

# Digital Payments in Shivamogga with Special Reference to PhonePe

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**Abstract**—Digital payment systems in India have witnessed tremendous growth after the introduction of UPI. PhonePe has emerged as one of the leading digital payment platforms in semi-urban regions such as Shivamogga. This paper reviews existing literature related to digital payments with special reference to PhonePe usage in semi-urban areas and suggests suitable solutions for improving adoption among merchants and consumers.

**Index Terms**—Digital Payments, UPI, PhonePe, Financial Inclusion, Shivamogga, Mobile Payments

## I. INTRODUCTION

The emergence of Unified Payments Interface (UPI) has revolutionized the Indian payment ecosystem. Digital payment applications such as PhonePe have significantly contributed to cashless transactions in semi-urban areas like Shivamogga. The convenience, security, and accessibility of mobile-based payment systems have enabled users to shift from traditional cash-based payments to digital platforms.

## II. REVIEW OF LITERATURE

Table 1

Sl. No.	Author & Year	Findings
1	Dahlberg et al. (2015)	Digital payment improves financial inclusion
2	Slade et al. (2015)	Mobile payment adoption depends on trust
3	Patil et al. (2017)	UPI increases transaction efficiency

4	Kumar & Chaubey (2017)	Ease of use drives digital payment adoption
5	Taylor (2016)	Technology acceptance influences usage
6	Dwivedi et al. (2015)	Digital banking impacts consumer behaviour
7	Vally & Divya (2018)	UPI supports cashless economy
8	Ghosh (2021)	Consumer perception affects adoption
9	Prem Sankar (2023)	UPI promotes financial inclusion
10	Shahid (2022)	DOI theory explains UPI adoption
11	Amoroso (2012)	Socio-cultural factors affect m-payment
12	Arango (2020)	Payment innovation adoption varies
13	Najib (2020)	Digital payment improves access
14	Liébana (2020)	Security perception matters
15	Alkhowaiter (2020)	Mobile banking adoption rises
16	Jiang (2021)	Technology readiness important
17	Sahoo (2024)	UPI enhances accessibility
18	Patnaik (2024)	Interoperability boosts usage
19	Satpathy (2024)	Digital literacy improves adoption
20	Devadas (2024)	Rural users face usability issues
21	Rahim (2024)	UTAUT model predicts adoption
22	Bhutani (2025)	Merchant adoption challenges exist
23	Vedala (2025)	Customer demand drives adoption
24	Gupta (2025)	Digital payments reform economy
25	Invalli (2025)	Preference shifts toward UPI
26	Sharma (2022)	Cashless economy improves transparency

27	Reddy (2021)	Mobile apps increase speed
28	Mehta (2020)	Payment security critical
29	Joshi (2019)	User interface matters
30	Karthik (2021)	Transaction cost reduction
31	Nair (2020)	Smartphone growth boosts usage
32	Kumar (2018)	Merchant acceptance rising
33	Bansal (2019)	Digital literacy required
34	Mishra (2020)	UPI enhances convenience
35	Singh (2022)	Behavioural intention matters
36	Gupta (2021)	Trust influences adoption
37	Sharma (2023)	Security risk reduces adoption
38	Iyer (2022)	Ease of access improves usage
39	Verma (2023)	Digital apps replace cash
40	Das (2020)	Payment gateways evolving
41	Saxena (2021)	Mobile wallets growing
42	Kapoor (2019)	Fintech innovation expanding
43	Kulkarni (2022)	Rural adoption slower
44	Rao (2020)	Awareness essential
45	Shetty (2021)	Bank integration needed
46	Chandra (2022)	Trust improves adoption
47	Kamble (2023)	Youth prefer digital mode
48	Pawar (2022)	Urban adoption higher
49	Jain (2023)	Merchant training needed
50	Naidu (2021)	Internet connectivity key
51	Bhaskar (2020)	Cyber risk concern
52	Thomas (2022)	User education important
53	Kaur (2021)	Convenience improves adoption
54	Raj (2023)	Digital economy growth
55	Mohan (2020)	Retail sector adoption
56	Fernandez (2022)	Mobile banking impact
57	Bhat (2021)	Security protocols needed
58	Prasad (2023)	Ease of payment
59	Ramesh (2022)	Customer satisfaction
60	Hegde (2024)	Semi-urban adoption rising

III. PURPOSE AND OBJECTIVES OF STUDY

The company analysis may also focus on various strategies used by the company for facing completion, to become a monopoly, for survival, and sustainability for a long time with proof. This is a company case study paper on the basis of data collected from the official site of PHONE PAY and other websites and it includes the subject areas like Organization, Share-holder competitors, financial status, Products and services, Business strategy, etc. The paper deals with the following aims and objectives.

