

A STUDY ON UPI TRANSACTIONS AND BANKING REVENUES AT PHONEPE

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ABSTRACT: The Unified Payments Interface (UPI) has completely changed the way payments are made in India. It is easy, quick, and open to anyone to use the API to send digital files. A lot of people have gained from platforms like PhonePe, which were among the first to let people pay for things online instead of with cash. The rise in payments caused by UPI's zero-MDR policy does not directly benefit banks, but it has opened the door for new business models. For example, PhonePe has found new ways to make money by adding mutual funds, insurance, and retail options to its payment services. Financial institutions are becoming less reliant on transaction fees and more focused on making money through providing services. This change is an example of a larger trend. With UPI, both the possibility for new ideas and the problems that established institutions face when trying to adapt to India's rapidly changing digital economy are brought to light.

Keywords: *UPI Transaction Volume, Digital Payments Growth, Fintech Ecosystem, Revenue Streams, Customer Adoption and Transaction Charges & Monetization.*

1. INTRODUCTION

The Unified Payments Interface (UPI) has significantly transformed the digital payment ecosystem in India. Expedient, uncomplicated, and complimentary transactions have become standard, supplanting unwieldy account numbers, IFSC codes, and transaction fees. Global money transfers can now be executed instantaneously at any hour for anybody with a smartphone and a VPA, such as yourname@upi. A sophisticated system is overseen by the National Payments Corporation of India (NPCI).

Due to its expediency and simplicity, UPI has supplanted cash and diminished dependence on traditional payment systems such as RTGS, NEFT, and debit card transactions. This alteration has also impacted non-digital banking revenue. Despite banks' necessity to spend in infrastructure to accommodate increased UPI transactions, the diminished profit margin arises from the near-zero cost of UPI transactions for both buyers and sellers.

In response, financial institutions are diversifying their revenue streams by forming partnerships with digital wallets, offering subscription services, developing value-added digital solutions, and engaging in the cross-selling of loans and insurance products. The shift towards service-oriented models, as opposed to transaction fees, is increasingly evident in the financial services sector, and this transformation is indicative of that trend. The straightforward UPI has transformed into India's "WhatsApp for money," owing to its simplistic interface and advanced algorithms.

2. REVIEW OF LITERATURE

Joseph, J. (2022). In this essay, I will analyze how digital payments have affected the Goods and Services Tax (GST) in India. The use of UPI and cards is associated with an increase in tax payments and a decrease in unrecorded cash sales, according to statistics collected at the state level. The reasoning for this is simple: because digital payments are recorded, it becomes more difficult to conceal activity and law enforcement may easily compare bills. Government efficiency is enhanced and tax fraud is reduced as a result of this transparency. Having said that, you can't always trust the findings. The pace of advancement is slower in places with lower socioeconomic level or less developed digital infrastructure. The research found that if more people paid using digital cards, GST revenue would rise sharply, bringing India one step closer to fiscal consolidation.

Yue, P., Korkmaz, A. G., Yin, Z., & Zhou, H. (2022). All aspects of digital banking are examined in this research. Financial technology (fintech) loans, online credit, and mobile payments are just a few examples of instruments that help more individuals gain access to financial services. Having digital money at one's fingertips can lead to irresponsible borrowing and a subsequent rise in household debt. Cognitive mistakes, algorithmic lending, and a dearth of financial education put consumers at danger, according to the report. The problem is exacerbated by lax laws that allow credit to expand rapidly without adequately protecting consumers. Although digital finance makes capital available to more people, the data show that there is a paradox: the risk of overleveraging is higher. For digital finance to foster sustainable and fair development, the authors call for more transparent practices, better financial education, and more egalitarian laws.

Dev, H., Gupta, R., & Kumar, D. (2024). After India's changeover from cash to UPI, this research examines the impact on customers' buying habits. The authors conducted surveys and analyzed transaction data to find that digital payments make purchases easier and promote smaller purchases. People are more likely to buy things on the spur of the moment since UPI is so user-friendly, particularly younger people who consider money to be more "liquid" and easily accessible. A number of factors, such as financial incentives and the convenience of online relationships, impact people's emotional states. Researchers recommend incorporating nudges, spending restrictions, alarms, and planning tools into user interface designs to reduce the likelihood of overspending. The findings demonstrate that while UPI does improve payment processing times and efficiency, it also introduces new behavioral issues that require thoughtful design solutions.

