

# A Study on Factors Influencing Customers Acceptability of the BHIM UPI App in Digital Financial Services

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*Abstract- The main purpose of this paper is to look into the constantly changing field of digital finance in India and assess the feasibility of the widespread use of BHIM UPI among the average users. In fact, considering the rapid development of the digital payment system in the country, it has become clear that UPI is an incredibly efficient way to transfer money electronically. Therefore, this paper seeks to explore the user experience by comparing convenience, speed, and security of such applications. By conducting the surveys and using already available studies on the issue, the author will try to find out whether it is the availability of technology or some other factors that determine adoption rates. In essence, the results obtained indicate some kind of contradiction – while people appreciate the benefits of using UPI, they continue being concerned about issues of lack of digital literacy, absence of constant connection, and fear of cybercrime. Another important aspect is that, according to the surveys, the "Digital India" campaign launched by the authorities proves to be successful since citizens begin moving away from cash. For BHIM UPI to achieve its full potential, however, the study indicates that the improvements in technology must be complemented by an increased emphasis on consumer awareness as well as clearer security protocols. In essence, it aims at establishing a high degree of confidence whereby digital payment transactions are made seamlessly and become part and parcel of every citizen's lifestyle.*

**Keywords- Digital Finance, BHIM UPI, UPI, and Mobile Banking Applications Digital Payments, Security, Customer Acceptance, and Financial Inclusion.**

## I. INTRODUCTION

As the world changes rapidly around us, there has been a huge change in the manner people use to transact money. For a long period of time in India, all transactions were done using cash that would involve time, efforts, and even some risks at times. But now, with growing technology and smartphones among other things, more and more people are making use of digital money payments.

The most significant development in this context has been the BHIM UPI application developed by National Payments Corporation of India (NPCI). Through the use of this app, it has now become very easy for a user to transfer money instantly from one bank account to another just by using his/her mobile phone. The application makes transactions easier as it does not require any memorization of bank accounts and IFSC codes.

The rising trend of digital payments can be attributed to many factors including digital campaigns initiated by governments such as the Digital India campaign. Now people can pay utility bills, make purchases online, and do daily transactions through UPI applications.

But, despite being available widely, everybody does not get along well with these kinds of tools and resources. While some users readily make use of these technologies, as they seem convenient and effective, there may be others who refrain from using them, owing to various reasons such as security threats, unawareness, and difficult-to-understand processes involved.

Various aspects contribute to customer acceptance of the use of digital payment methods like the BHIM UPI App. They include usability of the application, safety measures adopted during payment processes, confidence about the use of the payment system, and users' awareness regarding it. Identifying these factors will assist in comprehending the problems users face while using the tool.

The current research work intends to study and analyze the major factors that affect the acceptability of the BHIM UPI App for digital finance services.

## II. REVIEW OF LITERATURE

- The literature review presented by the sources reflects the development of digital payments and the determinants of adopting the UPI technology in India.
- Sanghita Roy and Dr. Indrajit Sinha (2014) found that whereas the e-payment system in India was rapidly developing, almost 90% of the transactions were done in cash. The researchers identified innovation, incentives, customer convenience, and the legal environment as the key building blocks for boosting digital payments.
- Rakesh H M and Ramya T J (2014) revealed that internet banking is motivated by reliability, ease of use, and usefulness. It was emphasized that there is a need to improve awareness to lure more customers to adopt the services.
- Kartikeya Bolar (2014) indicated that developers should be informed about the criteria used by customers when assessing the interfaces in terms of their quality attributes to strategically improve them.
- Slozko and Pello (2015) described e-payment systems as vital, safe, and convenient tools for conducting internet transactions and the gateway to economic prosperity around the globe.
- Rahul Gochhwal (2017) argued that the UPI system effectively tapped into the tele-density of India, making the mobile phone the main medium for making payments.
- According to Dr. Virshree Tungare (2018), UPI is the most advanced payment system in the whole world when compared to other available payment systems.
- The digital payment technology has made it possible to improve the performance of the banking sector, and the motive of becoming a "cashless country" was also achieved. This point was raised by K. Suma Vally & K. Hema Divya (2018), emphasizing the importance of education of technology and security within the banks.
- It can be said that due to the ability of UPI in making direct payments from bank accounts without asking the user about their credit card, IFSC code, or any password, people were encouraged to use it. Moreover, the literature indicates that there are huge differences between men and women while using UPI.

## III. OBJECTIVES OF THE STUDY

The primary goal of this study is to identify the influence of different variables affecting customer acceptability of BHIM UPI in digital finance.

