



# UPI's effect on India's financial transactions

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**Abstract:** India has a big market for digital payments. Around 1.18 billion mobile connections, 700 million Internet users, and 600 million smart phones were present in the nation as of October 2021. Each quarter, these numbers increase quickly. India led the world in terms of transaction volume in 2020 with around 25.5 billion real-time payment transactions.

NPCI launched a pilot programme in the Indian financial market with 21 member banks. Dr. Raghuram G. Rajan, Governor of the RBI, launched the pilot programme on April 11, 2016, in Mumbai. This paper will compare the use of cash in India with UPI transactions to examine the effects on the Indian economy.

The traders, brokers, and intermediaries who predominated the Indian financial services industry used to complete transactions on paper. Today, computers that execute deals have taken the place of a trading floor's hum with a chilly silence. And a few touches on our mobile devices have taken the role of running to the bank for even the smallest of transactions. All of this has been made feasible by the Indian finance sector's fast digitization.

**Keywords:** NPCI, UPI, Banks, Digital Payment.

## I. INTRODUCTION

The Unified Payments Interface (UPI) is a system that integrates various bank accounts, smooth fund routing, and merchant payments into a single mobile application (of any participating bank). Additionally, it supports "Peer to Peer" collect requests that may be planned and paid for according to need and convenience.

Peer-to-peer interbank transactions can be made possible with a single two-click factor authentication process. The Reserve Bank of India (RBI), India's central bank, oversees the interface. Money transfers between two bank accounts and a mobile platform are how it operates.

Only behind China is India the second-largest online market. Nevertheless, only 26% of Indians used the internet in 2015, despite the country having a sizable base of internet users. The Jio revolution, which rocked India's telecom and internet sector with the debut of Reliance Jio's 4G services, brought about change the year after as well. Jio opened up and made fast internet affordable for everyone, enabling the general public to adopt digital technology and other smart form factors.

UPI, a mobile-based real-time payment technology, allows users to instantaneously push (pay) or pull (collect) money between two bank accounts. When sending money straight from their bank account to anyone or any business, it does away with the necessity for consumers to enter their credit card information, bank app passwords, or wallet passwords. Customers only need to download one of the more than 100 UPI programmes currently available from Google Play or the Apple Application Store, then log in with the portable number registered with their individual bank. UPI supports a number of value-added non-financial transactions, such as a real-time balance check and transaction history, in addition to peer-to-merchant (P2M) and peer-to-peer (P2P) financial transactions.

## II. KEY UPI ELEMENTS

G.Pay  
Phone Pay  
Paytm  
Amazon Pay  
Bajaj Finserv  
Mobikwik  
Etc.

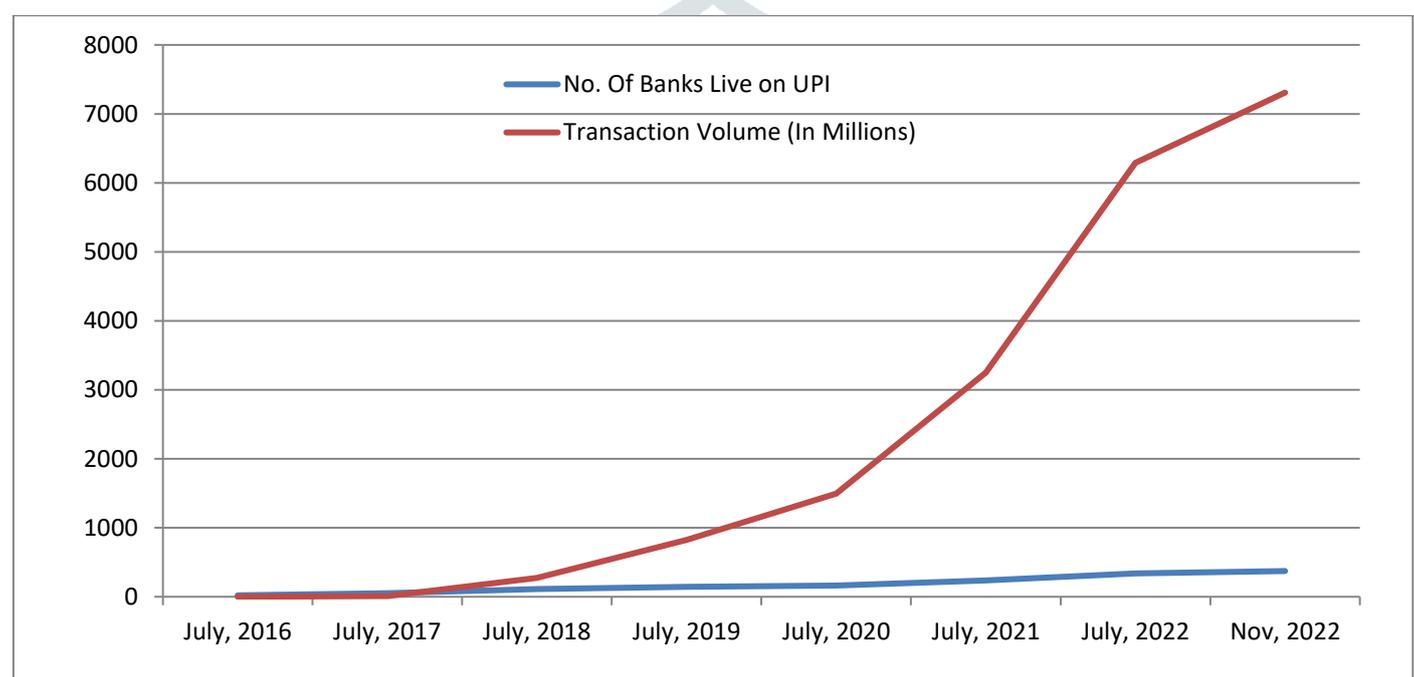
## III. EVALUATION OF UPI TRANSACTION IN INDIA

