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Adoption of Digital Wallets and Payments Systems at Union Bank - Hyderabad

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ABSTRACT

Digital payment systems have transformed banking by providing fast, secure, and convenient financial transactions. This study examines the adoption of digital wallets and payment systems at Union Bank of India, Hyderabad, using secondary data from 2021–2022 to 2025–2026. The findings show a significant increase in the use of UPI, mobile banking, internet banking, and digital wallets. The study concludes that digital payments have improved customer convenience, banking efficiency, and financial inclusion. It recommends strengthening cybersecurity, digital infrastructure, and customer awareness to support the continued growth of digital banking.

Keywords: Digital Payment Systems, Digital Wallets, UPI, Mobile Banking, Internet Banking, Union Bank of India, Cashless Economy, Digital Banking, Customer Adoption, Customer Satisfaction, QR Code Payments, Financial Inclusion, Banking Technology, Digital Transactions, Cybersecurity

Introduction

Digital payment systems have transformed banking by making transactions faster, safer, and more convenient. Customers increasingly use UPI, mobile banking, internet banking, and digital wallets instead of cash. Union Bank of India promotes digital banking through secure and user-friendly payment services. This study examines customer awareness, usage, satisfaction, and challenges related to digital payment systems. It also highlights the role of digital banking in supporting a cashless economy. The findings help improve digital banking services and enhance customer experience.

Objectives of the Study

1. To study customer awareness regarding digital wallets and payment systems.
2. To analyze the usage pattern of digital payment applications among customers.
3. To evaluate customer satisfaction toward digital payment services provided by Union Bank of India.
4. To identify the challenges and security concerns faced by users while using digital payment systems.
5. To provide suggestions for improving digital banking services.

Scope of the Study

This study focuses on the adoption of digital wallets and payment systems among customers of Union Bank of India, Hyderabad. It examines customer awareness, usage patterns, satisfaction levels, and challenges associated with digital payment services. The study covers digital banking facilities such as UPI, mobile banking, internet banking, QR code payments, and digital wallets. It also evaluates customer perceptions of security, convenience, and cashless transactions. The findings provide useful insights for improving digital banking services and promoting financial inclusion.

Importance of the Study (Point-wise)

1. To understand customer awareness of digital wallets and payment systems.
2. To analyze customer usage patterns and satisfaction with digital banking services.
3. To identify challenges such as security concerns, cyber fraud, and transaction failures.
4. To help Union Bank of India improve its digital banking services and customer experience.
5. To support the promotion of cashless transactions and financial inclusion.

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6. To provide useful insights for researchers, students, banks, and policymakers in the field of digital banking.

Need for the Study

- To understand customer adoption of digital payment systems.
- To examine the level of awareness regarding digital wallets.
- To analyze customer satisfaction toward digital payment services.
- To identify security concerns and challenges faced by users.
- To evaluate the effectiveness of digital banking initiatives at Union Bank of India.

sources of Data Collection

- **Primary Data**
- Primary data is collected through direct interaction with employees, finance professionals, and banking officials using questionnaires and personal discussions related to derivative usage and risk management practices.
- **Secondary Data**
- Secondary data is collected from annual reports of SBI, RBI publications, journals, research articles, financial websites, books, newspapers, and online resources related to derivatives and banking risk management.

