



A Study On Factors Influencing The Adoption Of Upi By Retailers In India

¹Annapoorna M, ²Dr. Bharath V

¹Research Scholar, ²Research Guide

Research Centre, Department of Commerce, SJB College of Management Studies, University of Mysore,
B.G.S Health and Education City, Kengeri, Bengaluru-560060

Abstract: In the era of digitalization, the hard cash transaction is fading away day by day due to the drastical introduction and impact of digital modes of payment and Unified Payment Interface System in the Indian Country. The digital payments have influenced the retailers to shift from cash mode of transaction to acceptance and adoption of varieties of digital payments including UPI. Since 2016, the UPI is playing its vital role but pandemic COVID-19 has made the UPI to play a role of hero in the field of digital payments. The UPI has secured a prominent place in the digital payments mode and it has become like a one of the essential factors in our daily life activities. The Indian Government and the NPCI has taken its step ahead in introduction of UPI with regulatory framework for supporting the retailers to adopt UPI in its daily business transactions. This paper is purely theoretical in nature and the study focuses on the adoption of the Unified Interface System by the retailers in India, factors which influences the retailers to adopt the UPI and barriers and issues faced by them in their day-to-day business activities.

Key Words: UPI, Digital Payments, NPCI, Retailers, COVID-19

I. INTRODUCTION

The dependency of hard cash has drastically shifted to digital money due to numerous factors like influence of digital payments, advancement in technology, maximum usage smart phones and majority due to impact of Pandemic Covid-19. The digital currency has influenced the common person to shift drastically from usage of hard cash to adoption of smart money i.e., digital modes of payment due its advantages like fastest mode of transaction, safety, authenticity, security and reliability etc., The digital payments are playing a major role in from past few decades due to introduction of Credit Cards, Debit Cards, Rupay etc., but still cash transaction use to play a major role in the economy. But, the Pandemic COVID 19 to a maximum tried to replace cash mode of transaction to digital transactions. One such digital payment which gained its importance is Unified Payment Systems – UPI.

The Unified Payment System was introduced by NPCI- National Payment Corporation of India during 2016. But it gained importance post-pandemic. In spite of the increase in usage of UPI by the retailers also involves many challenges like security threat, fraudulent activities, delay in payment settlement, network barriers, lack awareness regarding safety measures in digital transactions the continuous improvisation in the system of Unified payment interface system, Government regulations shave boosted the adoption of Unified Payment interface by retailers for their daily transactions. The UPI has crossed the linguistics barriers, now it is playing as a language for making digital payments.

OBJECTIVES:

1. To study the factors affecting the extent of adoption of Unified Interface System by retailers.
2. To study the extent of impact of UPI on the business of Retailers.
3. To study the barriers faced by the retailers in adoption of Unified Interface System by retailers.

REVIEW OF LITERATURE:

1. P. Roopa, B. Vijayalakshmi and P. Nishitha, (2025), UPI And Its Impact on Business Performance of Retailers. In this study, the authors have examined about the impact of UPI and retail transactions and also identified that from past 5 years nearly 90% of retail transactions are contributed by UPI and the study was based on small retailers of Rayalaseema Region of Andhra Pradesh.

2. Shruthi Bhutani and Suman Pahal, (2025), Retailers and UPI in India: A Systematic Review of Adoption, Barriers and Opportunities. In this study, the authors have stated that the since 2016 onwards merchants have adopted the UPI due to the infrastructure reliability, trust and dispute resolution, and effective onboarding and reconciliation process as primary factors.

3. Dr. A. Shaji, A. S. Hovan, Dr. T. Baskar and A.S Gabrio, "An Overview of India's Unified Payment Interface (UPI): Benefits, Challenges, and Opportunities. In this study, the authors have studied about the benefits, challenges and business opportunities provided by UPI in India and also stated that UPI one platform which provides payment facility, receive amount and makes bill payments.

4. K Krithika Lakshmi, Himanshu Gupta and Jayanthi Ranjan, (2019), "UPI Based Mobile Banking Applications – Security Analysis and Enhancements", In this study, the authors have explored regarding the architecture, transactions, features, security concerns of UPI apps, and proposes enhancements in information security related to authentication and authorization.