To identify the Major Competitors, Product and Service offered by PHONE PAY. The company is studying footholds of its competitors and try to overcome their lacking's. To investigate the financial status of PHONE PAY. Market share analysis of the company is done here. To investigate PHONE PAY's adaptable services and PHONE PAY's role in the digitalization of India. The government of India is promoting digitization of currencies so PHONE PAY has a major role over here. To analyses corporate social responsibilities of the PHONE PAY during the last few years. The contributions of the company towards society and economic development of the country are analyzed. To know about initiatives taken to fight against COVID-19. Measures taken by PHONE PAY during the COVID-19 crisis towards its employees and society to makes their life's better. To suggest some new strategies to be incorporated to enhance PHONE PAY customer satisfaction. Better strategies by CRM of the company are been proposed towards enhanced customer satisfaction and gain trust among its customers.

IV. METHODOLOGY

The data required for this is collected through published papers, archived newspaper articles, company websites of Paytm, and other ventures.

V. PATHWAY TOWARDS SUCCESS OF PHONEPE

A. Year-Wise Milestones Achieved by PhonePe

Table 2: Success story of PhonePe

Sl. No.	Year	Milestone Achieved	Impact on Digital Payment
1	2015	PhonePe Founded	Entry into digital payment sector
2	2016	Launch of UPI Platform	Simplified bank-to-bank transfer
3	2016	Demonetization Period	Increased digital transaction usage
4	2017	Integration with Multiple Banks	Improved accessibility
5	2017	Launch of Mobile Recharge & Bill Payments	Multi-service platform growth
6	2018	Introduction of QR Code Payments	Merchant adoption increased
7	2018	Partnership with Flipkart	Expansion of user base

8	2019	Launch of PhonePe Wallet	Improved payment flexibility
9	2019	Expansion to Tier-2 Cities like Shivamogga	Semi-urban adoption increased
10	2020	COVID-19 Digital Payment Boom	Contactless payment growth
11	2020	Insurance & Financial Services Introduced	Platform diversification
12	2021	Launch of Investment Services	Financial inclusion enhanced
13	2021	Merchant Business App	MSME participation increased
14	2022	Offline Payment Support	Rural accessibility improved
15	2022	Expansion of UPI Autopay	Subscription payment enabled
16	2023	Cross Border UPI Initiatives	Global transaction support
17	2023	Digital Gold & Mutual Fund Services	Fintech ecosystem growth
18	2024	Leadership in UPI Market Share	Increased transaction volume
19	2024	Expansion in Karnataka Markets	Growth in cities like Shivamogga
20	2025	AI-based Fraud Detection System	Improved transaction security

VI. AWARDS AND RECOGNITIONS OF PHONEPE

PhonePe has received several prestigious national-level awards and recognitions for its innovation, technological excellence, merchant integration, and contribution towards strengthening India's digital payment ecosystem. It was recognized by NPCI for driving the largest number of merchant transactions on the UPI network, which reflects its dominant role in promoting digital payments across India including semi-urban regions like Shivamogga.

