



CONSUMER PERCEPTION OF CREDIT CARD REWARD PROGRAMS, BILLING CYCLE FLEXIBILITY, AND UPI-LINKED TRANSACTION REWARDS: EVIDENCE FROM INDIAN RETAIL BANKING

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ABSTRACT

India's credit card market has grown from 55.5 million cards in force in December 2019 to 118.6 million by March 2026, even as the market it operates in has itself been transformed from underneath: the Unified Payments Interface (UPI), built and run by the National Payments Corporation of India (NPCI), now carries 85.5 percent of the country's digital transaction volume, and since the Reserve Bank of India approved the linkage of RuPay credit cards to UPI in June 2022 — followed by NPCI's reward-parity mandate of September 2024 — a fast-growing share of what used to be a physical card swipe now happens as a UPI scan instead. This paper reviews the theoretical and empirical literature bearing on how Indian retail banking consumers perceive credit card reward programs, UPI-linked transaction rewards, and billing cycle flexibility, and asks a question that sits underneath all three: do consumers actually make payment and spending decisions on the basis of reward and cashback incentives, and does that decision-making differ once the reward is delivered through a UPI-linked rail rather than a physical card? Drawing on thirty-seven independently verified sources — spanning loyalty programme theory, reward redemption behaviour, the psychology of cashback and mental accounting, and India-specific evidence on the credit card industry's growth, UPI adoption, and the post-2024 reward-parity shift — the paper identifies a combined research gap: no existing study jointly examines consumer perception of reward programs as a multidimensional construct, billing cycle flexibility as a distinct preference construct, and consumer awareness and trust of UPI-linked reward parity, together with their combined influence on satisfaction and switching intention among Indian retail banking consumers. The paper sets out the study's twenty variables across five constructs, seven research objectives, four proposed hypotheses, and the instrumentation and sampling design through which these relationships will be tested, illustrated throughout with figures and tables drawn from verified Reserve Bank of India, NPCI, Ministry of Finance and industry sources.

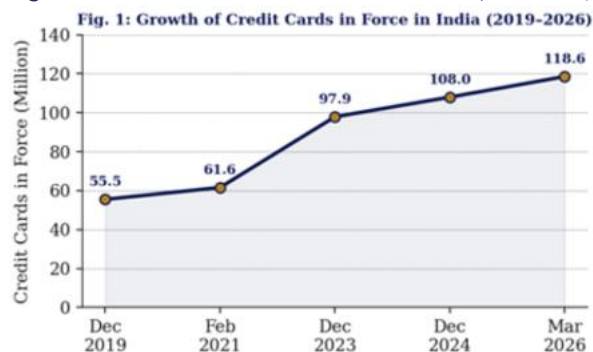
KEYWORDS : Credit Card Reward Programs, Consumer Perception, Billing Cycle Flexibility, UPI-linked Transaction Rewards, Customer Satisfaction, Switching Intention, Indian Retail Banking

INTRODUCTION

The Indian Credit Card Industry: Growth, Concentration and Competitive Structure

Access to well-designed consumer credit is a recognised driver of household financial participation, and among consumer credit instruments the credit card occupies a distinctive place: it combines a revolving line of credit with a payment instrument, and in most markets is bundled with a rewards or loyalty structure meant to keep the cardholder engaged. India's own credit card market illustrates this well. Cards in force grew from 55.5 million in December 2019 to 118.6 million by March 2026, with annual spending of approximately ₹23.6 trillion in FY2026 (Reserve Bank of India, 2026), a trajectory shown in Fig. 1 that looks, at first glance, like a straightforward growth story.

Figure 1 Growth of Credit Cards in Force in India (2019–2026)

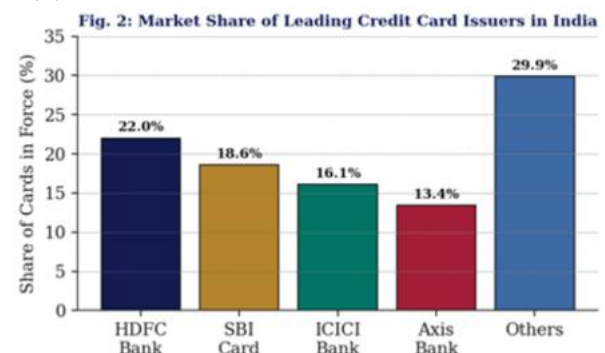


Note. Reserve Bank of India payment systems data, as reported in Business Standard (2024, 2025) and Reserve Bank of India (2026).

Look more closely, however, and the picture is narrower than the headline number suggests. Credit card penetration

remains under 10 percent of India's adult population even after this growth, which means issuers are competing intensely for the same relatively small, financially engaged segment rather than expanding into genuinely new territory. Four issuers — HDFC Bank, SBI Card, ICICI Bank and Axis Bank — together account for over 70 percent of cards in force, as Fig. 2 shows, so the commercial stakes of understanding how this segment perceives reward programmes are concentrated among a handful of large players rather than spread evenly across the industry.