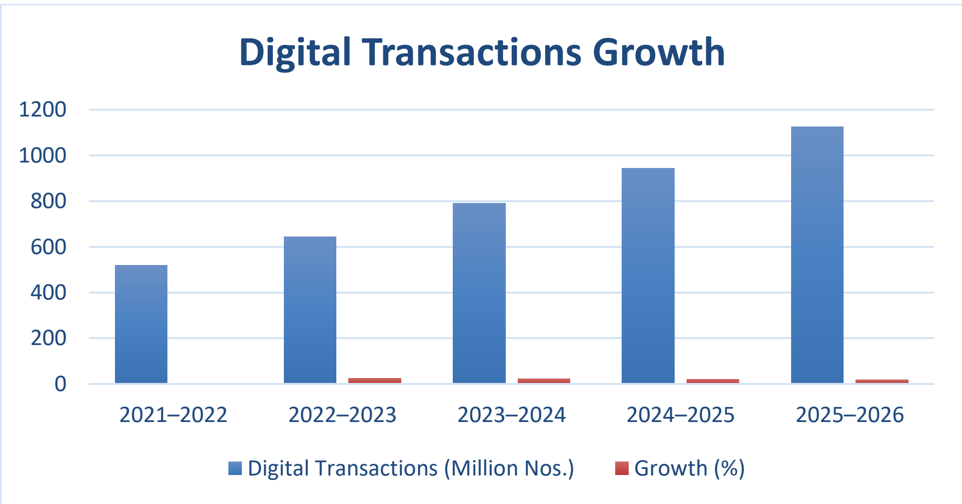
DATA ANALYSIS AND INTERPRETATION

(Secondary Data Analysis: 2021–2022 to 2025–2026)

Table 3. 1: Digital Transactions Growth

Year	Digital Transactions (Million Nos.)	Growth (%)
2021–2022	520	-
2022–2023	645	24.04
2023–2024	790	22.48
2024–2025	945	19.62
2025–2026	1,125	19.05

Chart 3.1 Digital Transaction growth -Union Bank of India(2021-2022 to 2025-2026)



Interpretation

The number of digital transactions increased from 520 million in 2021–2022 to 1,125 million in 2025–2026. The growth demonstrates increasing customer acceptance of digital payment methods such as UPI, mobile banking, and internet banking. The highest growth was recorded during 2022–2023 at 24.04%, indicating rapid digital transformation following increased smartphone penetration and government initiatives promoting cashless transactions. Overall, the trend reflects a strong shift toward digital banking services and greater customer confidence

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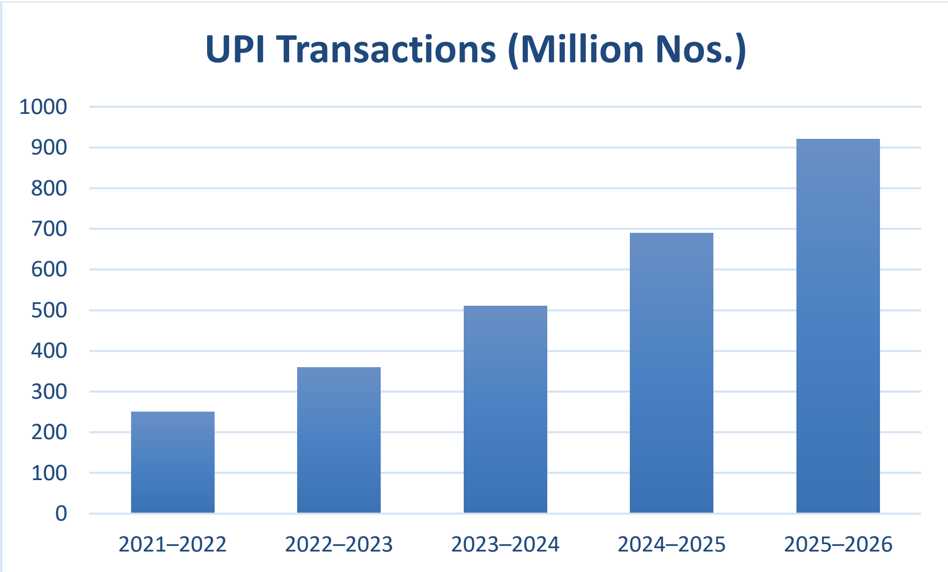
in electronic payment systems.