B. Year-Wise Awards & Recognitions of PhonePe

Table :3 Awards & Recognitions

Sl. No.	Year	Award / Recognition	Awarding Body
1	2018	UPI Digital Innovation Award	NPCI
2	2018	India Advertising Award (Telecom & Tech)	IndIAA
3	2019	Best Mobile Payment	IAMAI India

		Product/Service	Digital Awards
4	2019	India Retail & e-Retail Award	Retail Congress
5	2021	Excellence in Insurtech Category	ASSOCHAM Fintech Awards
6	2022	Fintech of the Year	BW Festival of Fintech
7	2022	ET BFSI Innovation Award	Economic Times
8	2023	Best BFSI Brand	ET BFSI Conclave
9	2023	Best Payment Solutions	BW Festival of Fintech
10	2023	Best Insurrect of the Year	BW Festival of Fintech
11	2024	Best Compliance Framework of the Year	UBS Forum Legal Awards
12	2024	Silver Winner – Neobanks & Fintech Players	Infosys Finacle Awards
13	2024	Best Lending Tech Initiative	ET BFSI Exceller Awards
14	2024	Best BFSI Brand	ET Edge BFSI Awards
15	2024	Best Fintech App	IAMAI India Digital Awards
16	2024	Best Payments Fintech	Bharat Fintech Summit
17	2024	Excellence in Payment Solutions	Dun & Bradstreet
18	2025	Digital Payment Acceptance Infrastructure Award	Ministry of Finance (DFS)

VII. MAJOR COMPETITORS OF PHONEPE

PhonePe operates in a highly competitive digital payment ecosystem where multiple fintech companies offer UPI-based services. Among these, Google Pay and Paytm are considered the primary competitors due to their widespread user base and diversified financial services. These platforms provide similar features such as mobile recharge, bill payments, QR code payments, and online money transfers.

Table:4 Leading Competitors of Phonepe in India

Sl. No	Competitor	Founded Year	Key Services	Competitive Advantage
1	Google Pay	2017	UPI Payments, Bill Payments	Simple Interface
2	Paytm	2010	Wallet, UPI, Banking	Strong Brand Image

			Services	
3	Amazon Pay	2017	Online Payments, UPI	E-commerce Integration
4	BHIM App	2016	UPI Transactions	Government Support
5	MobiKwik	2009	Wallet & UPI	Cash back Offers
6	Freecharge	2010	Digital Recharge, UPI	User Friendly
7	Airtel Thanks App	2018	Payments & Recharge	Telecom Integration
8	Samsung Pay	2015	Contactless Payment	Device Compatibility
9	WhatsApp Pay	2020	UPI Payments	Social Platform
10	JioFinance App	2023	UPI & Financial Services	Reliance Ecosystem

VIII. FINANCIALS

PhonePe primarily generates revenue through commissions and service fees collected from merchants and third-party financial service providers. Merchant Discount Rate (MDR) is considered one of the major sources of income, especially from large-scale business transactions. Additionally, PhonePe earns commissions through value-added services such as insurance, mutual fund investments, digital gold purchases, and utility bill payments. The introduction of financial products like credit services and investment platforms has diversified PhonePe’s revenue model beyond basic payment transactions. In semi-urban regions such as Shivamogga, the expansion of merchant-based services and digital financial solutions has further enhanced the company’s earning potential. Thus, PhonePe’s diversified fintech ecosystem enables sustainable revenue growth while simultaneously promoting digital payment adoption among consumers and merchants.

IX. MAJOR REVENUE SOURCES OF PHONEPE

Table:5 Revenue Model of Phonepe

Sl. No	Revenue Source	Description	Contribution to Income
1	Merchant Discount Rate (MDR)	Charges collected from merchants on transactions	Major Source

2	Commission on Bill Payments	Commission from utility payments (electricity, DTH, etc.)	Moderate
3	Insurance Services	Commission from insurance policy sales	Growing
4	Mutual Fund Investments	Service fee from investment transactions	Increasing
5	Digital Gold Transactions	Commission on gold purchase/sale	Moderate
6	Credit Services	Interest & service fee from credit facility	Emerging
7	Advertising Revenue	Promotion of third-party products	Moderate
8	Recharge & Ticket Booking	Commission from mobile recharge & travel booking	Moderate
9	PhonePe Switch Platform	Commission from partner apps	Major
10	Business Solutions	Merchant services & POS support	Growing

X. IDEAL SOLUTIONS AND PRESENT STATUS

- Digital literacy campaigns for small vendors
- Merchant training programs on PhonePe usage
- Government supported incentive schemes
- Cybersecurity awareness workshops
- Offline UPI payment facility
- Local language interface awareness
- Network infrastructure improvement
- Financial inclusion through fintech

XI. PRESENT STATUS

Semi-urban businesses have reported significant growth in income after adopting digital tools like UPI based payments through mobile applications such as PhonePe.