Khanduja, B. (2024). This essay takes a look at how digital payment systems like UPI, wallets, and cards have affected banks in India. Electronic payments boost efficiency, speed, and customer happiness while decreasing operating and cash management costs, according to bank performance data. But fee-based income has fallen since more low-cost digital activities are happening. This has led to an increase in the provision of value-added services, such as loans and insurance, by financial institutions. Excessive reliance on technology infrastructure, increased competition from fintech companies, and security vulnerabilities are among the present issues discussed in the research. The results show that in order for banks to keep up with the rapidly changing financial industry, they need to reconsider how they make money.

This remains true despite the fact that digital payments enhance operations and enhance the efficiency of institutions.

Madan, K. (2025). Using UPI as an example, this essay looks at how traditional banking in India has transformed. Surveys and financial data show that UPI has reduced the likelihood of customers visiting banks and using ATMs, which has led them to migrate to digital means. Transaction fees and outdated payment systems cost banks money, even though they benefit from quicker service and less cash handling costs. Consumers have increased expectations for timeliness and openness due to the fact that UPI is both immediate and compatible with other systems. This has caused banks to speed up their digital transformation. Additional issues highlighted by the research include cybersecurity threats, system disruptions, and reliance on third-party apps. The results of the research demonstrate that UPI has altered the competitive landscape of the banking industry, compelling large banks to enhance their technological prowess and adaptability to meet the challenges posed by the digital economy.

Islam, M., Tamanna, A. K., & Islam, S. (2024). This research delves into the factors that influence customers' willingness to accept QR-based mobile payments using the Technology Acceptance Model (TAM) and behavioral variables. According to polls carried out across different demographic groups, the perceived usefulness, simplicity, and dependability of QR payments greatly influence people's impressions of them. Especially among younger and more tech-savvy consumers, the survey claims that adoption is aided by speed, usability, and contactless involvement. Many issues, including security concerns, merchants' reluctance to engage, and a lack of technical knowledge, manifest as major challenges. In structural modeling, positive opinions are found to be a powerful predictor of the desire to employ QR systems. Increasing user education, growing acceptance networks, and bolstering security are the three main recommendations made by the research to improve the transition to cashless payments.

Gupta, R. (2025). Investigating the link between economic imbalance and digital payment systems in India is the goal of this research. By analyzing financial and socioeconomic data at the household level, the research finds that digital payment usage varies according to affluence, access to technology, and digital literacy. Those with more disposable means are reaping the benefits of digital payment technologies, while those with less do not, mostly due to a lack of education and resources. The research, however, reveals that UPI's open and simple architecture aids in resolving a number of issues connected to inequity. Economists have shown that building out more internet infrastructure could help bring consumer inequality down over time. This proves how beneficial open technology ecosystems and personalized tech education programs are. Despite some hiccups in the beginning, the data shows that well-designed systems, such as UPI, may help make financial services available to more people.

Invali, S. (2025). Using a cross-sectional dataset, this research investigates the usage of UPI, credit cards, and debit cards among the Indian population. The paper asserts that UPI is superior to other payment methods because to its user-friendliness, speed, and lack of processing fees. We take a look at how age, income, education level, and variations between rural and urban locations affect payment decisions. Credit cards are still popular for large purchases or those with rewards programs, but the survey found that debit cards are more

commonly used to withdraw cash from ATMs. Online transactions with UPI are preferred over those involving cash due to the convenience and interoperability of the system. Regardless of the high adoption rate, users are concerned about data security and the possibility of fraud. There are ways to improve security and understanding, and the findings demonstrate that UPI is the best digital payment mechanism in India.

3. THEORETICAL FRAMEWORK

One important financial innovation in India that is revolutionizing payment and transaction techniques is the Unified Payments Interface (UPI). Because it was simple to use, affordable, and compatible with other financial apps and institutions, it quickly gained popularity when it was released in 2016. The fact that billions of transfers occur each month demonstrates how significantly UPI has altered consumer behavior.

This distinction compels banks to reconsider how they generate revenue in an era where digital technologies are preferred. To ensure the long-term sustainability of India's rapidly evolving payments landscape, it is imperative to comprehend the implications of UPI in order to develop sustainable monetization strategies.