Figure 2 Market Share of Leading Credit Card Issuers in India



Note. Compiled from Business Today (2026), Tradebrains (2026) and industry reporting on RBI/NPCI card-issuance data, May–June 2026.

This concentrated, competitive landscape did not emerge overnight. International networks such as Visa and Mastercard dominated Indian card issuance for decades, until NPCI launched RuPay, India's own domestic card payment network, in 2012 as part of a broader push toward payment-system sovereignty; RuPay credit cards themselves

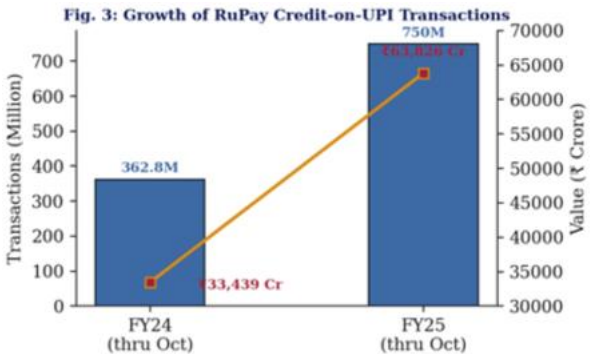
were rolled out only in June 2017 (Business Standard, 2025). For most of the period since, RuPay's role in the credit card segment remained marginal next to the international networks — until, as the next section describes, its integration with UPI turned it into the fastest-growing card network in the country within the space of two to three years, and gave the four large issuers named above a genuinely new channel to compete over.

UPI, NPCI and the Transformation of the Credit Card Industry

The competitive picture sketched above, however, describes a card industry that no longer quite exists in its old form. The Unified Payments Interface (UPI), launched by the National Payments Corporation of India (NPCI) in April 2016, has grown from 2 crore transactions in its first year to over 24,162 crore transactions worth approximately ₹314 lakh crore in FY2025-26 — a near 12,000-fold increase in volume in a decade — and is now recognised by the International Monetary Fund as the world's largest real-time payments platform, processing nearly half of all real-time payment transactions globally (Ministry of Finance, 2026). What began as an account-to-account rail for everyday transfers has, since June 2022, extended directly into the credit card industry: the Reserve Bank of India that year approved the linkage of RuPay credit cards to UPI, allowing a credit card to be used the same way a bank account or wallet is used at a UPI QR code.

That linkage might have remained a minor technical convenience had NPCI not gone a step further. From 1 September 2024, NPCI required issuers to apply the same reward points to UPI-linked credit card transactions as to a conventional physical swipe (National Payments Corporation of India, 2024) — a reward-parity mandate that removed what had, until then, been a real disincentive to using a credit card at a UPI terminal. The effect was immediate and steep. RuPay's share of the credit card market rose from roughly 3 percent in 2023 to about 16 percent by early 2025, with close to half of that volume transacted as "credit on UPI" (Business Standard, 2025; IBEF, 2025), and fintech data reported by Business Standard (2025) showed UPI-enabled credit card transactions growing at 20 percent a month, with users averaging 40 transactions a month — roughly eight times the frequency of a traditional credit card user — even though the average UPI-linked transaction size, at about ₹1,125, was a quarter of the roughly ₹4,000 average for a conventional swipe. Fig. 3 traces this growth across FY24 and FY25.

Figure 3 Growth of RuPay Credit-on-UPI Transactions



Note. Ministry of Finance data reported via IBEF (2025) and Business Standard (2025), citing NPCI leadership statements and industry (Kiwi) data, 2025.

For an issuer, this is not a cosmetic change. A reward programme designed around the physical swipe — where a cardholder sees a plastic card, a point-of-sale terminal, and eventually a paper or app statement — now has to work just as well when the same reward is earned by scanning a QR code, often for a grocery-store or local-retailer purchase under ₹500,

the kind of small-ticket spending UPI was originally built for. Whether Indian consumers actually notice, understand and trust that the reward is identical across both channels is an empirical question this study's UPI Transaction Rewards and Awareness construct is built to answer — and it is a question that, in this form, simply did not exist before September 2024.

India's Shift to Digital and Online Transactions

The UPI-credit card story sits inside a still larger shift. Digital transactions now account for close to the entire volume of non-cash retail payments in India, and UPI alone contributed 83.4 percent of the payments ecosystem's transaction volume in FY2025, rising further to 85.5 percent of digital transaction volume in the second half of 2025 (Ministry of Finance, 2026; IBEF, 2026). Person-to-merchant transactions — the category a credit card purchase falls into — made up 63 percent of UPI's transaction volume, and 86 percent of those merchant payments were for amounts below ₹500 (Ministry of Finance, 2026), a useful reminder that this growth is concentrated overwhelmingly at the everyday, small-ticket end of the market. Table 2 sets these figures alongside the credit-on-UPI numbers discussed above.