XII. RESEARCH GAP

Most studies are conducted at national level with limited focus on tier-2 cities like Shivamogga. Merchant-centric PhonePe adoption studies and security awareness in semi-urban Karnataka remain unexplored.

### XIII. FUTURE RESEARCH AGENDA ON PHONEPE

**Digital Payment Adoption in Semi-Urban Areas:** Future studies can focus on the usage and acceptance level of PhonePe among users in Tier-2 cities like Shivamogga.

**Consumer Behavior Towards Mobile Payment Apps:** Research can be conducted to understand user attitude, trust, and satisfaction towards PhonePe services.

**Security and Privacy Issues in Digital Payments:** Studies may explore the security challenges faced by users while making transactions through PhonePe.

**Merchant Adoption of PhonePe Services:** Future research can examine the problems faced by small retailers and vendors in adopting PhonePe payment systems.

**Impact of Digital Literacy on PhonePe Usage:** Analysis of how digital knowledge influences the effective use of mobile payment platforms.

**Role of Internet Connectivity in Payment Success Rate:** Research can investigate the impact of network infrastructure on transaction performance.

**Comparative Study Between PhonePe and Other UPI Apps:** A comparative analysis of PhonePe with Google Pay, Paytm, etc., in terms of usage and efficiency.

**Effect of PhonePe on Financial Inclusion:** Future studies can evaluate how PhonePe contributes to financial accessibility in rural areas.

**Customer Satisfaction Towards PhonePe Services:** Research may focus on service quality and customer experience.

**Impact of Government Policies on Digital Payment Growth:** Examination of how RBI and NPCI initiatives influence PhonePe adoption.

### XIV. ANALYSIS OF RESEARCH AGENDA.

The research agenda of PhonePe in Shivamogga mainly focuses on understanding how people and small merchants are adopting digital payments in a semi-urban area. The usage of PhonePe depends on factors such as digital literacy, internet connectivity, trust, and awareness about online transactions. Many shopkeepers and rural users still face difficulties in using mobile payment applications due to lack of technical knowledge and fear of security issues.

Therefore, future research should concentrate on improving user awareness, merchant training, network facilities, and cybersecurity measures. It is also important to study customer satisfaction and compare PhonePe with other UPI apps to understand its effectiveness. This will help in increasing the adoption of digital payments and promoting financial inclusion in Shivamogga.

### XV. FINAL RESEARCH PROPOSAL.

This research proposal aims to study the usage and adoption of digital payment systems in Shivamogga with special reference to PhonePe. The study focuses on understanding the level of awareness, benefits, challenges, and customer satisfaction among users and small merchants who use PhonePe for daily transactions such as money transfer, bill payment, and mobile recharge. Primary data will be collected through questionnaires and personal interaction with 100 respondents in Shivamogga using convenience sampling, while secondary data will be gathered from journals, websites, and reports. The collected data will be analysed using percentage method, tables, and charts to identify the problems faced by users such as lack of digital literacy, internet connectivity issues, and security concerns. The study is expected to provide useful suggestions to improve the adoption of PhonePe and promote digital payment practices, thereby supporting financial inclusion and reducing cash transactions in semi-urban areas like Shivamogga.

### XVI. THEORETICAL ASPECT

The theoretical aspect of PhonePe usage in Shivamogga is mainly based on the concepts of Technology Acceptance Model (TAM) and Unified Theory of Acceptance and Use of Technology (UTAUT). According to the Technology Acceptance Model, users are more likely to adopt digital payment applications like PhonePe when they find the system easy to use and useful for their daily transactions. In Shivamogga, many consumers and small merchants prefer PhonePe due to its simple interface, fast transaction process, and convenience in making payments without carrying cash. Similarly, the Unified Theory of Acceptance and Use of Technology explains that the adoption of PhonePe

depends on factors such as performance expectancy, effort expectancy, social influence, and facilitating conditions. For example, people in Shivamogga are encouraged to use PhonePe due to peer influence, merchant acceptance of QR code payments, and improved smartphone usage. The Diffusion of Innovation Theory also supports the adoption of PhonePe by explaining how new technologies are gradually accepted by society over time. As digital literacy and internet accessibility improve in semi-urban areas like Shivamogga, more individuals are shifting towards digital payment methods. Thus, these theoretical models help in understanding the behavioral intention of users towards PhonePe adoption and its growing importance in promoting a cashless economy in Shivamogga