5. Anachal Suresh Jain and Ladhi Devi Ramdhar Maheshwari, (2022), UPI Payment Influence on Retail Sector in Mumbai. In this study, the authors have stated that the COVID-19 has revived due to UPI adoption during 2020 and 98.5% non-cash retail payments are recorded during 2020-21 financial year and UPI is playing a key role in the digital payment era.

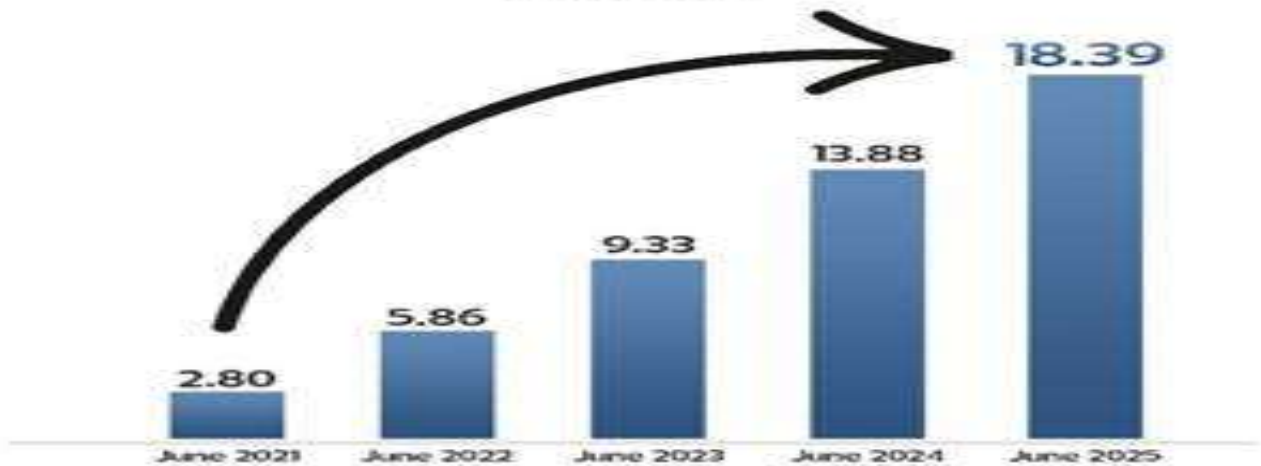
RESEARCH METHODOLOGY:

This study is purely theoretical by nature. The data collected for the study is purely from the secondary sources like journals, articles, websites, NPCI, as per the need of the study.

UPI and the Retailers:

The adoption of UPI by retailers is increasing day by day due to widespread retail activity from the Kirana stores to 10 minutes fastest delivery by the retailers to their customers. As per RBI during the year financial year 2025 the digital Payments share is nearly 35% as of financial year 2025 and UPI transactions by the retailers contributed is contributed to nearly 84%. The he UPI system now serves 491 million individuals and 65 million merchants. The Government of India has stated that nearly Rupees 24 lakhs crore is processed, 18.39 billion is processed by UPI transactions as of June 2025. The UPI has connected 675 banks on a single platform and 85% of digital transactions in India. The UPI has handled approximately more than 640 million of transactions on a daily basis.