TYPES OF UPI TRANSACTIONS SUPPORTED BY BOI UPI

Bank of India offers the following kinds of UPI trades:

Mobile Number: The giver can transfer funds to the recipient's bank account by providing their phone number. To send money, you must provide both the amount and your UPI PIN.

Bank Account and IFSC Code: The user must be aware of the bank's name, account number, IFSC code, and account manager's name before they can transfer funds to another person's bank account.

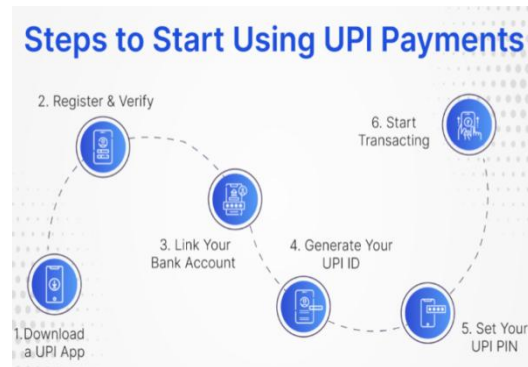
Virtual Payment Address or VPA: Additionally, the individual can transfer funds to another person using their VPA. The funds can be sent after the MPIN has been verified.

QR Code: One of the greatest ways to send money quickly using UPI is to scan the QR code. Send money fast by scanning the recipient's QR code.

STEPS TO START USING UPI PAYMENTS

The Unified Payments Interface (UPI) has grown to be a crucial instrument for businesses and consumers to ensure the ease and security of their financial transactions. This quick tutorial will help you begin learning about UPI. The latest data and business insights that demonstrate how UPI has transformed India's digital payment industry are included.

1. Download a UPI App: Get a UPI app from the App Store or Play Store to get started. Google Pay, PhonePe, and your bank's app are a few examples. With over 300 million users by 2023, these platforms have taken over as the primary method of making regular payments. In India, they accounted for over half of all digital retail purchases.



2. Register and Verify: To begin, launch the application and input your phone number. A one-time password (OTP) will expedite and improve transaction security by quickly verifying your identity. Over 80% of customers complete their registration in a matter of minutes thanks to UPI's quick recruiting process. This is what propels its quick expansion and transforms India's digital payment system.

3. Link Your Bank Account: After selecting a bank from the list, you can link your bank account to the UPI app. UPI has now been adopted by more than 200 Indian banks, providing users with numerous options for quickly connecting their accounts and transferring money.

4. Generate Your UPI ID: Create a distinct UPI ID and link it to your bank account, such as username@bankname. Money will be sent and received using this UPI ID. More than 8 billion UPI IDs have been created since its first release, simplifying payments and providing consumers with a secure and convenient means of conducting business.

5. Set Your UPI PIN: Every transaction must have a secure 4- to 6-digit UPI PIN in order to be validated. Over 90% of customers say they trust its security features, making it one of the safest methods of payment. This is primarily due to the additional protection that comes with utilizing a UPI PIN.

6. Start Transacting: You can send and receive money, pay bills, and make secure transactions using your UPI ID and PIN once you've set them up. By 2023, UPI would have transformed digital transactions in India, enabling over 14 trillion monthly transactions and accounting for over 80% of all mobile payments.

SIMPLIFYING PEER-TO-PEER TRANSACTIONS

Peer-to-peer transactions are already widespread, such as when you share a restaurant bill, make an online purchase, or pay a coworker back. The Unified Payments Interface (UPI) has made these transactions simple, rapid, and secure. The Unified Payments Interface (UPI) was developed by the National Payments Corporation of India (NPCI). By eliminating the need for hard currency and complex data, it improves the consistency of digital transactions between apps and financial institutions. By speeding up money transfers and making digital transactions more accessible, dependable, and convenient than ever before, it has completely changed how Indians conduct payments.

1. Seamless integration across banks and payment service providers: The fact that UPI is compatible with so many banks and payment service providers is one of its best features. You no longer need to download numerous applications or keep track of various account details for every transaction. Any bank account linked to a single UPI ID can be used to execute

transactions thanks to UPI. This eliminates the need for several apps and simplifies financial transactions between banks.

