

Indian Consumers Prefer Digital Payments Over Cash this Festival Season, Embracing UPI and Digital Wallets for Merchant Spending

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Growing strength of digital payments in merchant payments channel, increasing ubiquity driven by younger consumers, according to new study by ACI Worldwide

NAPLES, Fla. & MUMBAI, India--(BUSINESS WIRE)--Oct. 23, 2019-- Digital payments are the preferred payment option for 42 percent of consumers in India, leading card payments (29%) and cash (27%), according to a new online study conducted by YouGov and [ACI Worldwide](#) (NASDAQ: ACIW), a leading global provider of real-time [electronic payment and banking solutions](#).

While preference for digital payments – including eWallet and UPI payments – is more pronounced with younger consumers (42% for Gen Z and 48% for Millennials), the survey revealed a more consistent picture across age groups in terms of adoption. 77 percent of Millennials had used digital payments at least once during the festival season, compared to 72 percent of Gen Z and 69 percent of Gen X. Nearly half (45%) of Baby Boomers also indicated they had used digital payments within the survey period.

“Digital payments, including UPI and other eWallets, are increasingly the payment method of choice across a wide spectrum of consumers in India,” said Kaushik Roy, vice president & country leader – South Asia, ACI Worldwide. “While there is still a perception that UPI, for example, is primarily for the peer-to-peer channel, this study shows that significant inroads are being made in the merchant payments channel. With monthly transactions on the UPI platform nearing one billion, and credit and debit card usage at the POS experiencing double-digit annual growth, digital and card payments will continue to make inroads into the cash economy.”

44 percent of respondents used digital payment methods for low-value payment (less than 1,000 INR) via a merchant website (eCommerce) or app (P2M), indicative of the progress made by digital payments in the merchant channel. However, banks, fintechs and merchants should be aware that 40 percent of those surveyed consider data privacy as a top area of concern when it comes to digital payments.

Other key findings and trends:

Payment behaviors and spending patterns

- 43 percent of respondents used digital payment methods regularly (at least 2-3 times per week) during the festival period, with 15 percent purchasing this way once or more per day.
- 32 percent have not used cash for festival season purchases, indicating that for some, festival season spending is becoming a largely cashless affair.
- Only one in ten respondents (10%) claimed to have not made a digital payment method at all in the period leading up to Diwali.
- Peer-to-peer (P2P) payments were made by 36 percent of respondents for low-value payments (less than 1,000 INR) and 37 percent for high-value payments (more than 1,000 INR) during the festival season.

Consumer concerns and industry opportunities

- Internet connectivity (a prerequisite to most digital payment methods) is a top concern for 44 percent, while failed transactions (36%), problems processing refunds (32%) and fraud (29%) also identified as major concerns.
- Only 21 percent of respondents cited lack of clarity about fees as a top concern and 23 percent lack of acceptance infrastructure at merchants, reflecting increasing ease of use for customers and greater merchant acceptance.
- Queried about what would encourage more frequent usage of digital payments, 42 percent said better rewards (discounts, incentives or cashbacks); 24 percent cited faster and more frictionless checkout.

As per data released by NPCI, UPI transactions hit an all-time high of 955.02 million in September 2019 as compared to 918.35 million in August. There has been a 135 percent YoY increase in the number of transactions and UPI is soon expected to cross one billion monthly transactions.

Mandy Killam, EVP Growth Markets, ACI Worldwide, will be joined by George Sam, co-founder, Mindgate Solutions, to deliver the presentation “[Addressing the APAC Opportunity and the Growth of UPI Transactions](#)” at 10:25am, Sunday, October 27 at [Money20/20 USA](#).

Survey Methodology:

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,025 adults. Fieldwork was undertaken between October 9-15, 2019. The survey was carried out online. The figures have been weighted and are representative of all Indian adults (aged 18+). Generations were defined as follows: Gen Z (born after 1999, 201 total), Millennial (born 1982-1999, 488 total), Gen X (born 1965-1981, 279 total), and Baby Boomer (born 1946-1964, 57 total).

About ACI Worldwide

ACI Worldwide, the [Universal Payments](#) (UP) company, powers [electronic payments](#) for more than 5,100 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute \$14 trillion each day in payments and securities. In addition, myriad organizations utilize our [electronic bill presentment and payment](#) services. Through our comprehensive suite of software solutions delivered on customers’ premises or through ACI’s [private cloud](#), we provide real-time, [immediate payments](#) capabilities

and enable the industry's most complete [omni-channel payments](#) experience. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter [@ACI_Worldwide](#).

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