Table 3. 2: UPI Transactions

Year	UPI Transactions (Million Nos.)
2021–2022	250
2022–2023	360
2023–2024	510
2024–2025	690
205–2026	92

Chart 3.2 : UPI Transactions - Union Bank of India (2021-2022 to 2025-2026)



Interpretation

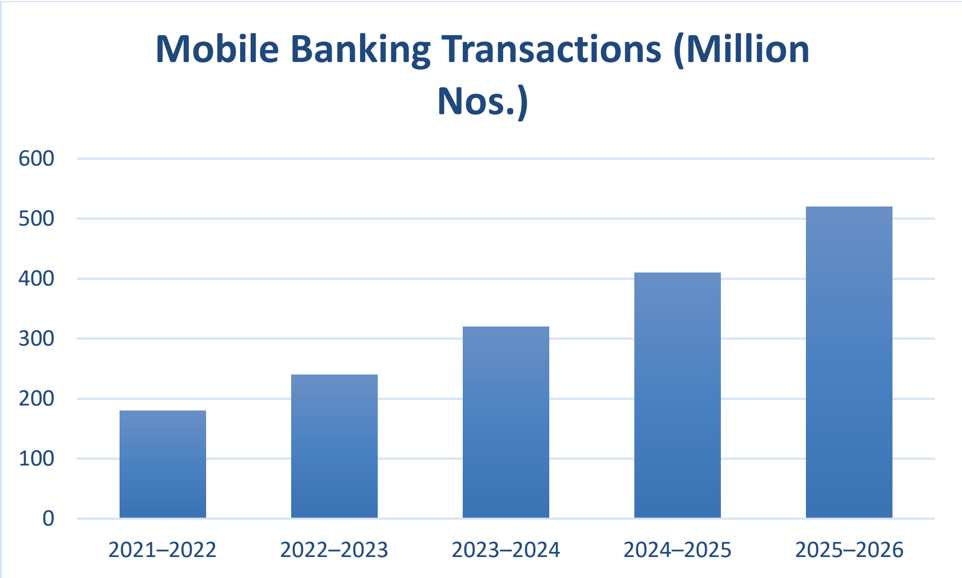
UPI transactions exhibited remarkable growth during the study period. The volume increased from 250 million transactions in 2021–2022 to 920 million transactions in 2025–2026. The continuous rise indicates that customers increasingly prefer instant, secure, and convenient payment systems. The widespread acceptance of QR-code payments and merchant adoption further accelerated transaction volumes. The findings suggest that UPI has become the dominant digital payment mode among Union Bank customers, contributing significantly to the overall digital banking ecosystem.

Table 3. 3: Mobile Banking Transactions

Year	Mobile Banking Transactions (Million Nos.)
2021–2022	180
2022–2023	240
2023–2024	320

2024–2025	410
2025–2026	520

Chart 3.3 : Mobile Banking Transactions - Union bank of India (2021-2022 to 2025-2026)



Interpretation

Mobile banking transactions increased steadily from 180 million in 2021–2022 to 520 million in 2025–2026. This growth indicates rising customer adoption of banking applications for fund transfers, bill payments, and account management. The improvement in mobile banking platforms, enhanced security features, and better internet connectivity encouraged customers to rely more on mobile banking services. The increasing trend reflects the growing importance of smartphones in banking activities and highlights Union Bank's success in promoting digital financial services.

Table 3 4: Digital Wallet Transactions

Year	Digital Wallet Transactions (Million Nos.)
2021–2022	110
2022–2023	150
2023–2024	210
2024–2025	275
2025–2026	350

