

## **EMPOWERING CUSTOMER SATISFACTION THROUGH SEAMLESS TRANSACTIONS WITH SPECIAL REFERENCE TO PHONEPE**

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### **ABSTRACT**

This research paper investigates the factors influencing customer satisfaction on PhonePe, a leading digital payment platform in India. With the rapid growth of digital transactions, understanding and improving customer satisfaction on such platforms have become imperative for sustaining competitiveness and fostering user loyalty. Drawing on a synthesis of existing literature on mobile banking adoption, e-commerce trust, and technology acceptance, this paper aims to provide insights into the dynamics of customer satisfaction specific to PhonePe. The paper adopts a mixed-methods approach, combining quantitative surveys and qualitative interviews to gather data from PhonePe users. The study identifies key determinants of customer satisfaction on PhonePe including trust, perceived usefulness, ease of use, security, and transaction experience. Moreover, it examines the impact of demographic variables on satisfaction levels and explores the role of promotional offers and customer service in enhancing user experience. Based on the findings, practical recommendations and strategies are proposed to optimize customer satisfaction on PhonePe, thereby contributing to the platform's growth and sustainability in the competitive digital payments market.

**Key Words:** *Digital payment platforms, Perceived, Security, Transaction experience, etc.*

### **Introduction**

In today's world the emphasis is on comfort and ease and the banking industry has seen quite a revolution in this regard, carrying cash was rather cumbersome which led to the birth of digital payments and mobile wallets and PhonePe has grown up to be one of the major exponents in this sector. Unified payments interface (UPI) groundbreaking innovation in India's financial landscape revolutionizing the way individuals and businesses conduct transactions developed by the national payments corporation of India (NPCI). UPI emerged in April 2016 as a real time payment system designed to facilitate seamless and instant fund transfers between bank accounts at its core, UPI simplifies the digital payment process by eliminating the need for complex bank account details during transactions thus offering a user friendly and efficient alternative to traditional payment methods, with UPI users can create a unique virtual payment address (VPA) linked to their bank accounts effectively, serving as a digital identifier for transactions, this VPA acts as a single point of contact for sending and receiving money streamlining the payment process and enhancing convenience. Moreover, UPI operates on a highly secure platform incorporating robust encryption protocols and multi factor authentication mechanisms to safeguard user data and ensure transaction integrity. PhonePe founded in December 2015, is a renowned digital payments company that supports over 11 languages. It is among the first payment apps built on the Unified Payments Interface (UPI) and holds the distinction of being the first UPI payments app to surpass the billion-transaction milestone. The app offers a wide range of services, allowing users to send and receive money, check bank balances, make POS, payments, purchase gold and perform various transactions such as phone recharges, DTH payments and utility bill payments. It is widely recognized and approved by Indian merchants, enabling users to book rides, order

food, shop online and more. Obtaining regulatory approval from the Reserve Bank of India (RBI), PhonePe operates as an account aggregator, this groundbreaking service empowers Indian consumers to grant consent and securely share their financial data, including bank statements, insurance policies and tax filings with regulated financial institutions or financial information.

### **Background of the Study**

Mobile apps are the preferred method for the payment of groceries, utility bills, phone recharges etc. Even large transactions are now done digitally rather than in cash which has not only removed the risk factors in the physical world but also streamlined the whole banking and finance sector for good. PhonePe is one such payment app that has made the lives of millions of Indians simple. In this research study wants to find out which factors matter most when it comes to customer satisfaction on PhonePe., like user experience, security, trust, convenience, and customer service.

### **Review of Literature**

Sharma and Mehta (2021) emphasizes that transaction speed and reliability are critical for user satisfaction. PhonePe robust infrastructure ensures quick transaction processing and minimal downtime, which users highly appreciate. Patel et al. (2021) indicates that users who experience swift resolution of their issues tend to have higher satisfaction levels. Gupta and Singh (2020) found that intuitive navigation and minimal transaction steps enhance user experience, reducing cognitive load and increasing satisfaction. Joshi and Gupta (2020) indicate that users who are well-informed about the app's functionalities report higher satisfaction levels. Kumar and Roy (2020), the perception of security in PhonePe transactions directly correlates with higher customer satisfaction. Verma (2020), users are more likely to be satisfied with PhonePe due to its frequent promotional offers, which add perceived value to the service. Agarwal (2019) highlights the importance of accessibility features, noting that PhonePe's support for multiple languages and seamless integration with various devices (smartphones, tablets) positively impacts user satisfaction. Mishra and Kaur (2019) report that prompt and effective customer service responses greatly enhance user satisfaction. PhonePe's multi-channel support, including chatbots, helplines, and email support, is well-received by users. Singh and Rajan (2019) found that users who participate in loyalty programs tend to exhibit higher satisfaction and retention rates.

