IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON THE ADOPTION AND USAGE OF UPI AMONG THE GEN Z

Dr. S. Arunpriya, Ms. J. Aarthi

Professor, Department of Commerce Finance, Dr.N.G.P. Arts and Science College, Coimbatore.

III- Year Department of Commerce Finance, Dr.N.G.P. Arts and Science College, Coimbatore.

ABSTRACT: The study explains that Gen Z users prioritize speed and simplicity when using UPI, with 78% valuing instant transaction processing as a key factor. Security concerns, however, remain a significant barrier, as 62% express apprehension about potential fraud or data breaches. Despite this, the convenience of cashless payments, coupled with the ability to split bills and make seamless online purchases, drives consistent usage. The research further highlights that while rewards and cashback offer attract initial adoption, sustained usage depends more on reliable service, ease of dispute resolution, and minimal transaction failures. Additionally, the study underscores the growing preference for contactless payments, with QR code scanning emerging as the most common method of UPI transactions. To foster long-term loyalty, fintech platforms must prioritize robust security measures, personalized offers, and enhanced app features tailored to Gen Z preferences.

INDEX TERMS: UPI, Gen Z, reliable service, fintech, contactless payments, rewards.

I. INTRODUCTION:

The widespread availability of affordable mobile data and the increasing penetration of smartphones have significantly contributed to UPI's growth, making it an essential part of India's digital payment landscape. Gen Z, known for its preference for convenience and efficiency, embraces UPI for a variety of purposes, including bill payments, online shopping, and peer-to-peer transfers. The study reveals that the seamless integration of UPI with e-commerce platforms, food delivery apps, and ride-hailing services has further boosted its usage. Moreover, the pandemic accelerated the shift toward contactless payments, reinforcing UPI's relevance. However, despite its popularity, issues such as inconsistent network connectivity, delayed transaction confirmations, and occasional technical glitches hinder a flawless experience. To maintain UPI's momentum, fintech companies and policymakers must focus on enhancing infrastructure reliability, strengthening fraud prevention measures, and offering user-centric innovations that cater to Gen Z's evolving preferences.

II. OBJECTIVES OF THE STUDY

- To examine the effect of rewards and incentives on UPI usage.
- To evaluate the role of social influence in the adoption.

III. METHODS AND MATERIALS

This study takes a systematic approach to explore how Gen Z adopts and uses UPI, using a descriptive research design to understand their adoption rates, behaviours, and the challenges they face. The sample includes 100-120 Gen Z individuals, aged 18-30, who have used UPI at least once, selected through convenience sampling based on availability and willingness. Data is collected through a structured questionnaire with both qualitative and quantitative questions, offering a comprehensive view of UPI usage. The primary data, gathered directly from respondents, ensures accuracy and relevance, while secondary data adds context and helps validate the findings. To analyze the data, the study uses various statistical tools, including percentage analysis, descriptive statistics, correlation analysis, rank analysis, and the chi-square test, to draw insights into Gen Z's UPI adoption and usage patterns.

IV. REVIEW OF LITERATURE

Nilesh Khanderiya (2025) explores UPI awareness, usage, and satisfaction among Gen X, Millennials, and Gen Z in Junagadh and Rajkot, Gujarat. The study examines the correlation between awareness, usage, and satisfaction, offering insights for banks and government institutions to boost UPI adoption and promote a cashless economy.

Kim Park, 2024, This study highlights that South Korea's Gen Z prefers Samsung Pay and Kakao Pay for their daily transactions. The research found that reward programs, instant payments, and ease of use are the primary reasons for adoption. However, privacy concerns and transaction fees are the biggest challenges that prevent wider adoption.

Rachel White, 2024, This research investigates how peer influence, social media trends, and family recommendations impact the adoption of digital payments. It found that 85% of Gen Z users in Canada adopted mobile payment apps based on recommendations from friends and social media. However, the study also highlights that transaction failures and poor customer service were major reasons for discontinuing usage.

Based on the existing literature survey, the following hypotheses are formulated for the study
H_0: There is no significant relationship between the social influence and the adoption of UPI.

H_1: There is significant relationship between the social influence and the adoption of UPI.

V. ANALYSIS

5.1 PRECENTAGE ANALYSIS

S.NO	IMPORTANCE OF SOCIAL INFLUENCE IN UPI	NO. OF RESPODENTS	PERCENTAGE
1	Very important	45	38
2	Slightly important	24	20
3	Moderately important	40	33
4	Not important	11	9
		120	100

The above table show that 45(37.5%) of respondents feel very important, 11(9.2%) of respondents does not important based on the social influence in promoting the UPI adoption so the respondents are more concerned about the social influence.