- To know the level of awareness about BHIM UPI of customers
- To find out the key factors that influence customer acceptability of BHIM UPI (like ease of use, security, and convenience)
- To examine the influence of trust and risk perception on usage of the product
- To study customer satisfaction levels about the BHIM UPI
- To find out how age, education, and income level affect BHIM UPI adoption
- To find out different problems that users face while using the BHIM UPI
- To suggest ways for enhancing customer acceptability of BHIM UPI

## IV. RESEARCH METHODOLOGY

### 4.1 Research Design

The study will adopt descriptive research design because the researcher intends to gain insight into customers' behaviors, perceptions, and acceptance towards the use of BHIM UPI app. The research design will help in analyzing the influence of various factors on users' adoption of the application.

### 4.2 Nature of Data

Primary Data: Data collected directly from respondents

Secondary Data: Data collected from journals, reports, and official sources including National Payments Corporation of India

### 4.3 Methods for Collecting Data Primary Data Collection

- Used structured questionnaire
- Included closed and simple open-ended questions
- Distributed to respondents (online and offline)

Secondary Data Collection

- Acquired research papers and journals
- Gathered information from websites related to digital payments
- Read books such as Research Methodology by C.R. Kothari

#### 4.4 Sampling Design

- Population: General public using digital payments application
- Target Population: Users of UPI based application
- Sampling Unit: Individual
- Sample Size: 50 respondents
- Sampling Technique: Random sampling

#### 4.5 Tools/Techniques Used for Data Analysis

- Use percentage method for basic analysis
- Tabulation for easy understanding of data
- Graphs & Charts for visualizing the data

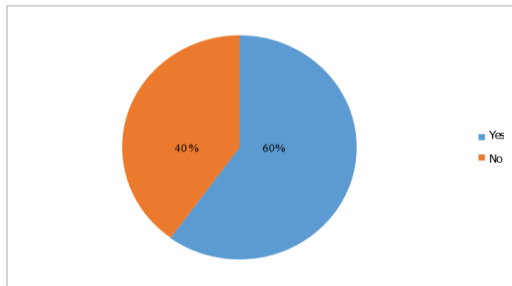
#### 4.6 Limitations of the Study

- Small sample size (50 respondents)
- Geographic limitations
- Lack of time
- Bias in response

### V. DATA ANALYSIS AND INTERPRETATION

[1]. Have you heard about UPI?

(a) Yes (b) No



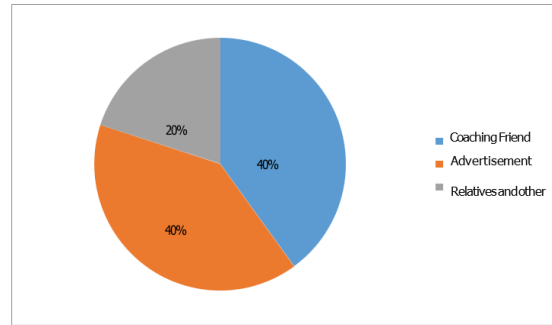
#### INTERPRETATION

From the table and graph above it can be seen that 60% responded people heard and 40% responded people did not heard.

[2]. How did you get to know about UPI

(a) Coaching Friends (b) Advertisement

(c) Relatives and other



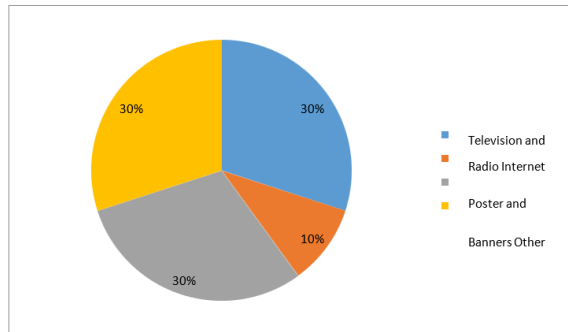
#### INTERPRETATION

From the table and graph above it can be seen that 40% responded people say Coaching friend and 40% responded people say Advertisement and Rest Relatives and other are 20% responded.

[3]. IF through advertisement, specify the jounce of awareness.

(a) Television and Radio (b) Internet

(c) Posters and Banners (d) Other



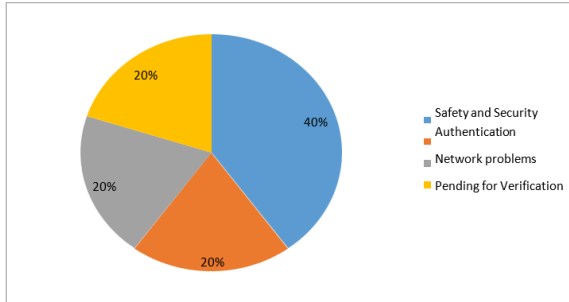
#### INTERPRETATION

From the table and graph above it can be seen that 30% responded people say Television and Radio and 10% responded people say Internet and Posters and Banners are 30% responded and other 30%.

