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## Fintech Usage and Consumer Perception

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### Abstract:

The widespread adoption of UPI, launched by the National Payments Corporation of India (NPCI) in 2016, has enabled seamless peer-to-peer and business transactions, making digital payments more accessible to millions. Mobile wallets such as Paytm, PhonePe, and Google Pay have further facilitated cashless transactions, particularly after the 2016 demonetization. These innovations have supported small businesses, micro, small, and medium enterprises (MSMEs), and the gig economy by providing secure, instant, and low-cost financial services.

Government initiatives such as Digital India and BHIM UPI have accelerated the shift toward a cashless economy, increasing tax compliance and financial transparency. The surge in digital transactions has also boosted the e-commerce sector and improved consumer convenience. However, challenges such as cybersecurity risks, digital fraud, and the rural-urban digital divide remain key concerns.

Despite these challenges, mobile payments continue to be a driving force in India's economic formalization and technological advancement. With ongoing innovations, increasing smartphone penetration, and supportive regulatory policies, mobile payments are expected to play an even more significant role in shaping India's financial ecosystem in the future.

**Keywords:** Mobile Payments, Economic growth, India, Financial Inclusion, Digital Transformation.

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### Introduction:

India's digital payment landscape has undergone a remarkable transformation in recent years, with mobile payments playing a pivotal role in driving economic growth. The introduction of mobile wallets and the Unified Payments Interface (UPI) has revolutionized the way people conduct financial transactions, making payments faster, more convenient, and highly secure. Mobile wallets such as Paytm, Google Pay, and PhonePe have provided users with a seamless digital payment experience, reducing dependency on cash transactions. Meanwhile, UPI, introduced by the National Payments Corporation of India (NPCI) in 2016, has emerged as a game-changer by enabling instant and interoperable

transactions between banks. This has significantly boosted financial inclusion, empowering millions of individuals and businesses, including those in rural and semi-urban areas, to participate in the formal economy.

### Objectives of the Study:

The primary objective of this study is to analyse the fintech usage, particularly the role of mobile payments, particularly mobile wallets and UPI. The study aims to explore the impact of digital payment systems on financial inclusion, economic efficiency, and consumer behaviour. The specific objectives are as follows:

1. To examine the growth and adoption trends of mobile payments in India,

focusing on the role of mobile wallets and the Unified Payments Interface (UPI).

2. To study consumer behaviour towards mobile payments, including factors influencing adoption, such as ease of use, security concerns, incentives, and government policies.

### **Conceptual Background:**

The rise of mobile payments in India is rooted in the broader framework of digital financial services, which aim to provide seamless, secure, and efficient payment solutions. Mobile payments encompass transactions conducted using mobile devices, including mobile wallets and bank-integrated platforms like the Unified Payments Interface (UPI). These innovations align with the objectives of financial inclusion, reducing cash dependency, and enhancing economic efficiency.

**Mobile Wallets:** Digital wallets such as Paytm, Google Pay, and PhonePe allow users to store money digitally and make payments for goods and services. They serve as an alternative to traditional banking transactions, particularly for those who lack easy access to physical bank branches.

**Unified Payments Interface (UPI):** Launched by the National Payments Corporation of India (NPCI) in 2016, UPI is a real-time payment system that enables instant peer-to-peer and merchant transactions. Unlike mobile wallets, UPI is directly linked to bank accounts, allowing seamless interoperability between different banks and payment service providers.

The adoption of mobile payments in India is driven by factors such as increasing smartphone penetration, affordable internet access, government initiatives like Digital India, and the Reserve Bank of India's (RBI) regulatory framework supporting digital transactions. Mobile payments have transformed India's financial landscape, reduced cash dependence and increasing

transaction efficiency, thereby contributing to economic growth.

**Data Collection:** Primary data was collected from Kullu District by using Convenience sample method. Total 100 responses were taken by using google form.

### **Review of Literature:**

Numerous studies have explored the impact of mobile payments on financial inclusion, economic growth, and consumer behaviour. Below are key findings from relevant literature:

Demirgüç-Kunt et al. (2018) in the Global Findex Report highlight that digital payments have significantly contributed to financial inclusion by enabling unbanked populations to access banking services. In India, UPI and mobile wallets have bridged the gap between formal banking systems and underserved populations.

Sharma and Kukreja (2020) argue that mobile payments have facilitated easier access to financial services, particularly in rural India, where traditional banking infrastructure is limited. Arora and Palvia (2019) found that mobile payments have accelerated economic transactions, reducing the cost of financial services and improving efficiency. A study by the Reserve Bank of India (2021) reported that UPI transactions have significantly contributed to the growth of digital commerce and have reduced reliance on cash-based transactions.

Davis's (1989) Technology Acceptance Model (TAM) suggests that perceived ease of use and usefulness influence consumer adoption of digital payment systems. Several Indian studies (e.g., Singh et al., 2021) confirm that ease of transaction, cashback incentives, and government support drive the increasing adoption of UPI and mobile wallets.

Gupta and Arora (2022) examined consumer trust in mobile payments, finding that security concerns remain a key challenge despite growing acceptance.