2. Instant and real-time transactions: UPI facilitates quick and simple financial transactions. Unlike the hours or days required by conventional techniques like NEFT or IMPS, UPI ensures that payments are sent to the recipient in a matter of seconds. It constantly provides a smooth, secure, and effective digital payment experience, whether dealing with a company or splitting costs among friends.

3. Multiple payment options: UPI makes payments simple and flexible by providing a range of alternatives to satisfy different needs. You can use your bank account number, mobile number, UPI ID, or QR code to send money, depending on what works best for you. Transactions' versatility will surely allow them to blend in seamlessly with everyday life. For instance, you can use your UPI app to scan the store's QR code and pay immediately at a nearby location without requiring cash or a credit card. It is rapid, secure, and made to satisfy the demands of contemporary customers who wish to deal.

4. Enhanced security features: To guarantee transaction safety, UPI employs extensive security measures. It combines device authentication with an MPIN (Mobile Personal Identification Number) to verify transactions using two-factor authentication. By preventing unauthorized access to your UPI account, this improves security. Additionally, UPI transactions are protected by end-to-end encryption, which makes it very difficult for hackers to intercept or change the data being sent.

5. Cost-effective and inclusive: In contrast to traditional payment methods, which could impose transaction fees or charges, UPI transactions are usually free or have little costs. Customers find UPI to be a more affordable alternative as a result, particularly for minor purchases. Because UPI provides a place to go for those without access to traditional banking services, it has also significantly improved financial inclusion. By making it possible for anybody with a smartphone and a bank account to participate in the digital economy, UPI promotes the inclusion of both banked and unbanked people.

THE ROLE OF UPI IN ENABLING SEAMLESS MERCHANT PAYMENTS

1. UPI: Empowering Merchants with Seamless Payments: The Unified Payments Interface (UPI) has transformed how retailers conduct business in this digital age, where speed and usability are crucial. UPI has fundamentally transformed how companies manage online payments since it makes transactions swift, secure, and simple. Let's examine UPI's various advantages and how it facilitates retailers' ability to swiftly accept payments.

2. Enhanced Convenience and Accessibility: UPI's unparalleled accessibility and usability are among its most obvious benefits for retailers. Unlike traditional payment methods, which may include lengthy procedures and multiple middlemen, UPI enables quick transactions with minimal smartphone interactions. This user-friendly solution enables businesses to quickly incorporate UPI into their existing payment systems while streamlining the payment experiences for consumers.

3. Streamlined Settlements and lower Transaction costs: Merchants can get money more quickly thanks to UPI's support for fast settlements. Compared to traditional payment methods, which may cause settlement delays, UPI transactions are completed rapidly, allowing businesses to better manage their cash flow. Additionally, UPI transactions typically

have cheaper transaction fees than those of other digital payment systems or traditional payment methods, which makes them an appealing option for retailers, particularly small and medium-sized businesses (SMEs).

4. Increased security and Fraud prevention Measures: Online security is important to both consumers and retailers. By utilizing strict security measures like encryption and multi-factor authentication, UPI lessens this problem. To ensure that transactions are secure and that there are no frauds or data breaches, UPI employs a variety of security techniques. With the knowledge that their customers' private information is secure, merchants may confidently accept UPI as a form of payment.

5. Seamless integration with Existing systems: Businesses that accept digital payments must make it simple for UPI to integrate with their existing systems. Retailers may simply incorporate UPI payments into their mobile applications, websites, and point-of-sale (POS) systems because there are numerous ways to do so. For businesses, this flexibility ensures a smooth transition without interfering with their existing payment systems.

4. DIFFERENT KINDS OF BANK INCOME

Income from the Capital Market: In order to stay profitable and diverse, banks use a variety of techniques in the capital market. They generate revenue through mergers and acquisitions, investment banking, and brokerage activities. In addition to buying and selling stocks, they also help clients with negotiating complicated contracts and preparing for initial public offerings. Potential gains from trading are quite sensitive to factors including interest rate swings, market circumstances, and the level of expertise of the bank involved.

For instance, low interest rates aren't ideal for traders' bottom lines, but if you're an expert in investment banking, you might see a spike in demand for your services and a subsequent increase in your earnings. Banks can broaden their income sources beyond lending through capital market operations, which are crucial. Financial institutions may find it easier to weather fluctuating market conditions and maintain profitability if they diversify their holdings.