[4]. Problems faced while using UPI.

(a) Safety and Security (b) Authentication

(c) Network problems (d) Pending for Verification

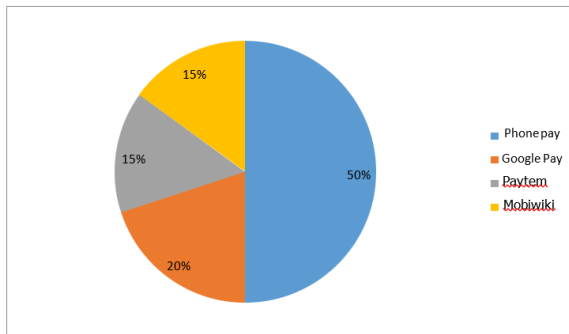


**INTERPRETATION**

From the table and graph above it can be seen that 40% responded people Safety and Security and 20% responded people say Authentication and Network problems are 20% responded and Pending for Verification 20%.

[5]. In which mobile application do you use UPI?

- (a) Phone pay
- (b) Google pay
- (c) Paytm
- (d) Mobikwik

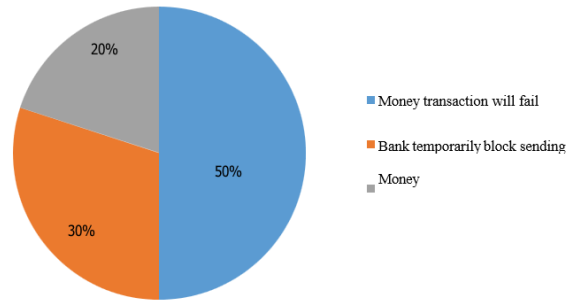


**INTERPRETATION**

From the table and graph above it can be seen that 50% responded people Phone pay and 20% responded people say Google pay and Paytm are 15% responded and Mobikwik 15%.

[6]. What happens if you enter wrong UPI-PIN during a transaction.

- (a) Money transaction will fail
- (b) Bank temporarily block sending money
- (c) Other's

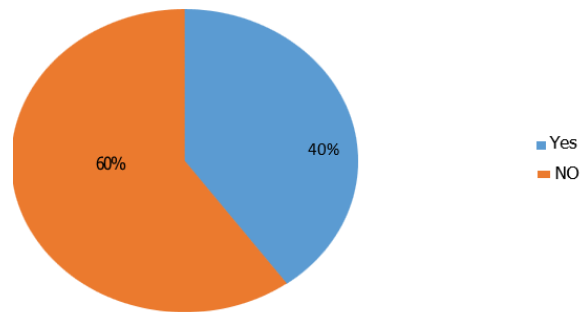


**INTERPRETATION**

From the table and graph above it can be seen that 50% responded people Money transaction will fail and 30% responded people say Bank temporarily block sending money and Other's are 20% responded.

[7]. Does money transaction on UPI happens on any banking working hours?

- (a) Yes
- (b) No

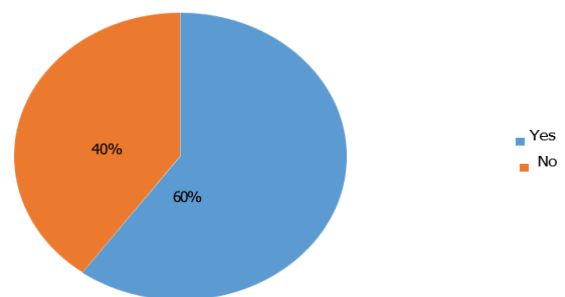


**INTERPRETATION**

From the table and graph above it can be seen that 40% responded people say yes. and 60% responded people say No.

[8]. Does customer's need to have a bank account while using UPI ?

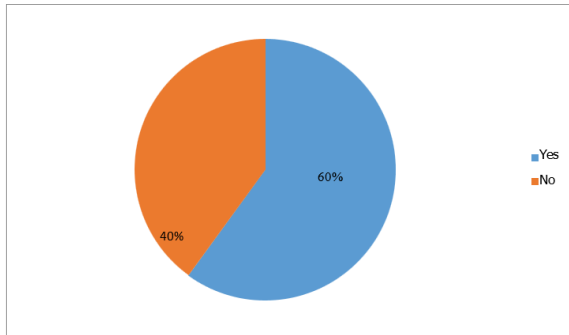
- (a) Yes
- (b) No



INTERPRETATION

From the table and graph above it can be seen that 60% responded people say yes. and 40% responded people say No.

