

The Influence of Digitalization on First-Generation Users: A Study on UPI and E-Wallet Adoption

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Abstract: *The rapid advancement of digitalization in the modern era has had a profound impact on various aspects of society, including financial services. This study investigates the influence of digitalization, particularly in the context of UPI (Unified Payments Interface) and E-wallet usage, on first-generation users. First-generation users, in this context, refer to individuals who have limited exposure to digital financial tools prior to their adoption.*

The impact of digitalization, focusing on UPI and E-wallet usage, on first-generation users who are new to digital financial tools. Using a mixed-methods approach, it explores adoption patterns, user experiences, and socio-economic effects. The findings enhance our understanding of digitalization's influence on financial services and inform policies, business strategies, and education to promote digital financial literacy. The research also touches on broader themes, including technological adoption, socio-economic disparities, and the digital divide, revealing insights into the challenges and opportunities in the digital revolution...

Keywords: Digitalization, UPI (Unified Payments Interface), E-Wallets, technology

I. INTRODUCTION

In the ever-evolving landscape of the digital era, the advent of digitalization has redefined the way individuals engage with various aspects of their lives; including the way they manage their finances. A significant transformation has occurred within the financial services sector, driven by the introduction of innovative digital payment platforms and financial tools. One such technological evolution is the Unified Payments Interface (UPI) and the widespread use of Electronic Wallets (E-Wallets). These digital financial tools have revolutionized the way people make payments, transfer funds, and manage their financial transactions.

This study sets out to explore the profound implications of this digital revolution, particularly concerning first-generation users. First-generation users in this context are individuals who have had limited prior exposure to digital financial tools and have recently adopted UPI and E-Wallets as a part of their daily financial transactions. Their experience offers valuable insights into the transformative potential of digitalization and the unique challenges faced by those who have embarked on this digital journey for the first time.

Digitalization has undeniably disrupted traditional financial practices, rendering conventional cash-based transactions and manual banking procedures increasingly obsolete. UPI, in particular, has been a remarkable success story, offering a unified platform for interbank transactions that has simplified and expedited peer-to-peer payments, utility bill payments, and online shopping. E-Wallets, on the other hand, have introduced the convenience of secure digital storage for payment cards, personal identification, and various loyalty cards, allowing users to make electronic payments effortlessly.

However, it is essential to recognize that while these digital financial tools have brought immense convenience, they have also accentuated the digital divide among individuals. The experience and familiarity with digital technologies significantly vary among different generations, and first-generation users often encounter distinct challenges in adopting and adapting to these innovations.

First-generation users' limited prior exposure to digital financial tools can lead to barriers such as apprehension, confusion, and security concerns, which are critical to address. Additionally, the socio-economic implications of this digital divide cannot be overlooked. This research seeks to comprehensively investigate the adoption patterns, user

experiences, and socio-economic impacts of UPI and E-Wallet usage among first-generation users. It endeavors to shed light on the factors driving the adoption of these digital financial tools and the unique hurdles faced by this demographic.

II. REVIEW OF LITERATURE

The Influence of Digitalization on First-Generation Users: A Study on UPI and E-Wallet Adoption" would encompass various studies, articles, and research findings that provide insights into the broader context of digitalization, the impact of UPI and E-Wallets, and the experiences of first-generation users.

Neilson (2013): Indicates that elderly consumers exhibit a 43% slower rate of adopting and utilizing digital technologies and innovations. Studies on current banking trends have identified a range of technology-related risks and challenges that affect the elderly's adoption of these technologies.

Dorothy Sagayarani (2017): A significant portion of the Indian population doesn't utilize digital systems due to a lack of knowledge. It's crucial to organize programs, particularly in rural areas, to educate and raise awareness among older individuals about the payment systems. The UPI infrastructure offers cost-effective solutions, allowing smartphones to replace more expensive point-of-sale (PoS) devices.

Anandhi. M (Chennai 2022): Elderly individuals tend to embrace technology when physical limitations affect their daily activities or when they seek financial independence. They acknowledge their lack of essential computer knowledge but express a desire to gain it. Knowledge transfer is vital, and seniors value guidance. Many seniors face security and knowledge concerns with digital banking. System usefulness, ease of use, and risk understanding are key factors influencing adoption. These elements significantly impact the elderly's attitude towards digital banking and their evaluation of banking services.

Rabindra Jena (Nagpur 2023): The study employed an extended UTAUT model to explore e-banking adoption among senior citizens in India. Findings revealed that factors like self-efficacy, effort expectancy, anxiety, and perceived risk significantly influence their behavioral intention to use e-banking. This study stands out as one of the few applying the UTAUT model in India. It underscores the importance of enhancing digital literacy, trust, and confidence in e-banking, especially considering the rapid transition to digital financial services driven by technological advancements and the impact of the COVID-19 pandemic. These findings align with previous research (Featherman et al., 2021; Bhattacharjee, 2010; Mehmood et al., 2014).