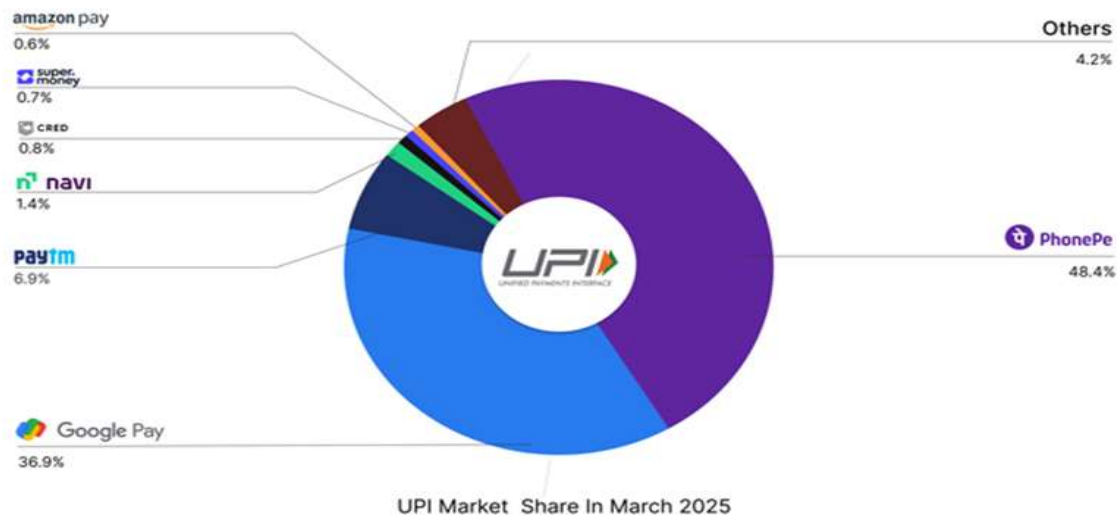
Growth in UPI Transaction Volume (In Billions)



Source: National Payments Corporation of India (NPCI)

Source: <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154912&ModuleId=3®=3&lang=2>

- Convenient Mode: The UPI has reduced the dependency on the hard cash and reduction in time consumption.
- Government Regulations: The NPCI and regulatory frame work which has provided the platform for retailers to adopt UPI for daily transactions.
- Cash Management: Reduced burden of cash management is also one of the major reasons for adoption of UPI.



GrabOn

Source: <https://in.images.search.yahoo.com/search/images>

Impact of UPI on Retailers:

- QR codes have enabled the street vendors also to adopt UPI
- Merchant applications have provided details about changes in the pattern of sales, consumer behaviour, daily and monthly reports of sales pattern reports regarding the statistics of UPI adoption by both retailers and consumers.
- Nearly, 50% of the digital payment are contributed to the retailers. One of such easiest and fastest mode of payment contribution is from UPI.
- The adoption of UPI has no geographical boundaries now. From metro to small towns and rural areas also has the impact of UPI is increasing day by day.
- The retailers use the payment applications like Paytm, Phone Pay, Google Pay etc.,

3.3 Factors Influencing Adoption of UPI:

- Perceived Usefulness: The easy, speedier mode of payment which has helped consumers and retailers and also due to maximum usage of mobile payment applications.
- Usage Convenience: Easy to operate and easy to install the UPI applications on smart phone and also by the retailers
- Security & Safety: The two-step authentication in making payment has facilitated the safety measures in transactions.
- Peer-factor: The maximum usage of UPI has created peer pressure and a kind of social influence on the public and retailers to go-ahead with adoption of UPI.
- Infrastructure: The digital infrastructure provided by NPCI and Government rules and regulations has maximum impact on adoption of UPI by retailers and customers.
- Authentication: The confirmation and authentication of Payment through UPI transactions id has facility also contributed for the adoption of UPI.
- Audio Confirmation: The payment confirmation is also assured through a mechanism of message and audio facility through speakers facility instantly.
- Facility to handle grievances also provide by NPCI and also by UPI applications.
- Integration of Point of sales systems also contributed to the adoption of UPI

Barriers in adoption of UPI:

- The complexity in reconciling the confirmation due to multiple transaction which involves from minor value of amount to maximum value of amount transactions.
- Initial perceived risk and due to lack of awareness.
- Security threat and Fraudulent activities which include scams, hacking of devices and accounts, data security and unauthorised transactions.
- Digital literacy is one of the major issues like how UPI works, lack of technical knowledge, untrained staff etc.,
- Technical Infrastructure like internet speed, network issues, technical glitches in rural areas, power failures, delay in refund mechanism etc.,
- Fear of increased tax liability due to digital transaction records.
- Major drawback of limitations in the value of transaction. I.e. not more a Rs.1,00,000/-
- Trust issues to due to uncleared grievances.
- Resistance to change form cash to digital payment adoption.

