

## Scan Karo, Bhagwan Bharose: A Study on Customer Trust and Fear in UPI Payments

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### ABSTRACT

This paper will look at customer trust and fear relating to the usage of Unified Payments Interface (UPI) in India, and how this is likely to be continued, despite the fear of digital fraud. The users have come to trust UPI as a necessary way of day to day financial dealings and at the same time move through their fear of its convenience and on the other hand, learn to fear the possibility of security risks. The study compares Composite Trust Scores and Composite Fear perception Scores using primary survey data composed of 70 UPI users to determine the psychological reaction of users towards UPI payments. The t-tests with one sample show that the level of trust and fear of users is significantly higher than the neutral value, which proves the co-occurrence of confidence and anxiety in the behavior related to digital payments. Moreover, the results of the multiple regression analysis indicate that neither trust nor fear are significant predictors of further use of UPI because of convenience. The results indicate that the adoption of UPI has become a routine and a need-based behaviour, in which emotion perceptions are less important than convenience does.

**Key Words:** UPI Payments, Customer Trust, Perceived Risk, Digital Fraud Fear, Financial Technology, Digital Payment Behaviour, India

### INTRODUCTION

India The successful development of digital payment systems has altered the nature of conducting financial transactions in India, and Unified Payments Interface (UPI) has become the most popular platform. The mere use of the word Scan Karo has become daily finance practice by simple street vendors and giant chains alike. The ease of use, instant transfer option and smartphone integration have also played a significant role in financial inclusion and cash-light economy by UPI. And with this ease comes a mounting psychological apprehension with the users, in terms of hesitation and anxiety when paying online, not a bad colloquial term, Bhagwan Bharose.

The adoption of UPI payments is highly reliant on customer trust in the long run. Although users like speed and convenience, increased cases of digital fraud, phishing, counterfeit QR code, unauthorized transactions, and misuse of data tend to erode their trust. Even with less than perfect technical knowledge, many users still use UPI based less on the informed trust and more on the necessity and habit. This poses a security dilemma of high use and still waiting in fear and anxiety over the security of transactions.

Risk perception is different among demographic groups, levels of digital literacy, as well as previous experiences with fraud. To some users, trust lies in the reputation of banks and government supported systems, and in other cases, it is based on the personal experience and peer pressure. Fear, however, does not necessarily prevent usage, but has an impact on the

behavior of the transaction, like a maximum size of transactions or unwillingness to deal with a stranger.

This paper aims at analyzing the relationship between fear and customer trust in UPI payments. Through examining the perceptions of the users, their experiences and the response in their behavior, the research study attempts to realize whether the adoption of UPI is due to the true trust in the system or through the urgency in the rapidly digitizing economy. This balance guarantees that policymakers, banks, and fintech providers should understand in order to create more user-friendly, safer digital payment ecosystems.

## LITERATURE REVIEW

The gathered literature mass presents a thorough insight into the adoption, usage, and the influence of the Unified Payments Interface (UPI) in the dynamic Indian digital payment market. In regional, demographic and stakeholder-based researches, UPI continues to stand out as a robust, convenient, and transformative digital currency of payment that hugely minimizes cash addiction and contributes to financial inclusiveness.

As empirical research on the regions (Tirunelveli, Tamil Nadu), (Kalol-Gandhinagar, Gujarat), Zawlnuam (Mizoram) and other urban and semi-urban areas indicate, UPI is highly aware, adopted, and used for peer-to-peer transfers, bill payments, and even merchants. The most common drivers of adoption reiterated between consumers and vendors are convenience, the speed at which the transaction can occur, ease of use, interoperability, and cost efficiency. Vendor oriented studies emphasize quick settlement, lesser cash handling risk being as a key incentive especially to small and medium sized business.

Theoretical studies based on the longer UTAUT and UTAUT2 models prove that performance anticipation, effort anticipation, social influence, enabling conditions, and anticipated trust will play a major role on behavioral intention to adopt UPI. Although add-on services and promotion benefits do not influence adoption intention directly, they increase the perceived usefulness and user experience. Age, occupation, gender and education are other demographic moderators that make a significant impact on adoption behavior.

Though generally accepted, the literature records recurrent difficulties, among which are cybersecurity threats, potential fraud cases, technical malfunctions, network stability, digital illiteracy, and lack of awareness on mechanisms of redressing grievances. Security-minded research provides a close positive association between the security perception and the persistence of UPI use underlining the necessity of a well-developed authentication system, regulation, and user awareness campaigns.

