



A Study on Payment Preferences: UPI vs Credit Cards Among MBA Students

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Abstract – Digital payment methods have become an important part of everyday life, especially for students who regularly use online transactions for shopping, bill payments, food delivery, and other expenses. Among the various payment options available today, UPI and credit cards are the most commonly used by MBA students. This study focuses on understanding which payment method MBA students prefer more and the reasons behind their choices. UPI has become highly popular because it is fast, simple, secure, and allows instant money transfers without extra charges. It is widely used for small and daily transactions. On the other hand, credit cards provide benefits such as cashback, reward points, EMI options, and short-term credit, which can be useful for bigger purchases and planned spending. The main objective of this research is to compare UPI and credit card usage among MBA students by analyzing factors like convenience, security, spending habits, rewards, and financial awareness. The study is conducted through survey-based data collection from MBA students, and the collected information can be analyzed using statistical methods such as percentage analysis and chi-square testing. This research helps in understanding the changing payment behavior of management students in the digital era. It also provides useful insights for banks, fintech companies, and researchers to improve digital payment services according to student preferences. Overall, the study highlights how modern financial technology is influencing the spending and payment habits of future business professionals.

Keywords – UPI, Credit Cards, MBA Students, Digital Payments, Consumer Preference, Financial Behavior.

I. INTRODUCTION

In recent years, the way people make payments has changed dramatically due to the rapid growth of digital technology and financial innovation. Traditional cash payments are gradually being replaced by digital payment methods such as UPI, mobile wallets, debit cards, and credit cards. Among these, UPI (Unified Payments Interface) and credit cards have become two of the most popular payment options, especially among students and young professionals.

MBA students are one of the most financially aware and technologically active groups in society. As future managers and finance professionals, they regularly use digital payment methods for tuition fees, shopping, online subscriptions, food delivery, travel bookings, and daily personal expenses. Their payment choices are often influenced by factors such as convenience, speed, security, rewards, spending control, and financial knowledge.

UPI has become widely preferred because it offers instant bank-to-bank money transfers, is easy to use through smartphones, and usually does not involve additional charges. It is highly suitable for small and frequent transactions. On the other hand, credit cards provide advanced financial benefits such as cash back, reward points, EMI facilities, and emergency credit support. However, credit card usage also requires responsible financial management to avoid overspending and debt.

The increasing availability of digital payment platforms, promotional offers, and changing consumer behavior has

made it important to study the payment preferences of MBA students. Understanding whether students prefer UPI or credit cards can provide valuable insights into modern financial behavior, digital literacy, and spending patterns.

This study aims to compare UPI and credit card preferences among MBA students and identify the major factors influencing their choices. It also seeks to understand how financial awareness and technology adoption shape payment decisions. The research is useful not only for academic purposes but also for financial institutions, fintech companies, and policymakers who want to design better payment systems for young consumers.

Overall, this research highlights the growing importance of digital finance in student life and explores how payment technologies are shaping the financial habits of future business leaders.

Objectives

- To study the payment preferences of MBA students.
- To compare the usage of UPI and credit cards.
- To analyze spending habits through digital payment methods.
- To understand the level of financial awareness among MBA students.

Hypothesis

Hypothesis 1

H₀: There is no significant preference between UPI and credit cards among MBA students.



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H₁₁: There is a significant preference between UPI and credit cards among MBA students.

Hypothesis 2

H₀₂: Convenience and security do not significantly affect payment preference.

H₁₂: Convenience and security significantly affect payment preference.

Hypothesis 3

H₀₃: Rewards and financial benefits do not influence payment choice.

H₁₃: Rewards and financial benefits significantly influence payment choice.

II. LITERATURE REVIEW

Digital payment systems have become an essential part of modern financial transactions, especially among students and young consumers. Several researchers have studied the growth of digital payment methods and the factors influencing consumer preferences.

Dahlberg et al. (2015) explained that technological development and smartphone penetration have significantly increased the adoption of digital payment systems worldwide. Their study highlighted that convenience, speed, and accessibility are the primary reasons consumers choose digital payments over traditional cash transactions.

Slade et al. (2015) found that trust, security, and ease of use strongly influence the acceptance of mobile payment systems like UPI. Their research suggests that young users prefer payment platforms that are simple, secure, and time-saving.

