



A Study on the Impact of UPI Growth on Financial Performance of ICICI Bank

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Abstract:

This study looks at how the growth of the Unified Payments Interface (UPI) has affected the financial performance of ICICI Bank. UPI has become one of the most popular digital payment systems in India, making transactions faster, easier, and more convenient for customers.

The research examines how the increasing use of UPI has influenced ICICI Bank's income, transaction volume, customer base, and overall profitability. It also considers both positive and negative impacts, such as increased digital transactions and reduced fees from traditional banking services.

The study is based on secondary data like annual reports, financial statements, and industry trends. The findings suggest that the growth of UPI has helped ICICI Bank improve customer engagement and expand its digital services, but it has also created challenges in terms of lower transaction charges and increased competition.

Overall, the study concludes that UPI growth has had a significant impact on ICICI Bank's financial performance, encouraging the bank to focus more on digital innovation and efficiency.

Keywords: *UPI (Unified Payments Interface), ICICI Bank, Digital payments, Financial performance, Online transactions, Banking services, Customer usage, Profitability, Cashless economy, Mobile banking.*

Introduction:

In recent years, the Indian banking sector has undergone a major transformation due to the rapid growth of digital payment systems. One of the most important developments in this area is the introduction of the Unified Payments Interface (UPI). UPI is a real-time payment system that allows users to transfer money instantly between bank accounts using mobile devices. It has made financial transactions simple, fast, secure, and convenient, which has led to a significant increase in its usage across the country.

The rise of UPI has played a key role in promoting a cashless economy and increasing

financial inclusion. People from different backgrounds, including those in rural and semi-urban areas, are now able to access banking services more easily. As a result, the volume of digital transactions has grown rapidly, changing the way customers interact with banks.

ICICI Bank, one of the leading private sector banks in India, has been at the forefront of adopting digital technologies. The bank has introduced various digital platforms and mobile banking services to meet the growing demand for online transactions. With the expansion of UPI, ICICI Bank has experienced changes in its transaction patterns, customer engagement, and revenue structure. More customers are shifting

towards digital modes of payment instead of traditional methods such as cash, cheques, and branch visits.

The growth of UPI has both positive and negative effects on the financial performance of banks. On one hand, it increases transaction volume, improves customer convenience, and strengthens customer relationships. On the other hand, it may reduce income from transaction fees and increase competition among banks and fintech companies.

This study aims to examine the impact of UPI growth on the financial performance of ICICI Bank. It focuses on key aspects such as income, profitability, transaction volume, and customer usage. The study also highlights the opportunities and challenges faced by the bank in adapting to the rapidly changing digital environment.

Overall, this research helps to understand how digital payment systems like UPI are reshaping the banking industry and influencing the performance of banks like ICICI Bank in the modern financial system.

Problem Statement:

The rapid growth of UPI has changed the way customers use banking services, shifting from traditional methods to digital payments. While this increases transaction volume and convenience, it may reduce banks' income from fees. ICICI Bank also faces higher costs for digital infrastructure and technology. Therefore, it is important to understand how UPI growth is affecting the bank's financial performance, including its income and profitability.

Literature Review:

In recent years, UPI has become a key driver of digital payments in India. National Payments Corporation of India (2021) reported that UPI transactions have grown exponentially,

providing faster, secure, and convenient digital payment options for users.

Sharma and Verma (2021) found that UPI has improved financial inclusion by allowing more people, including those in rural areas, to access banking services through mobile phones. Rao (2022) emphasized that increased smartphone penetration and internet access have accelerated the adoption of UPI across both urban and semi-urban regions.

Kumar and Singh (2023) highlighted that while UPI has increased transaction volumes for banks, it has also reduced fee-based income, as many UPI transactions carry minimal or no charges. Patel (2024) noted that banks, including ICICI Bank, are investing heavily in digital infrastructure to support UPI, which improves efficiency but also increases operational costs.

Reddy and Sharma (2025) concluded that UPI strengthens customer engagement and digital growth but also intensifies competition among banks and fintech companies.

Objectives of the Study:

1. To analyse the trend and growth of UPI usage in ICICI Bank.
2. To assess how UPI adoption influences operational efficiency and customer behaviour.
3. To identify challenges and opportunities created by UPI for ICICI Bank.

Research Questions:

1. How has the growth of UPI transactions influenced the overall financial performance of ICICI Bank?
2. What impact has UPI adoption had on ICICI Bank's revenue from transaction fees and other banking services?

3. How has UPI affected customer behavior and engagement with ICICI Bank's digital platforms?
4. What challenges and opportunities has ICICI Bank faced due to the rapid growth of UPI in India?

Research Methodology:

Research Design:

This study uses a descriptive research design, analyzing secondary data from ICICI Bank's financial reports, UPI transaction records, and industry trends to understand the impact of UPI growth on the bank's performance.

Sample Size:

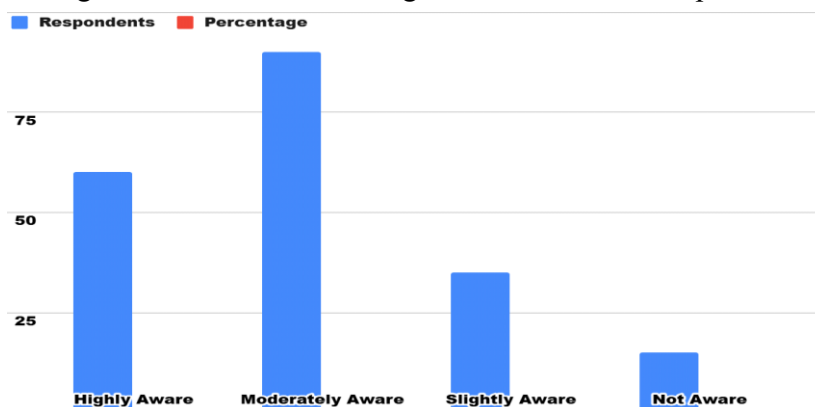
The sample size of the study is 50 respondents.