### **Gap Identified**

Based on the review of literature the effectiveness of different customer support channels and the psychological and behavioral drivers of user engagement require further investigation to develop more comprehensive strategies for improving customer satisfaction and loyalty. This study seeks to address the gap in understanding customer satisfaction with PhonePe, a popular digital payment platform.

### **Objectives**

1. To investigate the factors influencing customer satisfaction on PhonePe
2. To find out impact of usage, security, customer support & services on customer satisfaction

### **Methodology**

#### **Research Design**

The study follows the empirical research to measure, evaluate and analyse the impact of online payment apps among customers. Primary data has been collected through

questionnaire. Sources of data begins with figuring out what sort of data is needed, followed by the collection of a sample from a certain section of the population. In this research, dependent variable is customer satisfaction and independent variables are usage, security, customer support & services.

### Population

The respondents of this study considered were the students who use online payment apps and study in Vignan University. The data is collected among peoples who use PhonePe.

### Sample and Sampling Technique

The Respondents are from students of a leading University in Andhra Pradesh and data is collected with them only. Here, researchers have taken eighty respondents as a sample due to lack of respondents from participants' interest. A simple random sampling method was used to collect data from customers of PhonePe users.

### Data collection method

In this research, both Primary and secondary sources have been applied for data collection. To collect primary data Survey method is used to collect the sample through the questionnaire and secondary data collected from research papers, journals and internet were referred.

### Analysis

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.241	35.343	35.343	4.241	35.343	35.343
2	1.740	14.501	49.843	1.740	14.501	49.843
3	1.171	9.756	59.599	1.171	9.756	59.599
4	1.002	8.352	67.951	1.002	8.352	67.951
5	.875	7.288	75.240			
6	.830	6.919	82.158			
7	.574	4.782	86.941			
8	.484	4.031	90.971			
9	.397	3.307	94.278			
10	.282	2.350	96.628			
11	.240	1.997	98.625			
12	.165	1.375	98.625			

Extraction Method: Principal Component Analysis.

By Performing Factor analysis in SPSS, we reduced the dimensions of questions from 12 to 4 they are usage, security & privacy, customer support and services.

## Correlations

		Customer satisfaction	usage	security	Customer support	services
Pearson Correlation	Customer satisfaction	1.000	.229	.850	.647	.275
	usage	.229	1.000	.354	.283	.145
	security	.850	.354	1.000	.714	.273
	Customer support	.647	.283	.714	1.000	.336
	services	.275	.145	.273	.336	1.000
Sig. (1-tailed)	Customer satisfaction	.	.020	.000	.000	.007
	usage	.020	.	.001	.005	.100
	security	.000	.001	.	.000	.007
	Customer support	.000	.005	.000	.	.001
	services	.007	.100	.007	.001	.
N	Customer satisfaction	80	80	80	80	80
	usage	80	80	80	80	80
	security	80	80	80	80	80
	Customer support	80	80	80	80	80
	services	80	80	80	80	80

By applying correlation, it can be said that customer satisfaction is more related to security and customer support than usage and services. Usage is more related to security, Security is more related to usage and customer support. Customer support is more related to security and services, Services is more related to customer support

## Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.857 <sup>a</sup>	.734	.720	.588	1.998

a. Predictors: (Constant), services, usage, customer support, security

b. Dependent Variable: customer satisfaction

From the model summary table, we can interpret that the correlation between the variables is significant as R value (0.857) indicating a positive correlation between the predictors and customer satisfaction. 73 % variance in customer satisfaction is explained by these variables (usage, security, customer support and services) and the Adjusted R square explains the fitness of the variables which is 72%.