Altogether, the combined evidence helps to confirm that UPI has become one of the pillars of the Indian digital banking and payment infrastructure. Nevertheless, to maintain the long-term growth, it is needed to maintain the technological innovations, to increase the cybersecurity levels, to implement more specific financial literacy interventions, and to adopt the policy

solutions that would help to eliminate the gap between the adoption quality and to increase the confidence of the users in the services of the different population groups.

## RESEARCH GAP

The current literature on the topic UPI payments is centred on adoption, convenience, and technological acceptance with a tendency to consider the increase in its use and the efficiency of the infrastructures. Nevertheless, there is a scanty empirical studies that can be found exploring how trust and fear coexist among the active users of UPI. Little has been done to investigate the psychological aspect of forced trust involving users making digital transactions even after fearing that they may be a victim of fraud. In addition, less than one primary survey-based study to investigate the relationship between perceived risk, digital literacy, and past fraud experiences as a combination factor in trust in UPI payments exists. This gap is filled in this study through the inclusion of the emotional and behavioural perspectives in the digital payment research.

## OBJECTIVES

- To determine whether UPI users exhibit a significantly high level of trust in UPI payment systems, based on their Composite Trust Score.
- To determine whether UPI users experience a significantly high level of fear of digital fraud, as reflected by their Composite Fear Perception score.
- To examine whether customers' trust and fear perceptions significantly predict their continued use of UPI despite fear of fraud, mainly due to convenience.

## RESEARCH METHODOLOGY

### Research Design

Quantitative and descriptive research design was adopted.

### Nature of Study

Empirical study based on primary data collected through a structured questionnaire.

### Study Area

The study focuses on UPI users in India.

### Sample Size

A total of **70 respondents** participated in the survey.

### Sampling Technique

Convenience sampling method was used for selecting respondents.

### Data Collection Method

Primary data were collected through a structured questionnaire using Likert-scale statements.

### Variables Used

Composite Trust Score

Composite Fear Perception

Continued UPI Usage due to Convenience (Dependent Variable)

### Statistical Tools Applied

One-Sample t-test

Multiple Regression Analysis

Descriptive Statistics (Mean, Standard Deviation)

### Hypothesis Testing

Hypotheses were tested at a 5% level of significance.

### Software Used

Statistical analysis was carried out using SPSS.

## DATA ANALYSIS AND INTERPRETATION

### H<sub>01</sub> (Null Hypothesis):

The mean Composite Trust Score of UPI users is not significantly higher than the neutral level.

### H<sub>11</sub> (Alternative Hypothesis):

The mean Composite Trust Score of UPI users is significantly higher than the neutral level.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Composite Trust Score	70	4.2029	.32747	.03914

One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Composite Trust Score	30.732	69	.000	1.20286	1.1248	1.2809

The t-test used was one-sample and the null hypothesis was that, the average users Composite Trust Score in UPI payments is significantly below the neutral benchmark value of 3. The findings depict high mean in trust (M = 4.2029, N = 70, SD = 0.3275), which shows there was a high agreement with the statements on trust. This t-value (t = 30.732, df = 69) is really high and the significance value is p = 0.000 (i.e. p < 0.05), which proves the fact that the average trust score is statistically greater than the level of neutrality. The average variance is 1.20286, and the 95% confidence interval (1.1248 to 1.2809) is fully above zero, which again substantiates the conclusion that users of the UPI are having a very high percentage of trust on the UPI payment system.

### H<sub>02</sub> (Null Hypothesis):

The mean Composite Fear Perception score of UPI users is not significantly higher than the neutral level.

### H<sub>12</sub> (Alternative Hypothesis):

The mean Composite Fear Perception score of UPI users is significantly higher than the neutral level.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Composite Fear Perception	70	4.2071	.35857	.04286

One-Sample Test							
		Test Value = 3					
		t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
						Lower	Upper
Composite Fear Perception		28.167	69	.000	1.20714	1.1216	1.2926

A one-sample t-test was used to test whether Composite Fear Perception by the respondents about digital fraud in UPI payments is significantly greater than the neutral point of 3. The findings obtained suggest that the perceived fear is high ( $M = 4.2071$ ,  $N = 70$ ,  $SD = 0.3586$ ) in general, the respondents are inclined to believe that there is fear of digital fraud affecting their attitude towards UPI payments. The test value is significant ( $t = 28.167$ ,  $df = 69$ ,  $p = 0.000$  i.e.,  $p < 0.05$ ) which proves that the average of the fear perception is significantly greater than the one of the neutral one. Also the 95% confidence interval is 1.1216 to 1.2926 and the mean difference is 1.20714, which is above zero and provides more confidence in the conclusion that the fear perception of the users is significantly high.