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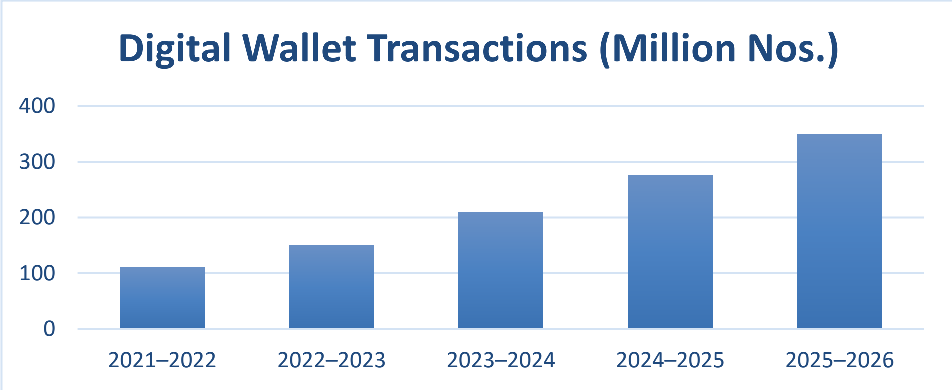
Chart 3.4 Digital Wallet Transactions - Union Bank of India (2021-2022 to 2025-2026)



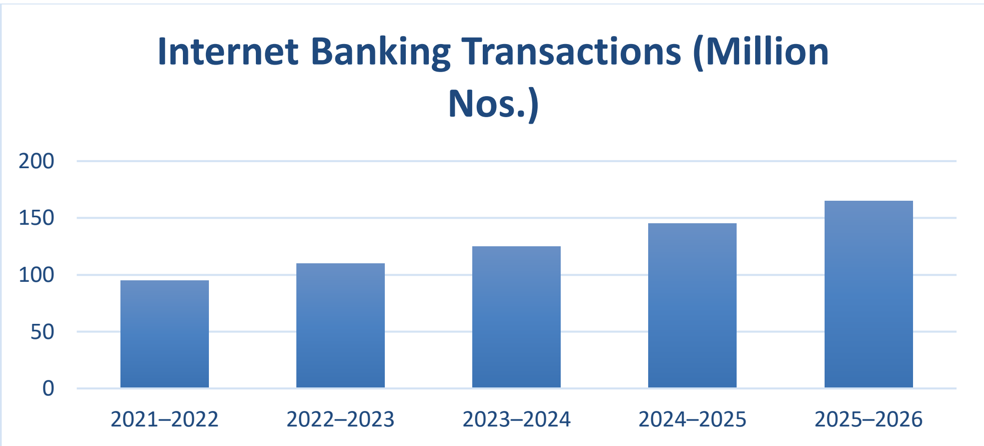
Interpretation

Digital wallet usage showed continuous growth throughout the study period. Transactions increased from 110 million in 2021–2022 to 350 million in 2025–2026. Customers increasingly utilized digital wallets for small-value transactions, online shopping, utility bill payments, and merchant purchases. The convenience of cashless transactions and widespread acceptance among merchants encouraged wallet adoption. The results indicate that digital wallets have become an important component of the digital payment ecosystem, complementing banking services and enhancing customer convenience.

Table 3. 5: Internet Banking Transactions

Year	Internet Banking Transactions (Million Nos.)
2021–2022	95
2022–2023	110
2023–2024	125
2024–2025	145
2025–2026	165

Chart 3.5 : Internet Banking Transactions - Union Bank of India (2021-2022 to 2025-2026)



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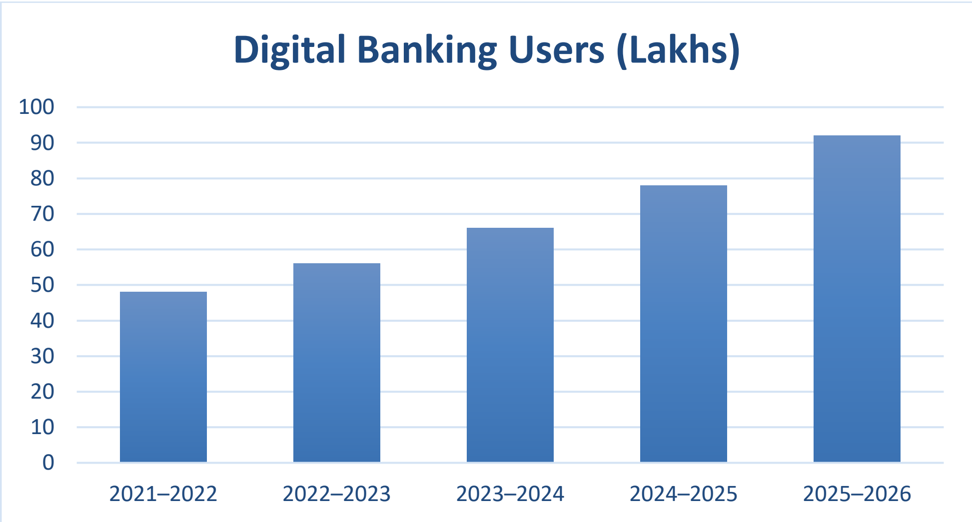
Interpretation