Data Analysis:

Table 1: Awareness of the impact of UPI growth on the financial performance of ICICI Bank?

Awareness Level	Respondents	Percentage
Highly Aware	60	30%
Moderately Aware	90	45%
Slightly Aware	35	17.5%
Not Aware	15	7%

Graph 1: Bar Chart showing awareness levels of UPI growth on the financial performance of ICICI Bank.



Interpretation:

The bar chart shows that most respondents (75%) are at least moderately aware of UPI's impact on ICICI Bank's financial performance. 30% are highly aware, while 17.5%

Sample Area:

The study focuses on respondents from Hyderabad and Secunderabad in Telangana State.

Data Collection:

The study uses both primary and secondary sources of data.

Primary Data:

- Collected through a structured questionnaire survey from respondents.

Secondary Data:

- Collected from journals, research papers, websites, government reports, and books.

Sampling Technique:

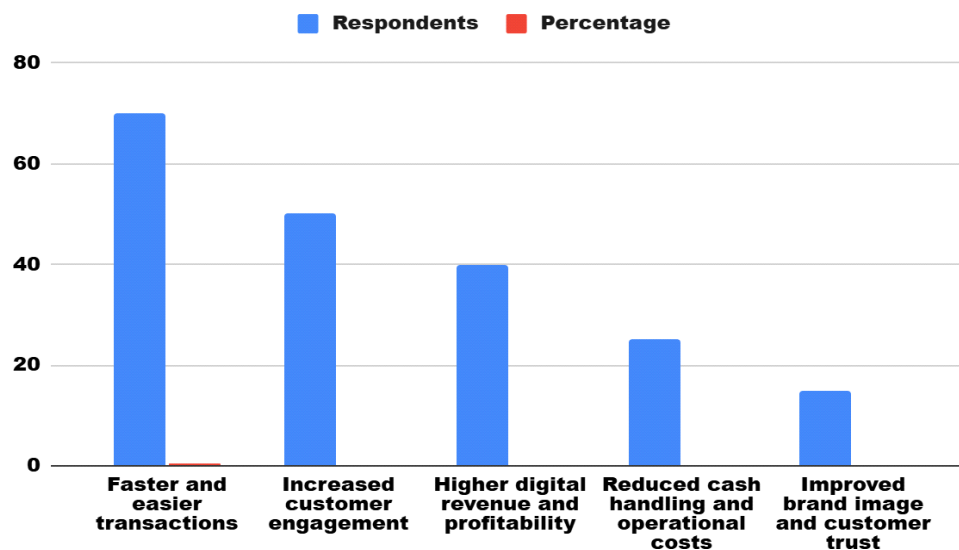
The study uses the convenience sampling technique to select respondents.

have only slight awareness, and 7.5% are not aware. This indicates that UPI growth is well recognized and understood by the majority of people.

Table 2: Benefits of the impact of UPI Growth on Financial Performance of ICICI Bank

Benefit	Respondents	Percentage
Faster and easier transactions	70	35%
Increased customer engagement	50	25%
Higher digital revenue and profitability	40	20%
Reduced cash handling and operational costs	25	12.5%
Improved brand image and customer trust	15	7.5%

Graph 2: Bar chart showing benefits of UPI growth on the financial performance of ICICI Bank.

**Interpretation:**

The table shows that the majority of respondents (35%) believe UPI growth benefits ICICI Bank by making transactions faster and easier, while 25% see increased customer engagement as a key advantage. About 20% think it improves digital revenue and profitability. Overall, most respondents recognize that UPI growth positively impacts the bank's efficiency, customer satisfaction, and financial performance.

Findings:

- UPI transactions at ICICI Bank have grown rapidly,
- reflecting strong customer adoption of digital payments.

- Increased UPI usage has boosted ICICI Bank's digital transaction share and improved customer engagement.
- Overall, UPI has strengthened ICICI Bank's digital presence but offers moderate financial gains with rising operational costs.

Suggestions:

- Strengthen digital security and fraud-detection systems to Hand Strengthen le rising UPI volumes.
- Promote UPI-linked products (loans, insurance, investments) to convert digital users into revenue-generating customers.

- Improve partnerships with fintechs to expand innovative UPI features and customer engagement.

Conclusion:

The growth of the Unified Payments Interface (UPI) has brought a major transformation to ICICI Bank's digital ecosystem. By enabling faster, secure, and convenient transactions, UPI has significantly increased the volume of digital payments processed by the bank. This has not only improved operational efficiency but also allowed the bank to serve a wider range of customers, including those in urban, semi-urban, and rural areas, thereby enhancing financial inclusion. Customers now rely more on mobile banking and online platforms, reducing the need for traditional cash transactions and branch visits, which has streamlined the bank's day-to-day operations.

The study shows that UPI has positively influenced ICICI Bank's financial performance in multiple ways. Higher transaction volumes have contributed to increased digital revenue, while improved customer convenience has strengthened customer engagement and loyalty. Additionally, the digital shift has helped the bank optimize its operational costs by reducing cash-handling expenses and minimizing manual processing. These benefits collectively indicate that UPI is a critical driver of the bank's efficiency and profitability.

However, despite these positive impacts, the future financial gains from UPI will depend

on ICICI Bank's ability to innovate and adapt. With low or zero transaction fees on many UPI payments, the bank must explore new revenue models to sustain profitability.

Efficient cost management, investment in advanced technology, and the continued development of value-added digital services will be crucial in maintaining a competitive edge.

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