**H<sub>03</sub> (Null Hypothesis):**

Composite Trust Score and Composite Fear Perception do not significantly predict continued UPI usage despite fear of fraud (due to convenience).

**H<sub>13</sub> (Alternative Hypothesis):**

Composite Trust Score and Composite Fear Perception significantly predict continued UPI usage despite fear of fraud (due to convenience).

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.191 <sup>a</sup>	.037	.008	.76498	

a. Predictors: (Constant), Composite Fear Perception, Composite Trust Score

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.492	2	.746	1.275	.286 <sup>b</sup>
	Residual	39.208	67	.585		
	Total	40.700	69			

a. Dependent Variable: Despite fear of fraud, I continue to use UPI due to convenience.  
b. Predictors: (Constant), Composite Fear Perception, Composite Trust Score

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	1.824	1.639		1.113	.270
	Composite Trust Score	.225	.281	.096	.799	.427
	Composite Fear Perception	.364	.257	.170	1.415	.162

a. Dependent Variable: Despite fear of fraud, I continue to use UPI due to convenience.

A multiple regression analysis was done to test the hypothesis of customer trust and fear having a combined effect on continued UPI usage despite fear of fraud. The regression indicates a low degree of relationship ( $R = 0.191$ ) as well as the very low explanatory power ( $R^2 = 0.037$ ), which implies that the joint impact of trust and fear explains only around 3.7% of the difference in the further usage of UPI based on the convenience. The result of the ANOVA makes the conclusion that the model is not statistically significant ( $F = 1.275$ ,  $p = 0.286 > 0.05$ ) i.e. the predictors do not significantly explain the dependent variable. Moreover, the predictors, Composite Trust Score ( $B = 0.225$ ,  $p = 0.427$ ) and Composite Fear Perception ( $B = 0.364$ ,  $p = 0.162$ ) are both statistically insignificant, which indicates that neither trust nor fear influences subsequent UPI use in the data. Accordingly, even though coefficients are positive, their impacts are not high in order to be termed as significant.

## CONCLUSION

The present study set out to examine UPI users' trust, fear of digital fraud, and the combined influence of these perceptions on continued UPI usage despite concerns about fraud. The empirical findings provide important and nuanced insights into contemporary digital payment behaviour.

The one-sample t-test results clearly demonstrate that UPI users exhibit a **significantly high level of trust** in the UPI payment system. The Composite Trust Score is substantially above the neutral benchmark, supported by a very high t-value and a confidence interval entirely above zero. This indicates that users strongly agree with trust-related statements, reflecting confidence in system reliability, transaction safety, and overall performance of UPI platforms. Such high trust highlights the success of India's digital payment ecosystem in building user confidence.

Simultaneously, the study also finds that users experience a **significantly high level of fear regarding digital fraud**. The Composite Fear Perception score is also well above the neutral level, suggesting that concerns about cyber fraud, scams, and misuse of personal financial information remain prevalent among users. The coexistence of high trust and high fear suggests that users are aware of digital risks but continue to operate within the system while being cautious.

However, the multiple regression analysis reveals that **neither trust nor fear significantly predicts continued UPI usage due to convenience**. The regression model explains only a small portion of variance, and both predictors are statistically insignificant. This indicates that while users simultaneously trust UPI and fear fraud, these psychological factors alone do not drive continued

usage. Instead, continued UPI adoption appears to be influenced more by **structural and practical factors such as speed, ease of use, ubiquity, and habit formation.**

Overall, the findings suggest that UPI usage has moved beyond purely perception-driven behaviour and has become an essential transactional utility. Users continue using UPI not because trust outweighs fear, but because convenience has become indispensable in everyday financial activities.

## RECOMMENDATIONS

Based on the findings, it is recommended that policymakers and UPI service providers focus on **strengthening fraud prevention mechanisms and user education**, as fear of digital fraud remains high. Regular awareness campaigns on safe UPI practices, real-time fraud alerts, and simplified grievance redressal mechanisms can help reduce anxiety among users. Additionally, enhancing backend security while maintaining ease of use is critical, as convenience remains the dominant factor driving continued usage. Future strategies should balance **security communication with usability**, ensuring that fear does not escalate into resistance toward digital payments.

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