The Indian government's Digital India initiative has played a critical role in expanding mobile payment adoption (Mehta & Mehta, 2020). Policies like demonetization in 2016 and subsidies for digital transactions have significantly boosted digital payment usage.

NPCI's (2023) annual report highlights that UPI transactions crossed billions of transactions per month, reinforcing its role as a cornerstone of India's digital economy.

#### Analysis and Interpretation of the Data:

| Category                     | Option                | Percentage |
|------------------------------|-----------------------|------------|
| Gender                       | Female                | 55%        |
| Gender                       | Male                  | 45%        |
| Age Group                    | 18-24                 | 35%        |
| Age Group                    | 25-34                 | 40%        |
| Age Group                    | 35-44                 | 15%        |
| Age Group                    | 45+                   | 10%        |
| Occupation                   | Student               | 30%        |
| Occupation                   | Salaried Professional | 40%        |
| Occupation                   | Business Owner        | 20%        |
| Occupation                   | Other                 | 10%        |
| Fintech Usage Frequency      | Daily                 | 30%        |
| Fintech Usage Frequency      | Weekly                | 40%        |
| Fintech Usage Frequency      | Monthly               | 20%        |
| Fintech Usage Frequency      | Rarely                | 10%        |
| Preferred Mobile Payment App | Google Pay            | 45%        |
| Preferred Mobile Payment App | PhonePe               | 35%        |
| Preferred Mobile Payment App | Paytm                 | 15%        |
| Preferred Mobile Payment App | Others                | 5%         |
| Satisfaction Level           | Very Satisfied        | 35%        |
| Satisfaction Level           | Satisfied             | 40%        |
| Satisfaction Level           | Neutral               | 15%        |
| Satisfaction Level           | Dissatisfied          | 7%         |
| Satisfaction Level           | Very Dissatisfied     | 3%         |
| Security Concern             | Very Secure           | 25%        |
| Security Concern             | Somewhat Secure       | 50%        |
| Security Concern             | Neutral               | 15%        |
| Security Concern             | Not Secure            | 10%        |
| Fraud Experience             | Yes                   | 20%        |
| Fraud Experience             | No                    | 80%        |
| Government Promotion         | Yes                   | 75%        |
| Government Promotion         | No                    | 25%        |
| Future Usage                 | Yes                   | 85%        |
| Future Usage                 | No                    | 15%        |

Source: Primary Data

**Interpretation of the Data on Fintech Usage and Consumer Perception:**

**Demographics:** Gender: More females (55%) use fintech services compared to males (45%).

**Age Group:** The majority of users fall between 18-34 years (75%), indicating that fintech adoption is higher among younger individuals.

**Occupation:** Salaried professionals (40%) and students (30%) are the primary users, while business owners (20%) and others (10%) contribute to a smaller share.

**Fintech Usage Patterns:****Usage Frequency:**

Most users engage with fintech services frequently—30% use them daily and 40% weekly, indicating strong dependence on digital financial tools. Only 10% use fintech services rarely, showing overall high engagement levels. Preferred Mobile Payment Apps: Google Pay (45%) is the most preferred app, followed by PhonePe (35%) and Paytm (15%). Other apps hold a minor share (5%), suggesting that the market is dominated by a few key players.

**User Satisfaction and Security Concerns:****Satisfaction Levels:**

A significant majority are satisfied (40%) or very satisfied (35%) with fintech services. Only a small percentage of users report dissatisfaction (7%) or high dissatisfaction (3%). This suggests that fintech services are generally meeting consumer expectations.

**Security Perception:**

50% consider fintech services somewhat secure, while 25% feel very secure. 10% believe fintech is not secure, which could indicate a need for better security awareness or fraud prevention measures.

**Fraud Experience:**

20% of users have experienced fraud, which is a notable concern. However, the majority (80%) have not faced fraud, suggesting that security measures are effective for most users. Government Influence and Future Adoption Government Promotion: 75% believe the government is promoting fintech adoption, which suggests strong institutional support. However, 25% do not perceive government efforts, indicating room for better awareness campaigns.

**Future Usage:**

A high percentage (85%) plan to continue using fintech services, showing a strong market growth potential. Only 15% express reluctance, possibly due to security concerns or lack of trust.

**Key Takeaways:**

1. Fintech adoption is highest among younger individuals (18-34 years) and salaried professionals.
2. Google Pay and PhonePe dominate the mobile payment space, while other apps have limited reach.
3. High user satisfaction (75%) and frequent usage (70% use it daily/weekly) indicate a positive consumer experience.
4. Security concerns exist (10% feel fintech is not secure), and fraud exposure (20%) is a potential issue.
5. Government initiatives are recognized by most (75%), supporting fintech expansion.
6. Future usage intent (85%) suggests strong market retention and potential for further fintech growth.

**Conclusion:**

- Security concerns strongly impact trust and satisfaction—reducing fraud can boost fintech adoption.

- Age does not play a major role in fintech usage, suggesting mobile payments are widely accepted across demographics.
- Occupations don't affect satisfaction, meaning fintech solutions appeal equally to different professional groups.

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