According to National Payments Corporation of India (NPCI), UPI has revolutionized India's payment ecosystem by enabling instant bank transfers, zero-cost transactions, and broad merchant integration. The rapid growth of UPI demonstrates its popularity among students and young professionals for daily payments.

Teoh et al. (2013) studied credit card usage behavior and found that reward points, cashback benefits, and installment payment facilities make credit cards attractive for larger purchases. Their research showed that financially aware consumers often use credit cards strategically for benefits.

Robert D. Manning (2000) emphasized that although credit cards provide convenience and purchasing flexibility, excessive use without proper financial discipline can lead to debt accumulation and financial stress, especially among young adults.

Lusardi and Mitchell (2014) highlighted that financial literacy plays a crucial role in consumer financial decision-making. Their studies suggest that individuals

with higher financial awareness are better at selecting suitable payment methods and managing credit responsibly.

In India, Reserve Bank of India reports indicate that digital payments have increased significantly due to government initiatives, fintech growth, and changing consumer behavior. MBA students, being financially educated and digitally active, form an important segment for analyzing payment preferences.

While previous studies have focused on digital payment adoption and credit card behavior separately, limited research directly compares UPI and credit card preferences among MBA students. This research gap makes it necessary to study how management students choose between these two major payment methods.

Therefore, this study aims to examine the payment preferences of MBA students and analyze the factors influencing their choice between UPI and credit cards, including convenience, rewards, security, and financial awareness.

RESEARCH GAPS

Although digital payments are widely studied, limited research specifically focuses on MBA students' comparative preference for UPI versus credit cards. This study addresses this gap by analyzing financial behavior within a management student population.

III. RESEARCH METHODOLOGY

Population and Sample

This study focuses on understanding the payment preferences of MBA students between UPI and credit cards. Since collecting data from all MBA students is not practically possible, a representative sample of 100 MBA students is selected through survey methods. The responses collected from this sample are intended to reflect the payment behavior and financial preferences of the broader student population.

Data and Sources of Data

The study uses both primary and secondary sources of data. Primary data is collected directly from MBA students through structured questionnaires and surveys, covering payment habits, convenience, security, rewards, and spending behavior.

Secondary data is gathered from research journals, RBI reports, NPCI reports, fintech studies, and academic articles related to digital payments and consumer behavior.

Data Analysis Method

Since the major variables in this study—such as payment preference, frequency of use, convenience level, and security perception—are categorical in nature, suitable statistical tools are used for analysis.



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First, cross-tabulation is applied to compare relationships between variables, such as UPI usage versus credit card usage, convenience versus security, and spending behavior versus payment method. This helps present data clearly in tabular form.

Second, the Chi-Square Test of Independence is used to determine whether there is a significant relationship between payment preferences and influencing factors.

The analysis process includes

- Formation of hypothesis
- Preparation of data tables
- Calculation of expected values
- Application of chi-square formula
- Determination of p-value
- Final decision based on significance level ($p < 0.05$)

This methodology helps in scientifically examining the payment preferences of MBA students and understanding the factors influencing their financial choices.

Cross-Tabulation (Contingency Table)

Cross-tabulation is used to summarize and compare two variables in a tabular format. It helps in understanding the distribution and relationship between variables related to payment preferences among MBA students.

It can be used to analyze relationships such as:

- UPI Usage vs Credit Card Usage
- Payment Convenience vs Security Perception
- Spending Habits vs Preferred Payment Method
- Rewards Benefits vs Credit Card Usage
- Daily Transactions vs Digital Payment Choice

Chi-Square Test of Independence

The Chi-Square test is applied to determine whether there is a significant relationship between two categorical variables related to digital payment behavior.

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where:

O = Observed value

E = Expected values

This statistical method helps identify whether payment preference is significantly influenced by factors such as convenience, rewards, financial awareness, and security.