India has seen rapid growth in digital payment methods. Several digital payment products, including UPI and Aadhaar-enabled Payment Systems (AePS), contributed to the rise in transactions, which increased from 23.4 billion in 2019 to 46.7 billion in July 2022. These payment products led to an increase in the number of first-time digital payment users and an increase in people's concerns about handling cash during the COVID-19 pandemic.

Between FY 2017-18 and FY 2021-22, UPI transaction volumes and values increased at CAGRs of 119% and 138%, respectively. With 300 million active users and an average of 57 billion transactions per month, UPI is the digital payments engine of choice in India today. During the pandemic, UPI outperformed all other payment platforms and provided one of the safest payment methods for person-to-person (P2P) and person-to-machine (P2M) transfers. NPCI launched UPI123Pay in 2022, making it possible for users of feature phones to use the UPI platform through Interactive Voice Response (IVR). UPI123Pay's send off highlights the further reception of computerized exchanges in the open country, where most residents actually don't claim advanced mobile phones.

#### UPI Transactional Data in India from 2016 to 2022 -

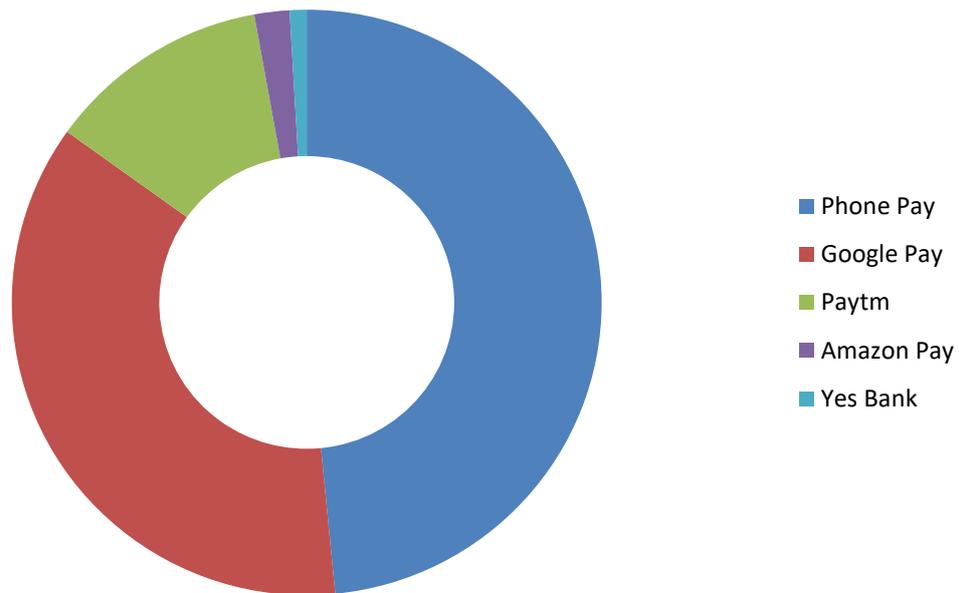
Month Year	No. of Bank Live on UPI	Transaction Volume (Mill)	Transaction Value (Crore)
July, 2016	21	0.09	0.38
July, 2017	53	11.63	3411.35
July, 2018	114	273.75	51843.14
July, 2019	143	822.29	146386.64
July, 2020	164	1497.36	290537.86
July, 2021	235	3247.82	606281.14
July, 2022	338	6288.40	1062747
Nov, 2022	373	7309.45	1190593.39



#### IV. MARKET SHARE OF UPI APPLICATIONS IN INDIA –

Phone Pay, Google Pay, Paytm, Amazon Pay, and Yes Bank are among the Fintech companies that offer UPI transactions in India, according to market share data. Phone Pay has a market share of 46.04 percent, followed by Google Pay (34.63 percent), Paytm (11.63 percent), Amazon Pay (1.83%), and Yes Bank (0.88%). After that, additional businesses, such as Mobikwik, BajajFinserv, Airtel, Jio, Freecharge, and WhatsApp, are attempting to enter the market.