Limitations of the study:

The study has focused only on the factors affecting the adoption of UPI by retailers and barriers faced by them in adoption of retailers with is generally applicable by both organised and unorganised retailers. Further, the study can be elaborated by streamlining with one of the retail sectors like organised or unorganised and by applying geographically boundaries and other relevant factors.

Conclusion:

In spite of numerous barriers in adoption of UPI by retailers like drawback in rural areas technicality, technical glitches, network issues, delay in grievance handling etc., the UPI has gained its popularity and has created its brand name in the digital payment mode, which has influenced the retailers to adopt the UPI in their daily business transactions. The UPI is now-a-days adopted by a street vendor to the organised retailers. The NPCI and the Indian Government has contributed to promote the UPI system in the Indian County which has led us to shift to digital economy. The pandemic COVID-19 has led to shift from cash payment to digital payments adoption on widespread basis and the user-friendly features of UPI has also enabled the retailers and common person to accept and sustain it in day-to-day basis.

REFERENCES

- [1] Roopa, P., Vijayalakshmi, B., & Nishitha, P. (2025). UPI and Its Impact on Business Performance of Retailers. *Smart Journal of Business Management Studies*, 21, 38-50.
- [2] None, S. B. & Pahal, S. (2025). Retailers and UPI in India: A Systematic Review of Adoption, Barriers and Opportunities. *Advances in Consumer Research*, 2(5), 2380-2390.
- [3] Dr. A. Shaji George, A. S. Hovan George, Dr. T. Baskar, & A. S. Gabrio Martin. (2023). An Overview of India's Unified Payments Interface (UPI): Benefits, Challenges, and Opportunities. *Partners Universal International Research Journal*, 2(1), 16–23. <https://doi.org/10.5281/zenodo.7723154>.
- [4] K. K. Lakshmi, H. Gupta and J. Ranjan, (2019), "UPI Based Mobile Banking Applications – Security Analysis and Enhancements," Amity International Conference on Artificial Intelligence (AICAI), Dubai, United Arab Emirates, 2019, pp. 1-6, doi: 10.1109/AICAI.2019.8701396.
- [5] Jain, A. S. (2022), "UPI Payment Influence on Retail Sector in Mumbai", *International Journal of Advanced Research in Arts, Science, Engineering & Management*, ISSN: 2395-7852, Volume-9, Issue-1, January 2022.
- [6] Copestake, A., Kirti, D., & Peria, M. S. M. (2025). Growing Retail Digital Payments.
 - a. ©2025 International Monetary Fund Growing Retail Digital Payments: The Value of Interoperability Note 2025/004, Fintech Notes, Cataloging-in-Publication Data IMF Library.
- [7] Padvi, S. N., & Mishra, S. V. (2025). IMPACT OF UPI PAYMENTS ON THE BUSINESS PERFORMANCE OF RETAILERS IN NANDURBAR DISTRICT. *Journal of East-West Thought (JET) ISSN (O): 2168-2259 UGC CARE I*, 15(1), 463-469.
- [8] Mahesh, A., & Bhat, G. (2021). Digital payment service in India-a case study of unified payment interface. *International Journal of Case Studies in Business, IT and Education (IJCSBE)*, 5(1), 256-265.
- [9] Shetty, N. K. CASH TO DIGITAL: UPI ADOPTION AMONG MICRO BUSINESSES IN MYSORE.
- [10] <https://in.images.search.yahoo.com/search/images>
- [11] <https://www.npci.org.in/>
- [12] <https://economictimes.indiatimes.com/news/bengaluru-news/no-upi-only-cash-in-bengaluru-why-small-vendors-in-indian-it-capital-are-saying-no-to-online-transactions/articleshow/122548600.cms>
- [13] <https://www.cnbctv18.com/business/finance/digital-payments-jump-35-pc-fy25-upi-84-pc-retail-volumes-rbi-annual-report-19612337.htm>
- [14] <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154912&ModuleId=3®=3&lang=2>