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.561	4	17.890	51.754	.000 <sup>b</sup>
	Residual	25.926	75	.346		
	Total	97.488	79			

By the ANOVA test we can conclude the significance of the test is high and it is acceptable.

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.506	.325		1.554	.124	-.142	1.154		
	usage	-.114	.084	-.087	-1.358	.179	-.281	.053	.871	1.148
	security	.857	.092	.817	9.344	.000	.674	1.040	.464	2.155
	Customer support	.082	.095	.075	.865	.390	-.106	.270	.468	2.138
	services	.015	.025	.038	.607	.545	-.034	.065	.883	1.132

#### a. Dependent Variable: customer satisfaction

From the coefficients table, it is observed that the beta value for Security is 0.817, that tells it is strongest predictor of customer satisfaction. Suggesting that security features provided by the PhonePe are highly valued for customer satisfaction. Customer support and services also positively influence satisfaction. Usage has a negative impact, suggesting it is not as much needed for customer satisfaction.

From this we write the multi regression model which is given below:

$$0.506(\text{Customer satisfaction}) = -0.087(\text{usage}) + 0.817(\text{Security}) + 0.075(\text{customer support}) + 0.038(\text{services}) + 0.325$$

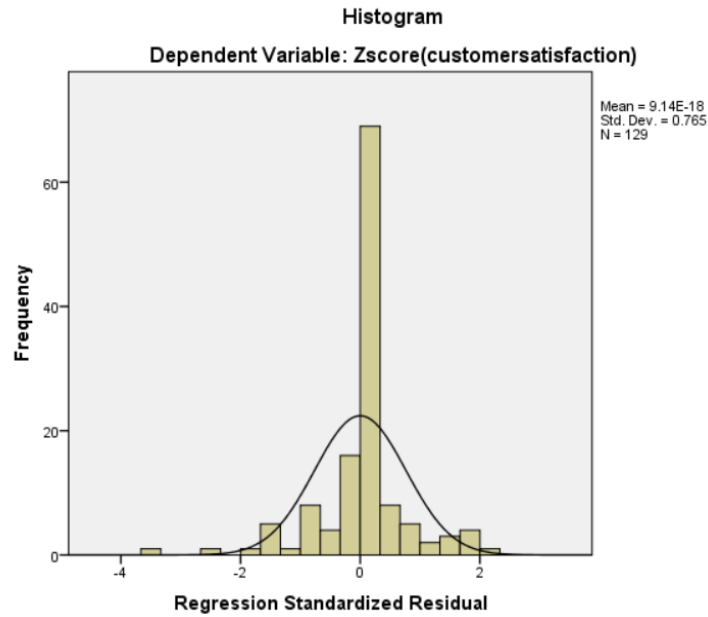
**-0.087 change in usage**

**0.817 change in security**

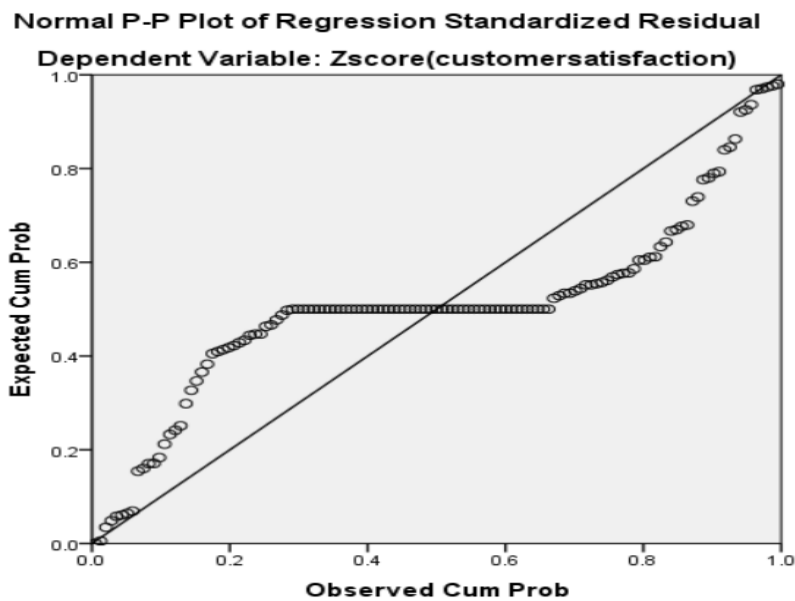
**0.075 change in customer support**

**0.038 change in services**

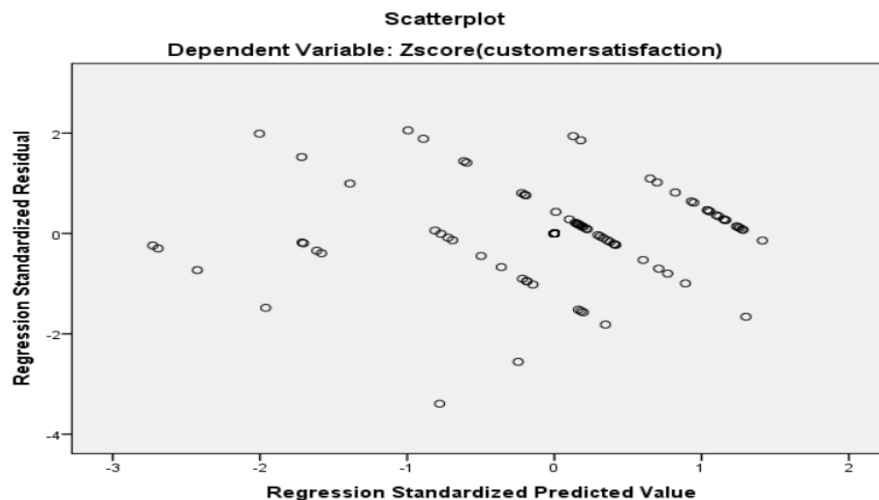
**1 unit change in customer satisfaction**



Histogram revealing a symmetric, bell-shaped curve, where mean is close to zero and most of the data falls under the curve. Hence, we can say that it is normally distributed and fulfilling the assumption of normality.



Normal PP Plot shows there is a deviation of data points from the straight line as most of the data points are lying away from the line hence we can say that it is not fulfilling the assumption of linearity.



Scatter plot shows that the variance of error across all levels of independent variable is constant, hence it is fulfilling the assumption of homoscedasticity.

### Findings

1. The study found that, overall users express high levels of satisfaction with PhonePe, particularly regarding its ease of use, convenience, and accessibility. Users value the reliability of PhonePe for processing transactions. They appreciate the platform's ability to execute payments.
