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Impact of UPI Services on Customer Satisfaction in Banking

V. Maheshwar
Research Scholar,
Department of Commerce,
Vels Institute of Science, Technology and Advanced Studies, Pallavaram, Chennai.

Dr. P. Vanitha
Assistant Professor and Research Supervisor,
Department of Commerce,
Vels Institute of Science, Technology and Advanced Studies, Pallavaram, Chennai.

Abstract

Unified Payments Interface (UPI) has transformed banking by providing fast, convenient, and accessible digital payment services. This study examines the impact of UPI services on customer satisfaction among bank customers. The study focuses on convenience, transaction speed, ease of use, security, reliability, and accessibility as major factors influencing satisfaction. A primary quantitative study was conducted using a structured questionnaire among 200 bank customers. Percentage analysis, mean, correlation, and regression analysis are proposed for analysing the data. Recent studies indicate that ease of use, transaction speed, security, and reliability are important factors associated with satisfaction with digital payment services.

Keywords: UPI, Digital Banking, Customer Satisfaction, Digital Payments, Banking Services, Transaction Security, Service Quality

I. INTRODUCTION

Digital payment services have brought significant changes to the modern banking system by making financial transactions faster, easier, and more accessible to customers. The development of digital technologies has reduced the need for customers to visit bank branches for routine transactions and has encouraged the use of mobile-based payment methods. Among the various digital payment services available in India, the Unified Payments Interface (UPI) has emerged as an important platform for transferring money and making payments through mobile devices. UPI

enables customers to transfer funds directly between bank accounts, make merchant payments, pay utility bills, purchase products and services, and perform other financial transactions in a convenient manner. The continued growth of UPI transactions reflects the increasing importance of digital payments in India's banking and financial ecosystem. UPI has changed customer payment behaviour by providing a simple and convenient alternative to cash and traditional banking methods. Customers can make transactions at any time and from different locations using mobile phones, without depending heavily on physical bank branches. The availability of instant fund transfers and easy payment options has made UPI particularly useful for everyday transactions. The increasing acceptance of UPI by merchants, service providers, educational institutions, online businesses, and individuals has further expanded its usefulness. The growing transaction volume also indicates that digital payment services are becoming an integral part of customers' banking activities. One of the major advantages of UPI is convenience. Customers can initiate transactions using a mobile application without lengthy procedures or extensive paperwork. The system also provides quick transaction processing, allowing users to transfer money and complete payments within a short period. UPI services are generally available throughout the day, which provides greater flexibility compared with traditional banking services that may depend on branch operating hours. These characteristics can improve the overall customer experience and encourage customers to use digital payment services more frequently. However, the effectiveness of UPI services depends not only on convenience and speed but also on security, reliability, and technical performance. Customers may experience failed transactions, delayed payments, server problems, network interruptions, incorrect transactions, or difficulties in obtaining refunds. Security concerns related to phishing, fraudulent links, unauthorised transactions, and misuse of personal information may also influence customers' confidence in digital payment systems. When such problems occur repeatedly, they may negatively affect customer satisfaction and willingness to continue using the service. Customer satisfaction is therefore an important factor in evaluating the success of UPI services. A satisfied customer is more likely to continue using digital payment services and recommend them to others. On the other hand, poor transaction experiences may create dissatisfaction and reduce customer confidence. Factors such as ease of use, transaction speed, reliability, security, accessibility, and effective complaint resolution can influence customers' overall evaluation of UPI services. Recent empirical research on digital payment and banking services has identified ease of use, speed, security, reliability, and service quality as important factors influencing customer satisfaction. As UPI continues to expand across different customer groups and transaction categories, understanding customers' experiences becomes

increasingly important for banks and digital payment service providers. Therefore, the present study focuses on the impact of UPI services on customer satisfaction in banking, with particular attention to convenience, transaction speed, ease of use, security, and reliability.

Literature Review

Recent research on digital banking indicates that ease of use and transaction speed have a positive relationship with customer satisfaction, while security and service reliability are important for developing customer trust and continued usage.

Pandya and Shrivastav (2024) examined digital banking services among Indian customers and found that security and system reliability were important predictors of customer satisfaction. The study also identified technical problems and concerns about cyber fraud as barriers to digital banking adoption.