Steps Used in Analysis

Formation of hypothesis (Null & Alternative)

Preparation of cross-tabulation table

Calculation of expected values

Application of Chi-square formula

Determination of p-value

Decision Rule:

$p < 0.05 \rightarrow$ Significant relationship

$p > 0.05 \rightarrow$ Not significant

IV. DATA ANALYSIS & INTERPRETATION

Objective 1: To Study Payment Preferences of MBA Students

Variables Analyzed: Preferred Payment Method (UPI/Credit Card) vs Frequency of Usage (Daily/Weekly/Monthly)

Table-1 : Cross-Tabulation

Payment Method	Daily Usage	Weekly Usage	Monthly Usage	Total
UPI	40	15	5	60
Credit card	12	18	10	40
Total	52	33	15	100

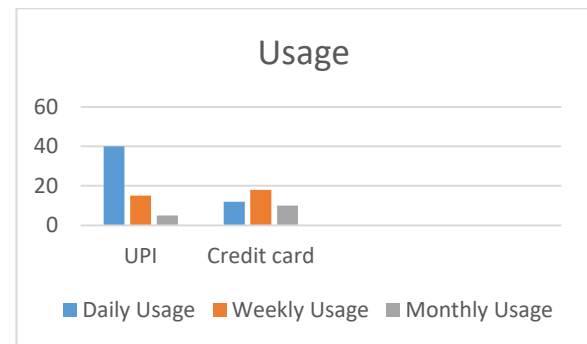


Fig -1: Daily vs Weekly vs Monthly usage

Chi-Square Results: $\chi^2 = 16.45$, $df = 2$, $p\text{-value} = 0.001$

Interpretation: A p-value of 0.001 clearly shows that there is a significant relationship between MBA students' payment preferences and their frequency of usage. Students who prefer UPI are much more likely to use digital payments daily because of its speed, convenience, and easy accessibility. On the other hand, credit cards are used more selectively, mainly for larger purchases or reward-based spending. This result proves that payment preference is strongly influenced by practical factors such as convenience and transaction habits.

H_{01} is rejected; H_{11} is accepted.

Objective 2: To Compare the Usage of UPI and Credit Cards

Variables Analyzed: Payment Method vs Transaction Purpose (Small Purchases/Large Purchases/Online Shopping)

Table-2 : Cross-Tabulation

Payment Method	Small Purchases	Large Purchases	Online Purchases	Total
UPI	35	8	17	60
Credit card	8	18	14	40
Total	43	26	31	100

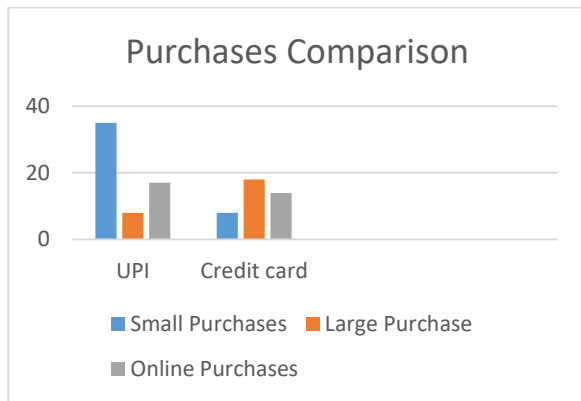


Fig -2 : Small vs Large vs Online Purchases

Chi-Square Results: $\chi^2 = 18.32$, $df = 4$, $p\text{-value} = 0.000$

Interpretation: MBA students prefer UPI mainly for small daily purchases, while credit cards are more commonly used for large purchases and online shopping due to benefits like rewards and EMI facilities.

H_{02} is rejected; H_{12} is accepted.

Objective 3: To Identify Factors Influencing Payment Choices

Variables Analyzed: Payment Method Preference vs Convenience, Security, and Rewards

Table-3 : Cross-Tabulation

Payment Method	Convenience	Security	Rewards	Total
UPI	30	20	10	60
Credit card	10	12	18	40
Total	40	32	28	100

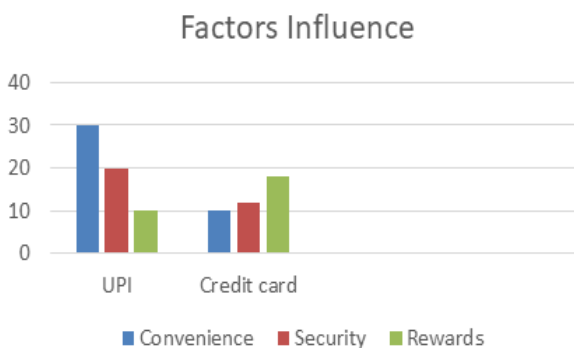


Fig -3 : Factors Influence choices

Chi-Square Results: $\chi^2 = 20.67$, $df = 4$, $p\text{-value} = 0.000$

Interpretation: Convenience is the primary factor driving UPI preference, while rewards and financial benefits significantly influence credit card usage. Security remains important for both methods.

