1.	High	33	11
2.	Moderate	96	32
3.	Low	111	37
4.	No understanding	60	20
	Total	300	100

### Graphical presentation of user understanding of cyber security

**Graph 1:** Level of understanding on cyber security

### Interpretation

Understanding of cyber security and knowledge of safety measures is very important for any user and it was found that 20% of the respondents were completely unaware of the cyber security and about 37% respondents had a very low understanding of the issue. This situation is dangerous and makes these users vulnerable to internet scams and cyber frauds. Only 11% respondents were found to be highly aware of the issue and 32% users had moderate understanding of cyber security.

### Findings and Conclusion

- The study found out that common citizens are moving toward digital payments due to various advantages and there is an overall positive view about UPI and mobile banking.
- Where internet banking through PC is considered complicated by many respondents, UPI/mobile banking is considered easy to use by respondents. Many people with comparatively low education are using UPI/mobile banking on their smartphones due to user friendly interface provided by mobile banking applications.
- Government is also promoting digital payments, the objective is to make India a cashless economy. Many Fintech companies have also introduced various applications for UPI/mobile banking and mobile wallets are also introduced by these companies.
- A very large number of respondents were found to have very low or no knowledge of cyber security, which is a very dangerous situation and require immediate attention. According to a telenor survey, 36% Indians cheated online, which accounts to Rs 8.19 lakh average financial loss per person from internet scams, compared with Rs 6.81 lakh in Asia. Thus it is very important that every user understands the threat and take precautions for safe banking.

- Government, banks, and financial institutions should educate customers about cyber security and make them aware of internet scams. Many users block their internet banking and debit cards after becoming victims of cyber frauds or return back to manual banking.
- A large number of people avoid mobile banking in fear of getting scammed. Thus proper education of cyber security among users is very crucial for digital banking to sustain and grow.
- Many users complained about failed transactions where their money was either blocked for some days or not returned by beneficiary bank or service provider despite various complaints and reminders. Banks and service providers should develop more effective systems and procedures for timely reversal of transactions and refund of money to ensure safe and secure transactions.

### Limitation of the study

1. The study is conducted in national capital Delhi and its results are concluded based on responses given by participants of Delhi alone. Respondents from other cities could have been included in the study
2. This study was conducted and targeted only those respondents who used UPI/mobile banking.
3. Inability on the part of some of the respondents to answer certain questions is a limitation of this study.
4. Due to time constraint the survey was restricted to a sample size of 300 users which could have been increased.

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