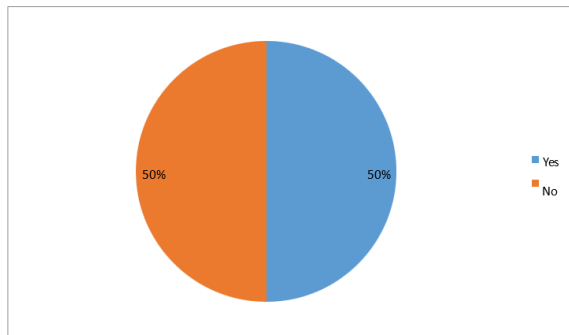
[8]. Does customer's need to have a bank account while using UPI ?  
(a) Yes (b) No



INTERPRETATION

From the table and graph above it can be seen that 60% responded people say yes. and 40% responded people say No.

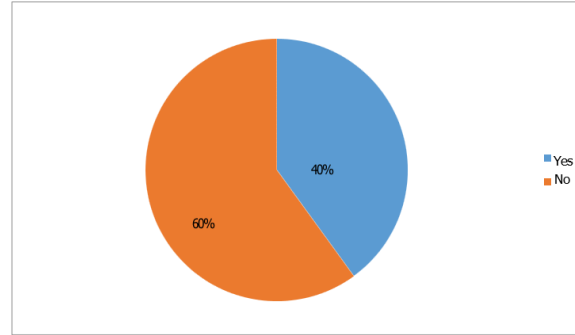
[9]. Do you think that using UPI will increase the chances of buffering from thief?  
(a) Yes (b) No



INTERPRETATION

From the table and graph above it can be seen that 50% responded people say yes. and 50% responded people say No.

[10] Can I use more than one UPI application on the same mobile if they are linked to different banks accounts  
(a) Yes (b) No



INTERPRETATION

From the table and graph above it can be seen that 35% responded people say yes. and 65% responded people say No.

VI. FINDINGS OF THE STUDY

From the data analysis of the survey conducted on the usage of BHIM UPI, the following results have been obtained:

- Most of the respondents have heard about UPI, but full knowledge is not available to everyone.
- People mostly come to know about UPI facilities through their friends or advertisements.
- Convenience and ease of use are the primary factors behind using digital payments.
- Security issues are the most significant problem encountered by the users.
- Many respondents face various issues like authentication failures, poor network connections, and delay in transactions.
- A considerable number of respondents choose other UPI apps rather than BHIM, highlighting stiff competition in the market.
- Respondents' views on UPI security are divided, showing partial trust.
- Few respondents do not have sufficient information on the features of UPI, such as round-the-clock operation and multiple-app usage.

VII. DISCUSSION

The study's findings clearly show that the customers have gradually adopted digital wallets such as BHIM UPI due to their usability and easy process of usage.

It is interesting to note that most of the respondents prefer making online payments when performing their routine work.

However, it is clear that security issues can be considered as an obstacle in this case because some users doubt the safety of using their personal details for transactions on BHIM UPI. Such concern negatively impacts customer acceptance and usage of this application.

It is evident that awareness significantly influences consumer behavior in this case since respondents have heard of BHIM but do not know much about it. Hence, awareness is vital in the effective usage of this application.

Furthermore, one of the important observations in this regard is the high degree of competitiveness of various applications providing similar UPI service. Thus, respondents are likely to prefer some other app due to offers or user-friendly interface, etc.

As we can see from the discussion above, consumers are inclined to use the BHIM wallet. However, they require improvement regarding security, awareness, and better usage.

#### VIII. CONCLUSION

It can thus be concluded that the application BHIM UPI has been one of the most prominent methods through which digital payment services have been promoted in the country. The convenience and effectiveness of the app have made it a popular choice among many consumers.

Nevertheless, there are certain aspects that have affected consumer acceptance of the digital platform. Although the consumer finds the process convenient, concerns pertaining to issues like security, trust, and awareness continue to limit consumer acceptance.

It is further observed that the competition faced by BHIM UPI in terms of other similar applications has been another reason for limiting the acceptance of the platform. Consumers prefer to use apps that provide a good consumer experience.

Therefore, it can be concluded that while BHIM UPI does hold much promise, certain steps need to be taken in order to increase the acceptance rate of the platform.

#### IX. RECOMMENDATIONS

Recommendations based on the findings of the study related to BHIM UPI are as follows:

- Raising Awareness: Hold awareness workshops and digital literacy programs particularly in rural and semi-urban locations.
- Enhancing Safety Mechanisms: Improve the security system along with providing information regarding safety aspects in order to alleviate fraud apprehensions.
- Enhancement of User Experience: Design the app in such a manner that it becomes simpler, easy-to-use, and navigable for everyone irrespective of their age group.
- Establishing Customer Confidence: Resolve grievances in a timely fashion and provide customer service.
- Strategic Promotion Programs: Provide discounts, cashbacks, and other incentives to attract new customers.
- Raising Awareness Regarding the Features: Let customers know the advantages and usage of BHIM UPI applications around the clock.

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