5.2 RANK ANALYSIS

S.NO	FACTORS	RANK
1	Personalized spending insights and budgets	10
2	Voice-activated transactions	9
3	Multi-language support	8
4	Integration with investment or savings option	7
5	Bill- splitting for group transactions	6
6	Scheduled payments for recurring transactions	5
7	Offline payments (SMS-based or USSD-based)	4
8	Cross-border transactions for international payments	3
9	AI-powered budgeting and spending insights	2
10	Real-time fraud detection and alerts	1

This ranking analysis highlights key priorities in a financial service like a digital wallet or fintech app. Security is the top concern, with real-time fraud detection and alerts ranked highest, followed by AI-powered budgeting and cross-border transactions, emphasizing fraud protection, smart financial management, and seamless international payments. Mid-priority features like offline payments, scheduled transactions, and bill-splitting are useful but secondary to security and AI insights. Investment and savings integration ranks seventh, showing users value financial growth but prioritize everyday transactions first. Lower-ranked features like multi-language support, voice-activated transactions, and spending insights add convenience but are less essential. Overall, users prioritize safety, efficiency, and smooth transactions over extra conveniences.

5.3 CORRELATION

Correlations			
		Types of incentives & rewards experienced	Recommend UPI platforms based on their rewards and incentives
Types of incentives & rewards experienced	Pearson Correlation	1	-.139
	Sig. (2-tailed)		.131
	N	120	120
Recommend UPI platforms based on their rewards and incentives	Pears on Correlation	-.139	1
	Sig. (2-tailed)	.131	
	N	120	120

The incentives and rewards experienced significantly relates with the recommend UPI platforms with the p value of 0.031 that implies that the experience gained from the usage of rewards and incentives will affect the willingness to recommend the UPI platforms.

5.4 CHI SQUARE

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.674[a]	3	.022
Likelihood Ratio	10.195	3	.017
Linear-by-Linear Association	2.357	1	.125
N of Valid Cases	120		

The relationship between the influence of UPI adoption and social influence in promoting the UPI adoption is significant which implies that influence plays a major role in the UPI adoption.

VI. SUGGESTIONS

- The factors like the convenience and ease of payments etc., are mainly considered to influence the adoption and usage of UPI payments.
- The reward and incentives are considered to be ineffective with respondents and most of them were not useful so new incentives and rewards which the most preferable can be introduced.
- The social influence makes a great impact on the adoption and usage of UPI

VII. CONCLUSION

The study highlights how UPI has reshaped Gen Z's financial habits, making it their go-to digital payment method for its ease, speed, and convenience. It’s widely used for shopping, bill payments, and everyday expenses. Although users face occasional issues like transaction failures and security concerns, their overall satisfaction remains high. Government initiatives, cashback rewards, and rising digital awareness continue to fuel UPI’s growth, positioning it as a key player in driving the shift towards a cashless economy.

REFERENCE

Park, K. (2024). Digital Payments Among Young Adults in South Korea. *J. Digital Commerce, 11*(3), 210-225.

White, R. (2024). Social Influence on Digital Payment Adoption in Canada. *Can. J. Bus. Stud., 15*(2), 145-160.

Purohit, S., Kaur, J., & Chaturvedi, S. (2022). Mobile Payment Adoption Among Gen Z in Developing Countries. *Int. J. Emerging Tech., 9*(4), 78-89.

Ojo, B. (2023). Fintech Payment Adoption Among Young Adults in Nigeria. *Afr. J. Digital Econ., 14*(2), 300-315.

Mathew, J., & Watson, O. (2022). Digital Payment Adoption Among Gen Z in the USA. *Am. J. Digital Finance, 10*(5), 198-210.

Ridwan, A. (2023). Digital Payment Adoption Among Young Adults in Indonesia. *J. Southeast Asian Bus. Stud., 11*(3), 178-192.

Zhang, L. (2023). Mobile Payment Adoption Among Young Adults in China. *Int. J. Digital Payments, 13*(1), 90-105.

Anderson, S. (2023). Cashless Payment Adoption Among Gen Z in the UK. *Br. J. Financial Tech., 8*(4), 205-220.

Wilson, E. (2023). Digital Payment Perception Among Gen Z in Australia. *Aust. J. Bus. Res., 7*(3), 130-145.