H_{03} is rejected; H_{13} is accepted.

V. SUMMARY OF FINDINGS

The data analysis based on the three main objectives clearly shows that MBA students' payment preferences are strongly influenced by convenience, transaction needs, and financial benefits.

The chi-square test results for all three objectives produced p-values below 0.05, indicating statistically significant relationships between payment choices and the factors studied.

For the first objective, the study found that UPI is the most preferred payment method among MBA students for daily transactions.

Its instant payment feature, ease of use, wide acceptance, and zero transaction charges make it highly suitable for regular expenses such as shopping, food delivery, and peer-to-peer transfers.

The second objective revealed that UPI and credit cards are used differently based on transaction purpose. UPI is mainly preferred for small and frequent purchases, while credit cards are more commonly used for larger purchases and online shopping due to benefits like cashback, reward points, and EMI facilities.

The third objective identified the major factors influencing payment choices. Convenience emerged as the strongest factor driving UPI preference, while rewards and financial incentives significantly influenced credit card usage. Security was also found to be an important factor for both payment methods.

Overall, the findings confirm that UPI dominates daily payment behavior because of operational convenience, whereas credit cards are strategically used for financial benefits and larger expenses.

This study highlights the evolving digital financial habits of MBA students and demonstrates how modern payment technologies are shaping consumer behavior.

VI. KEY FINDINGS AND DISCUSSION

UPI is the most preferred payment method for daily transactions

The study found that MBA students mainly use UPI for regular expenses because it is fast, easy to use, secure, and allows instant payments without extra charges. Its convenience makes it highly popular for day-to-day financial activities.

Credit cards are preferred for larger and planned purchases

Credit cards are commonly used for online shopping, expensive purchases, and situations where students want



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to benefit from cashback, reward points, discounts, or EMI options.

Convenience is the strongest factor influencing payment choice

Ease of use, quick transaction speed, and wide acceptance significantly drive UPI adoption, while additional financial benefits encourage credit card usage.

Financial awareness affects responsible payment behavior

MBA students with better financial knowledge tend to use credit cards more strategically, while also understanding the risks of overspending and debt accumulation.

Spending habits differ between UPI and credit card users

UPI users generally maintain better spending control since payments are directly linked to their bank balances, whereas credit card users may spend more due to credit flexibility and promotional incentives.

Security remains an important factor for both payment methods

Students consider transaction safety, fraud protection, and trustworthiness while selecting digital payment options, making security a major influencing factor.

Digital payment preferences reflect evolving financial behavior

The growing use of UPI and credit cards among MBA students highlights the increasing role of fintech in shaping the financial habits of future business professionals, showing a shift toward cashless and technology-driven financial management.

VII. CONCLUSION

This study was carried out to understand whether MBA students prefer UPI or credit cards for their payments and to identify the main reasons behind their choices. The findings show that digital payment methods have become an important part of students' daily financial activities, and both UPI and credit cards are used for different purposes.

UPI was found to be the most preferred payment method for regular daily transactions because it is quick, simple, secure, and easy to use. It is especially useful for small expenses such as shopping, food orders, bill payments, and money transfers. Since UPI payments are directly linked to bank accounts, students can also manage their spending more effectively.

Credit cards, however, are mainly used for larger purchases, online shopping, and situations where benefits like reward points, cashback offers, discounts, and EMI options are available. Although credit cards provide financial flexibility and added benefits, they require careful and responsible usage to avoid unnecessary debt and overspending.

The study also found that factors such as convenience, security, rewards, and financial awareness play an important role in shaping payment preferences. MBA students with better financial knowledge are more likely to make smart payment decisions and use digital payment methods strategically.

Overall, the research concludes that UPI is the preferred choice for everyday transactions due to its convenience, while credit cards are used more selectively for financial advantages. The increasing use of digital payments among MBA students reflects the growing impact of financial technology on modern consumer behavior.

This study can be helpful for banks, fintech companies, and policymakers in understanding the payment habits of young consumers and improving digital financial services. It also highlights the importance of financial literacy in encouraging responsible use of digital payment systems in today's cashless economy.

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