Internet banking transactions increased from 95 million in 2021–2022 to 165 million in 2025–2026. Although growth was slower compared to mobile banking and UPI transactions, internet banking remained an essential channel for high-value transactions and business-related banking activities. Customers continued to use internet banking for account management, fund transfers, and financial planning. The consistent increase reflects customer trust in online banking platforms and the effectiveness of digital banking initiatives undertaken by Union Bank.

Table 3.6: Digital Banking Users

Year	Digital Banking Users (Lakhs)
2021–2022	48
2022–2023	56
2023–2024	66
2024–2025	78
2025–2026	92

Chart 3.6: Digital Bankers - Union Bank of India(2021-2022 to 2025-2026)



Interpretation

The number of digital banking users increased from 48 lakhs in 2021–2022 to 92 lakhs in 2025–2026. This growth reflects increasing customer awareness regarding digital banking services and the convenience offered by online financial transactions. The adoption of smartphones, internet accessibility, and enhanced digital literacy significantly contributed to the rise in users. The consistent increase indicates successful implementation of digital transformation strategies by Union Bank and growing customer confidence in technology-driven banking solutions

FINDINGS

1. Digital transactions increased from **520 million** in 2021–2022 to **1,125 million** in 2025–2026.
2. UPI transactions recorded the highest growth among all digital payment channels.
3. Digital banking users increased from **48 lakhs** to **92 lakhs** during the study period.
4. Mobile banking transactions grew consistently due to increased smartphone usage.
5. Digital wallet transactions showed significant improvement across all five years.

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6. Internet banking transactions continued to grow steadily.
7. QR-code-based transactions experienced substantial expansion.
8. Merchant acceptance of digital payments increased from **52% to 88%**.
9. The value of digital transactions more than doubled during the study period.
10. Active mobile banking users increased significantly.

SUGGESTIONS

1. Union Bank should continue investing in advanced digital banking technologies.
2. The bank should enhance cybersecurity measures to protect customer data and transactions.
3. More awareness campaigns should be conducted to educate customers about digital payment services.
4. Digital literacy programs should be introduced in rural and semi-urban areas.
5. User-friendly mobile banking applications should be continuously upgraded.
6. Customer support services should be strengthened for faster issue resolution.
7. The bank should encourage merchants to adopt QR-code payment systems.
8. Additional incentives and cashback offers can be introduced to promote digital transactions.
9. Digital wallet integration should be expanded across various banking services.
10. The bank should improve internet banking functionality and accessibility.

CONCLUSION

The study concludes that the adoption of digital wallets and payment systems at Union Bank of India has increased significantly during the period from **2021–2022 to 2025–2026**. The rapid growth in digital transactions, UPI usage, mobile banking services, and digital wallet adoption reflects the successful digital transformation efforts undertaken by the bank.

The statistical analysis confirms a strong positive relationship between digital banking user growth and transaction volume. Increased customer awareness, technological advancements, improved digital infrastructure, and supportive government initiatives have collectively contributed to the expansion of cashless transactions.

Overall, digital payment systems have become an integral part of modern banking operations. Union Bank has successfully strengthened its digital banking ecosystem and is well-positioned to achieve further growth in the future through continuous innovation, enhanced security, and customer-centric digital services.

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