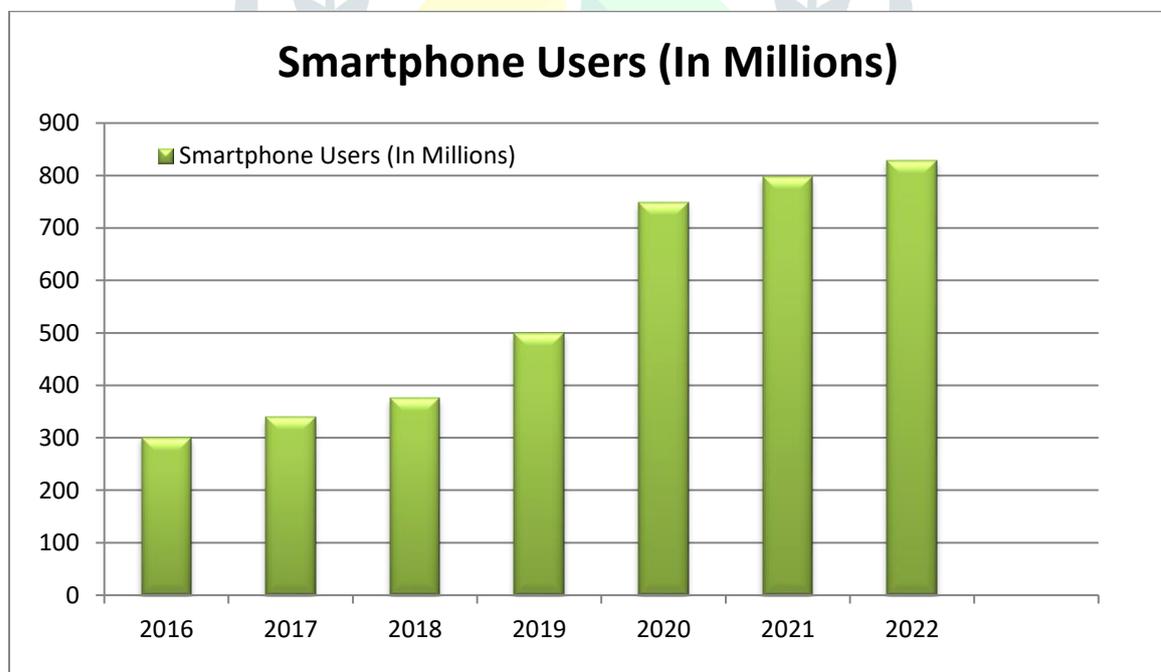
## Market Share of UPI Applications in India



### V. SMARTPHONE USERS IN INDIA –

Year	Smart Phone users (In Millions)
2016	300
2017	340
2018	375
2019	500
2020	748
2021	797
2022	829

## Smartphone Users (In Millions)



### VI. SUGGESTION

- (1) The government can assure the public that the use of digital payment methods is free from transaction fees, thereby encouraging customers to make purchases online.
- (2) The government might offer discounts to suppliers, retailers, and merchants who sell goods and services online, which would encourage all merchants to start selling online.
- (3) The government may set up a training programme to teach everyone how to use digital payments.

- (4) The government can continuously promote the advantages of digital payments to society and to the individual through TV News/Shows, Radio, social networking, or Newspapers/Magazines.
- (5) Customers must be able to follow the rules of digital payment methods, report any loss or theft of electronic payment instruments (EPI) to the issuer right away, and keep tabs on their balance, particularly after each purchase.
- (6) UPI suppliers Fintech Company should conduct a market analysis based on Indian Smartphone users.
- (7) As the number of Smartphone users rises, UPI Applications will be able to handle the majority of financial transactions.
- (8) To gain market share in India, major players in the fintech industry should focus on Smartphone users.

## VII. CONCLUSIONS

The acceptance of digital payments will be required in the future, thus it will also be necessary for people's behaviors to shift. In addition to being safer than a cash transaction, becoming cashless also takes less time. Additionally, it aids in keeping track of all completed transactions. As of March 2016, there were more than 300 million users of smart phones and more than 829 million users in 2022 in India. With higher internet speeds, this number will rise even further.

Digital payments are being accepted in remote areas thanks to the expansion of mobile networks, the Internet, and energy. It follows that a cashless transaction system is the way of the future.

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