Income from Fees for Services: Banks get a lot of their money from the fees that customers pay for common services. Examples include fees associated with overdrafts, ATM withdrawals, late loan repayments, and maintaining account status. Precise pricing is often affected by a number of factors, including regulatory requirements, market competition, and service provider costs.

Customer demand is another important factor to think about. In times of strong demand, banks may decide to charge more for their services in an effort to maximize profits. However, fee income declines as demand declines. To stay in the game, banks need to tweak their pricing structures often. Make sure these fees contribute to their overall financial stability if they want to stay profitable. This necessitates striking a balance between customer tastes and business needs.

UPI ADOPTION AND ITS EFFECTS ON BANKING PROFITABILITY

Decline in Traditional Transaction Fee Revenues: With the rise of UPI, other methods of payment including NEFT, IMPS, and ATM transfers are losing favor. This change has reduced the amount of money that banks make from transaction fees. Free UPI transfers are

more popular than alternatives that impose fees on banks. Financial institutions need to be nimble if they want to succeed.

Increase in CASA Deposits Enhancing Interest Margins: By encouraging people to save more for faster transfers, UPI fortifies banks' low-cost CASA deposits. Loans with higher interest rates are less sought after, leading to higher net interest rates and more liquidity. Since UPI helps to stabilize interest-based revenue, it indirectly increases bank profitability.

Higher Transaction Volumes Enabling Indirect Revenue Gains: The large volume increase allows customers to interact with banks' online platforms, even though UPI transactions usually do not incur fees. Opportunities for data-driven marketing and cross-selling are enhanced as consumption increases. More involvement leads to decreased client churn. Financial institutions can increase their bottom line in the long run through client retention and its knock-on effects.

Pressure to Innovate and Invest in Technology: If we want UPI to be widely used, we need to keep investing in servers, cybersecurity, API infrastructure, and digital upgrades. Although these costs add to the operational expenditures, they facilitate the management of more transactions and growth. Reduced operating expenses per activity are an inevitable consequence of technological efficiency advancements throughout time. The creation of novel concepts is critical to the improvement of an organization's long-term success.

Expansion of UPI-Linked Credit and AutoPay Ecosystems: New features introduced to UPI recently, such as UPI Lite, UPI AutoPay, and RuPay Credit on UPI, allow financial institutions more ways to earn money. These changes have allowed UPI to expand beyond its original purpose as a money transfer system and into the realm of subscriptions and credit. Banks generate revenue through the collection of interest, the MDR, and the formation of product agreements. Companies linked to UPI have a better chance of making a profit as a result of this change.

Long-Term Profitability through Digital Transformation: UPI has sped up the shift from analogue to digital-first models in the banking industry. The long-term profitability of the organization is boosted by increased CASA levels, new lending opportunities, and digital efficiency. Earnings can take a hit in the near run if fee-based revenue drops. In order to thrive in the UPI-driven economy, banks are focusing on creating innovative and sustainable income methods that utilize cutting-edge technology. Because of this, they will be able to grow their online presence down the road.

5. DATA ANALYSIS AND INTERPRETATION

UPI TRANSACTION PROCESS AT PHONEPE: One must authorize a PhonePe UPI transaction with their UPI PIN before completing it through QR code scanning, UPI ID entry, or calling a number. The next step is to have funds withdrawn from your bank account. Instantaneous funding of the beneficiary's bank account occurs via the UPI platform upon your bank's acceptance of the transaction.

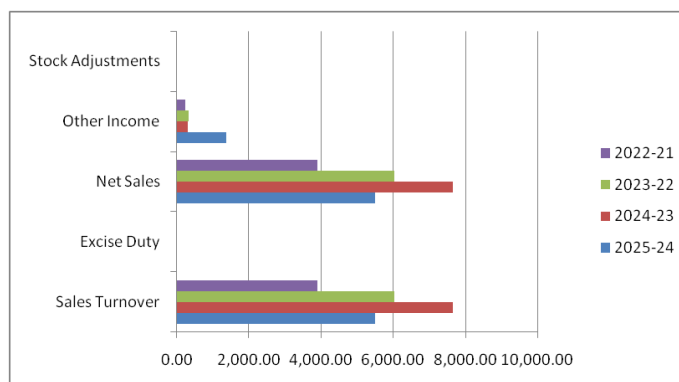
1. Ways to Initiate a UPI Payment on PhonePe

Step	Method	Description
1	Scan QR Code	Bring up the PhonePe app and pick it up to use the QR

		reader. Scan the QR code of the person or group to start the payment process.
2	Enter UPI ID (VPA)	Type in the Virtual Payment Address of the receiver by hand.
3	Use Mobile Number	After that, click "Pay by Mobile Number." Type in the person's phone number that you want to call.