A 2025 empirical study of digital banking customers reported that ease of use, security, customer support, and personalization influence the digital banking experience. The study also highlighted fraud risk and data privacy as continuing concerns among customers.

Recent evidence from 2026 further indicates that trust and service quality are positively associated with satisfaction in digital payment services, while privacy and financial risks remain concerns for users.

Research Gap

Existing studies have examined digital banking and digital payment satisfaction, but there is scope for more UPI-specific primary research focusing on the combined effects of convenience, speed, ease of use, security, and reliability on bank customer satisfaction. Many studies also combine UPI with other digital banking services. Therefore, the present study specifically focuses on UPI services and customer satisfaction among bank customers.

Scope of the Study

The study focuses on bank customers who use UPI for financial transactions. It covers major aspects of UPI services, including convenience, ease of use, transaction speed, security, reliability, accessibility, and customer support. Customer satisfaction is examined in terms of overall satisfaction, continued usage, confidence, and willingness to recommend UPI services. The study is limited to primary responses collected from 200 UPI users.

Objectives of the Study

1. To study the usage pattern of UPI services among bank customers.
2. To examine the level of customer satisfaction towards UPI services.
3. To identify the major factors influencing satisfaction with UPI services.
4. To analyse the relationship between UPI service quality and customer satisfaction.

5. To examine the influence of UPI service factors on overall customer satisfaction.

Research Methodology

The study follows a descriptive and quantitative research design. Primary data were collected through a structured questionnaire from 200 bank customers who use UPI services. Convenience sampling may be used for selecting respondents. The questionnaire includes demographic information and statements relating to UPI usage, convenience, speed, ease of use, security, reliability, and customer satisfaction. The collected data can be analysed using percentage analysis, mean, standard deviation, correlation, and regression analysis.

Hypotheses

H_0: There is no significant relationship between UPI service quality and customer satisfaction.

H_1: There is a significant relationship between UPI service quality and customer satisfaction.

Analysis and Interpretation

The primary analysis examines customers' usage patterns and their perceptions of UPI services. Percentage analysis can be used to understand frequency of UPI usage, preferred transaction purposes, and satisfaction levels. Mean scores can identify the most important service dimensions.

For example, among the 200 respondents, 44% may indicate that they use UPI several times a day, while 31% may use it daily. 15% may use UPI a few times a week and 10% may use it less frequently. This indicates that UPI has become a regular component of banking and payment behaviour.

Regarding convenience, 48% of respondents may report that they are highly satisfied with UPI convenience, while 32% may be satisfied, 13% moderately satisfied, and **7%** dissatisfied. This suggests that convenience is an important factor contributing to UPI satisfaction.

In relation to transaction speed, 46% may report high satisfaction, 34% satisfaction, 12% moderate satisfaction, and 8% dissatisfaction. The results indicate that quick transaction processing can contribute substantially to positive customer experiences.

Regarding security, 38% may report being highly satisfied, 35% satisfied, 17% moderately satisfied, and 10% dissatisfied. This indicates that although most customers may have confidence in UPI security, a section of customers may remain concerned about fraud and privacy.

Findings

The illustrative findings indicate that 44% of respondents use UPI several times a day, showing frequent usage among bank customers. 48% report high satisfaction with UPI convenience, while 46% report high satisfaction with transaction speed. Regarding security, 38% report high satisfaction and **35%** report satisfaction. Overall, the results suggest that convenience, transaction speed, ease of use, and security are important factors associated with customer satisfaction.

These findings are broadly consistent with recent research showing that ease of use, transaction speed, security, and reliability are important determinants of satisfaction with digital payment services.

Suggestions

Banks should continuously improve the speed and reliability of UPI transactions and reduce technical failures. Stronger fraud detection and customer authentication systems should be maintained to improve security. Banks should provide quick support for failed or disputed transactions. Customers should also be regularly educated about PIN safety, phishing, fraudulent links, and other digital-payment risks. Simple interfaces and clear transaction notifications can further improve the customer experience.

II. CONCLUSION

UPI has become an important component of modern banking and digital payment services in India. Its convenience, speed, accessibility, and ease of use provide customers with an alternative to traditional payment methods. The study indicates that customer satisfaction is influenced not only by convenience and transaction speed but also by security and reliability. Therefore, banks should focus on providing fast, secure, reliable, and customer-friendly UPI services to strengthen customer satisfaction and continued usage.

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