2. The study reveals that, maximum of the samples are facing problem during payment and transfers of money because of technical glitches, network connectivity, bank server issue. These disruptions can lead to frustration and inconvenience for users, especially during urgent transactions.
3. The study found that, while users generally trust PhonePe's security measures, there are occasional concerns regarding the safety of transactions, especially during technical glitches or system failures.
4. The study found that, users appreciate responsive and effective customer support when they encounter issues or need assistance.
5. The study revealed that, users highlight specific features of PhonePe that they find particularly useful, such as bill payments, mobile recharges, and the ability to split bills among friends.

### Suggestions

1. The study suggesting that, PhonePe can revolutionize online payments and take cashless transaction to the next level but when most of the people are facing technical glitches and payment is stocking because of bank problem, server etc. it needs to be tackled. The customers need to be convinced about the safety of mobile wallets and their advantages.
2. the study suggesting that, users need to be induced to use PhonePe for all kinds of payments by making attractive offers such as cashback offer etc.
3. All problems and ignorance related to fail in transaction should be solved and support time should also improve.
4. This study suggesting that, use AI to personalize user experiences, suggesting frequently used features and tailoring offers based on user behavior.

## Conclusion & Scope for Future Study

The research on customer satisfaction with PhonePe reveals several critical insights into the factors that drive user contentment and loyalty towards the platform. Overall, PhonePe has established itself as a leading digital payment solution in India, leveraging a user-friendly interface, efficient transaction processes, robust security measures, and appealing rewards programs to attract and retain a vast user base. Future studies could also focus on the role of emerging technologies like AI, ML, and block chain in enhancing the user experience and security of digital transactions. Furthermore, investigating the effectiveness of new features, customer support channels, and loyalty programs can guide the continuous refinement of PhonePe's offerings to meet evolving user demands.

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