2. Income

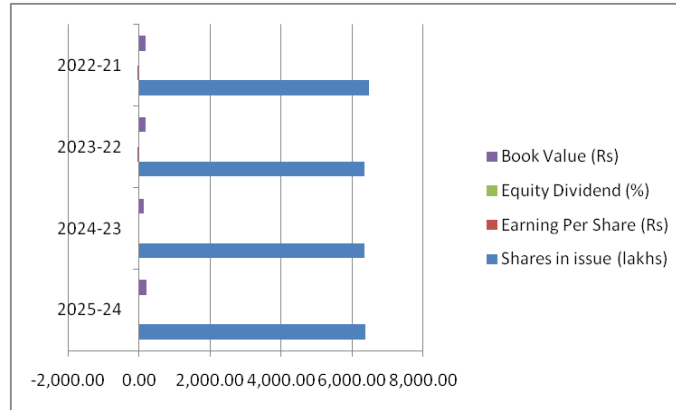
Income	2025-24	2024-23	2023-22	2022-21
Sales Turnover	5,504.80	7,660.80	6,027.70	3,892.40
Excise Duty	0	0	0	0
Net Sales	5,504.80	7,660.80	6,027.70	3,892.40
Other Income	1,379.60	297.8	334.1	237.1
Stock Adjustments	0	0	0	0
Total Income	6,884.40	7,958.60	6,361.80	4,129.50



INTERPRETATION: Due mainly to a decline in sales from ₹7,660.8 crore to ₹5,504.8 crore, the company's income fell from ₹7,958.6 crore in 2024–2023 to ₹6,884.4 crore in 2025–2024. Despite a decline in core revenue, other income increased from ₹297.8 crore to ₹1,379.6 crore. In fiscal year 2025, core operations are still facing pressure despite long-term expansion (2023-22 revenue: ₹6,361.8 crore; 2022-21 revenue: ₹4,129.5 crore), although non-operating sectors have seen notable improvements.

3. Per share data (annualised)

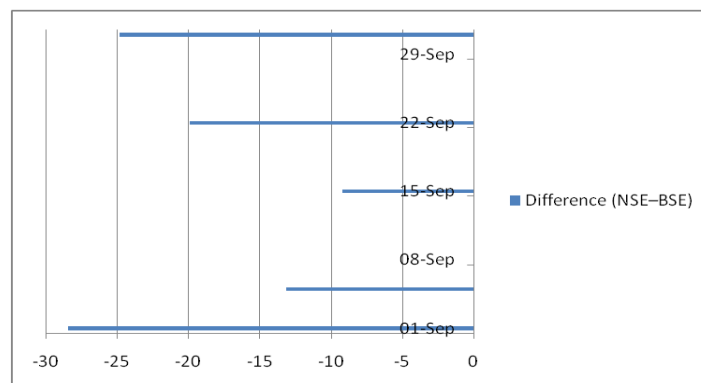
Per share data (annualised)	2025-24	2024-23	2023-22	2022-21
Shares in issue (lakhs)	6,378.45	6,354.14	6,337.88	6,485.61
Earning Per Share (Rs)	-12.37	-23.23	-29.28	-35.85
Equity Dividend (%)	0	0	0	0
Book Value (Rs)	201.84	136.85	193.86	196.65



INTERPRETATION: From -₹35.85 in 2021 to -₹12.37 in 2024, the company's EPS increased significantly, indicating improvement. Losses per share have been declining year over year. There has been no significant diluting of the issued shares. The financial condition is healthy as the book value improved from ₹136.85 in 2024–2025 to ₹201.84 in 2025–2024, even though revenues decreased. There is no yearly dividend payment because the company uses all of its earnings for operations and recovery.