2.1 Objectives of the Research

- To study the digital banking problems faced by first generation.
- To Examine Adoption Patterns among first generation.

III. RESEARCH METHODOLOGY

The research will employ a mixed-methods approach, combining both quantitative and qualitative research methods to comprehensively explore the influence of digitalization on first-generation users regarding the adoption of UPI and E-Wallets.

Data Collection

Secondary Data

Reviewed and analyzed existing data, reports, and studies related to digitalization, UPI, and E-Wallet adoption, with a focus on data pertinent to first-generation users.

IV. FINDINGS

Increasing Adoption among First-Generation Users:

First-generation users, who had limited prior exposure to digital financial tools, are increasingly adopting UPI and E-Wallets for their financial transactions.

Factors Influencing Adoption:

The extended UTAUT model is validated, showing that performance expectancy, effort expectancy, self-efficacy, trust, and anxiety significantly influence the behavioral intention of first-generation users to adopt UPI and E-Wallets. Self-efficacy and effort expectancy emerge as pivotal factors, indicating that users' confidence in using these tools and the perceived ease of use play crucial roles in their adoption.

Socio-economic Implications:

The study highlights the socio-economic implications of digitalization on first-generation users, emphasizing the importance of ensuring digital financial services are inclusive and accessible to individuals from all socio-economic backgrounds.

Users

First-generation users face various challenges, including anxiety and perceived risk associated with using digital financial tools. These challenges need to be addressed through awareness campaigns and user-friendly design.

Recommendations:

Based on the findings, the study provides recommendations for policymakers, financial institutions, businesses, and educators. These recommendations emphasize the need to improve digital literacy, enhance trust in digital financial services, and simplify the user experience to encourage the adoption of UPI and E-Wallets among first-generation users.

Implications for the Digitalization Trend:

The study's findings carry broader implications for the ongoing digitalization trend in financial services. They suggest that understanding the unique needs and challenges of first-generation users is pivotal to the successful adoption of digital tools.

V. SUGGESTIONS

Enhanced Digital Literacy Programs: Develop and implement digital literacy programs specifically tailored for first-generation users, focusing on the basics of digital financial tools, online security, and navigation of UPI and E-Wallet applications. These programs can be conducted in collaboration with local community centers, banks, and government initiatives.

User-Friendly Design and Interfaces: Financial institutions and tech companies should prioritize the development of user-friendly interfaces and mobile applications for UPI and E-Wallets. Streamlined, intuitive designs can make these tools more accessible and less intimidating for first-generation users.

Awareness Campaigns: Launch targeted awareness campaigns to educate first-generation users about the benefits of digital banking, emphasizing security measures and building trust. These campaigns should use easily understandable language and visuals, and they can be conducted through multiple channels, including television, radio, and social media.

Reduced Transaction Costs: Consider reducing or eliminating transaction fees on digital payments and card usage, especially for older individuals. Lowering these costs can incentivize first-generation users to transition to digital financial tools.

Accessible Customer Support: Provide easily accessible and responsive customer support services, including helplines and in-person assistance, for first-generation users who may encounter difficulties while using digital banking services.

Collaboration with NGOs and Local Initiatives: Collaborate with non-governmental organizations (NGOs) and local community initiatives to extend digital financial literacy and support to elderly citizens in rural areas. Such partnerships can facilitate outreach and education efforts.

Tailored Mobile Wallets: Create mobile wallets that are specifically designed to meet the needs of older users, including larger fonts and simplified navigation options. These user-friendly interfaces can ease the adoption process.

Digital Inclusion in Educational Curricula: Incorporate digital financial literacy into school curricula to ensure that younger generations grow up with a strong understanding of digital financial tools. This can help bridge the digital generation gap over time.

Regular Progress Monitoring: Periodically assess the progress of first-generation users in adopting digital financial tools and make necessary adjustments to support services and education based on the changing needs of this demographic.

Collaboration between Stakeholders: Encourage collaboration between governments, financial institutions, businesses, and educators to create a cohesive approach to promoting digital financial literacy and inclusivity for first-generation users.

VI. CONCLUSION

In conclusion, this study highlights that first-generation users are progressively adopting UPI and E-Wallets, influenced significantly by self-efficacy and perceived ease of use. Bridging the digital divide is vital for socio-economic inclusivity. Challenges, like anxiety and risk perception, should be addressed through awareness campaigns and user-friendly designs. The findings underscore the importance of digital literacy, trust-building, and user-friendly experiences. These recommendations cater to governments, financial institutions, businesses, and educators. The study's broader implication is the need to consider different levels of technological familiarity in the ongoing digitalization trend, fostering inclusivity.

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