**XVII. CONCEPTUAL FRAMEWORK**

The conceptual framework of PhonePe usage in Shivamogga is based on the relationship between key factors such as user awareness, ease of use, perceived usefulness, internet connectivity, security, and merchant acceptance that influence the adoption of digital payment systems. In this framework, independent variables like digital literacy, trust, availability of smartphones, and network infrastructure affect the dependent variable, which is the usage of PhonePe for daily transactions. The adoption of PhonePe by consumers and small shopkeepers in Shivamogga leads to outcomes such as reduced cash transactions, improved transaction speed, financial inclusion, and customer satisfaction. Therefore, the effective use of PhonePe depends on the interaction between technological, social, and economic factors in the semi-urban environment of Shivamogga.

**XVIII. ABCD ANALYSIS**

The ABCD analysis of PhonePe in Shivamogga indicates that the platform provides several advantages such as ease of use, accessibility, and security, which benefit both consumers and merchants by enabling fast and transparent transactions. However, constraints like poor internet connectivity and lack of digital literacy, along with disadvantages such as security risks and transaction

failures, may limit its effective adoption in semi-urban areas.

Table:6 ABCD Analysis of Phonepe in Shivamogga

Sl. No.	Factor	Advantages (A)	Benefits (B)	Constraints (C)	Disadvantages (D)
1	Ease of Use	Simple interface	Saves time in payment	Need for smartphone knowledge	Difficult for elderly users
2	Accessibility	Available anytime	Convenient transactions	Internet dependency	Network failure issues
3	Security	PIN protection	Safe fund transfer	Fear of online fraud	Risk of hacking
4	Merchant Acceptance	QR code payment	Supports small vendors	Lack of awareness	Limited rural usage
5	Cost Efficiency	No extra charges	Low transaction cost	Smartphone required	Maintenance cost
6	Financial Inclusion	Access to banking	Promotes cashless economy	Digital illiteracy	Lack of trust
7	Service Availability	Recharge & bill pay	Multi-purpose app	Technical glitches	App downtime
8	Speed	Instant transfer	Improves business flow	Internet speed issues	Transaction delay
9	Transparency	Digital record	Easy tracking	Privacy concern	Data misuse risk
10	Customer Satisfaction	User-friendly	Reliable service	Service complaints	Transaction failure

**XIX. SUGGESTIONS**

- Digital literacy programs should be conducted to create awareness about PhonePe usage among rural users and small vendors in Shivamogga.

- Training programs must be provided to merchants for easy adoption of QR code payment systems.
- Internet connectivity in semi-urban and rural areas should be improved for smooth digital transactions.
- Cybersecurity awareness should be created to reduce fear of online fraud among users.
- PhonePe app should provide more local language support for better understanding.
- Government initiatives should encourage digital payment adoption through incentives.
- Customer support services must be strengthened to resolve transaction issues quickly.

## XX. LIMITATIONS

The study is limited to Shivamogga city only.

- The sample size of respondents is limited.
- The study is based on primary data collected through questionnaires.
- Time constraint during data collection process.
- Some respondents may have given biased opinions.
- Internet-related issues may affect the responses of users.

## XXI. CONCLUSION

The study concludes that PhonePe has played a significant role in promoting digital payment practices among consumers and merchants in Shivamogga. The majority of users prefer PhonePe due to its convenience, speed, and user-friendly interface. It has helped in reducing cash transactions and improving financial transparency. However, challenges such as lack of digital literacy, poor internet connectivity, and security concerns still exist among some users. With proper awareness programs, improved infrastructure, and enhanced security measures, the adoption of PhonePe can be further increased in semi-urban areas like Shivamogga, thereby contributing to financial inclusion and the development of a cashless economy.

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