4. NSE Vs BSE Price Comparison (Daily Close)

Date	NSE Close	BSE Close	Difference (NSE–BSE)
01-Sep	1,207.00	1,235.45	-28.45
05-Sep	1,241.10	1,254.20	-13.1
15-Sep	1,219.00	1,228.20	-9.2
22-Sep	1,177.20	1,197.10	-19.9
01-Oct	1,123.80	1,148.60	-24.8

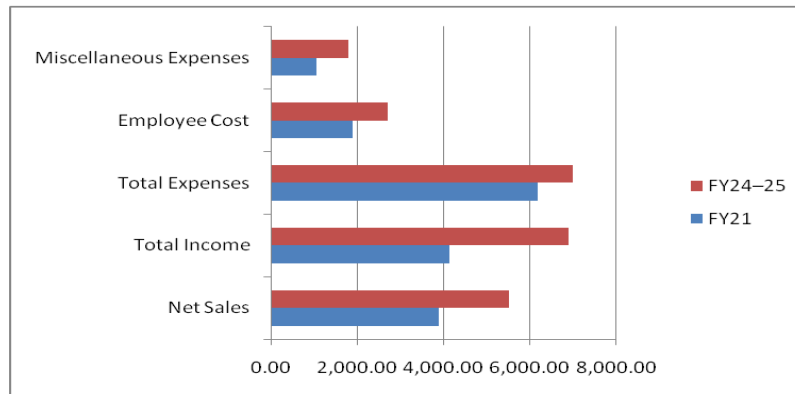


INTERPRETATION: Under all circumstances, the NSE price was below the BSE price by a margin of -9.2 to -28.45. On September 1st, the differential was -₹28.45 and on September 15th, it was -₹9.2. Indicative of widespread market weakness, both platforms exhibit a falling trend from early September to October 1. The negative spread could be caused by small premiums in BSE value or fluctuations in liquidity.

5. Income & Expense CAGR (3-Year Period)

Metric	FY21	FY24–25	CAGR %
Net Sales	3,892.40	5,504.80	12.10%

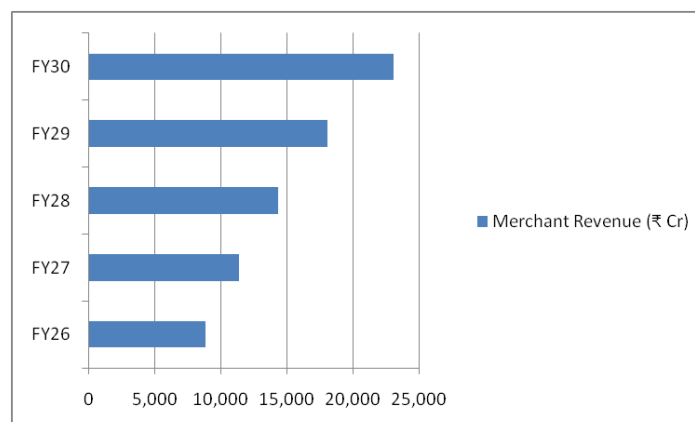
Total Income	4,129.50	6,884.40	18.60%
Total Expenses	6,189.80	6,985.90	4.10%
Employee Cost	1,907.20	2,702.00	12.30%
Miscellaneous Expenses	1,054.80	1,801.90	19.50%



INTERPRETATION: A 12% CAGR in human costs and net sales suggests that a bigger staff is to blame for the increase. Total income increased at a robust 18.6% CAGR due to higher non-operating income and more revenue sources. A 4.1% increase in total expenditures, on the other hand, shows that efforts to cut costs were successful. A compound annual growth rate (CAGR) of 19.5% was recorded by miscellaneous costs. The need for better management and rising additional expenses were both highlighted by this.

6. MERCHANT REVENUE MODEL

Year	Active Merchants (Cr)	RPM (₹)	Merchant Revenue (₹ Cr)
FY26	2.56	346	8,858
FY27	3.04	374	11,374
FY28	3.55	404	14,342
FY29	4.15	436	18,074
FY30	4.9	471	23,079

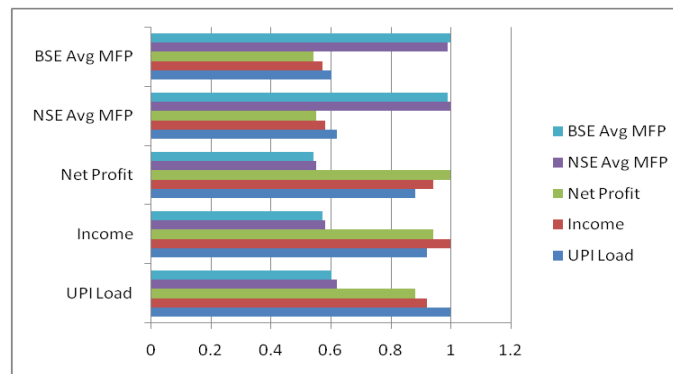


INTERPRETATION: After 2.56 million in FY26, experts predict that by FY30, there will be 4.9 million active merchants. Because of this, more and more businesses will quickly join the internet market, and more and more consumers will shop online. The rise in RPM from

₹346 to ₹471 signifies that sellers are making more money as a result of more value-added services and more transactions. In FY30, merchant income was ₹23,079 crore, nearly tripling from ₹8,858 crore in FY26. When looking at the big picture, it's clear that the merchant community is going to be booming.

7. UPI Load vs Financials vs Market MFP

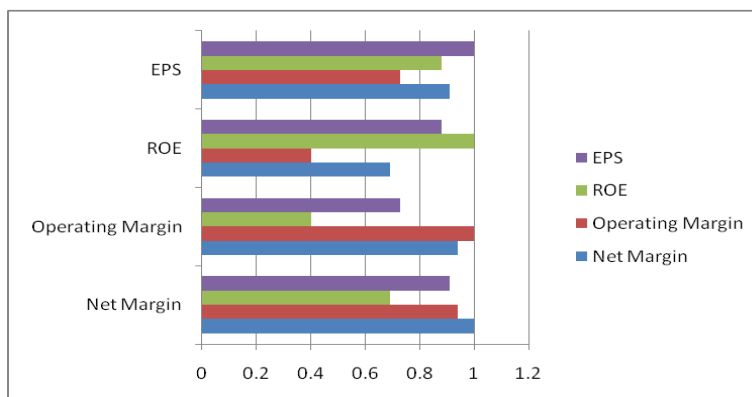
Variable	UPI Load	Income	Net Profit	NSE Avg MFP	BSE Avg MFP
UPI Load	1	0.92	0.88	0.62	0.6
Income	0.92	1	0.94	0.58	0.57
Net Profit	0.88	0.94	1	0.55	0.54
NSE Avg MFP	0.62	0.58	0.55	1	0.99
BSE Avg MFP	0.6	0.57	0.54	0.99	1



INTERPRETATION: Gross Profit (0.88) and UPI Load and Income (0.92) are positively correlated, suggesting that higher UPI volumes significantly affect a business's bottom line. There is a close relationship between changes in income and changes in net profit, as seen by their significant correlation of 0.94. With an incredibly high correlation of 0.99 between the NSE and BSE Average MFPs, it is clear that market prices are colliding. Stock prices do react to performance, even though the correlation is modest (0.54-0.62).

8. Correlation Matrix (ROE, Margins, EPS)

Metric	Net Margin	Operating Margin	ROE	EPS
Net Margin	1	0.94	0.69	0.91
Operating Margin	0.94	1	0.4	0.73
ROE	0.69	0.4	1	0.88
EPS	0.91	0.73	0.88	1



INTERPRETATION: The high degree of agreement between net margin (0.94), operating margin (0.91), and earnings per share (EPS) (0.91) suggests that profitability influences EPS directly. Since ROE and EPS are positively correlated (0.88), it follows that higher earnings result in larger profits for shareholders. Due to the moderate association between operational profit and return on equity (ROE) (0.40%), efficiency does not necessarily lead to equal returns on equity. The signals tend to align when all elements are taken into account. The best indicator of success and return on investment is earnings per share, or EPS.

6. CONCLUSION

Last but not least, UPI transfers open up a world of possibilities for banks to investigate non-traditional income sources besides transaction fees. By offering merchant services, merging credit and payment processing, and introducing value-added products like analytics or microinsurance, banks may be able to turn rising transaction volumes into stable income. The ability to set reasonable prices, effectively manage risks, and work with fintech businesses are all necessary for achieving success. If banks in India can figure out how to make UPI lucrative while also improving consumer trust and service consumption, they can secure the future of the country's burgeoning digital payments ecosystem.

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