Table 2: Growth of UPI and Credit-Card-on-UPI Transactions in India

Metric	FY2024	FY2025	FY2025-26
UPI annual transaction volume	131.1 Cr Txns	185.8 Cr Txns	24,162 Cr Txns
UPI share of digital payment volume	79.4%	83.4%	85.5% (H2 2025)
RuPay share of credit card market	~3%	~16%	~16-18%
RuPay credit-on-UPI transactions	362.8 Mn	750+ Mn (7-mo.)	Continued growth
Avg. monthly UPI-linked card transactions/user	—	40 (≈8× swipe card)	Sustained

Source: Compiled by the authors from Ministry of Finance/PIB (2026), Business Standard (2025) and IBEF (2025, 2026).

For a study of credit card reward perception, this matters in a very practical way. A consumer who once used a credit card mainly for larger, planned purchases and thought about rewards a few times a month is increasingly the same consumer who now taps or scans a linked card several times a day for a coffee, an auto-rickshaw fare, or a grocery top-up. The billing cycle, the reward statement, and the everyday sense of "how much have I earned this month" all have to be rethought against that much higher frequency of small, UPI-routed transactions — which is exactly the combination of reward perception, UPI-linked awareness, and billing cycle flexibility this study's five constructs and seven objectives are designed to capture together, rather than in isolation.

It is also worth noting what this shift has done to the billing cycle itself, since Objective 4 and Hypothesis 2 both depend on treating billing cycle flexibility as meaningful in this new context. A billing statement that once summarised perhaps a dozen swipe transactions a month must now summarise dozens of small UPI-linked transactions alongside them, and a cardholder scanning through that statement has correspondingly more individual reward-earning events to reconcile against what they expected to earn. Whether this makes the billing cycle feel more transparent — because more of daily life is itemised — or less transparent — because there is simply more to reconcile — is an empirical question this paper leaves open rather than presupposes.

Consumer Awareness of Loyalty and Reward Programmes in a UPI-First Market

A natural question follows from all of this: do Indian consumers actually make payment and spending decisions on the basis of these reward programmes, or do rewards simply ride along on decisions made for other reasons? The

emerging evidence points to the former, at least to a meaningful degree. Sharma (2026), reviewing the psychology of cashback in digital payment ecosystems, argues that consumers tend to perceive a cashback or reward credit as a financial gain rather than as a partial refund of their own money — a mental-accounting effect that lowers the psychological "pain of paying" and measurably increases both spending and the likelihood of impulse purchases, with gamified reward design and loyalty-programme mechanics reinforcing habitual use of a given platform or card. In a large Indian survey of 1,000 respondents, Zehra, Khan, Mazhar, Akhlaue, Haque, and Singh (2024) similarly found that cashback and reward incentives correlated strongly with a consumer's willingness to recommend a digital payment platform, alongside convenience and trust in security — evidence that reward awareness is not a peripheral factor but one of a handful of variables driving platform, and by extension card, choice.

What this literature has not yet done is ask the question in the specific form this study needs: not whether rewards influence platform choice in general, but whether Indian retail banking consumers are aware that their credit card reward now carries the same value whether they swipe it or scan it on UPI, and whether that awareness — or its absence — shapes their satisfaction with the card and their willingness to keep using it rather than switch to a competing issuer. That gap, and the related gaps set out in Section 3, is what this paper positions itself to address.

It is worth pausing on what this looks like in practice, because the abstraction can obscure how ordinary the decision actually is. A salaried professional in Bengaluru — one of the cities Business Standard (2025) identifies as leading UPI-linked credit card adoption — buys a ₹180 lunch and is asked, at the till, whether they would like to pay by card or by scanning a QR code. Both routes reach the same bank account and, since September 2024, earn the same reward points; but the consumer does not necessarily know this, and the two actions feel different enough — one involving a physical card and a signature or PIN, the other a phone and an app — that it would not be surprising if perception of the reward, and trust that it has actually been credited, differed between them even when the underlying economics do not. This everyday moment, repeated an estimated 40 times a month by the average UPI-linked credit card user (Business Standard, 2025), is the unit of behaviour this study's UPI Transaction Rewards and Awareness construct is ultimately trying to explain.

Review of Literature

Credit Card and Digital Payment Adoption in India

Before reward perception can be studied, it is worth asking what drives Indian consumers to adopt and use a credit card, or a digital payment instrument more generally, at all. Varaprasad, Chandran, Sridharan, and Unnithan (2013) modelled the credit card adoption decision through a technology-acceptance and risk-perception lens, finding that perceived risk weighs against adoption more heavily than perceived usefulness weighs in favour of it — a finding that has aged well, given how much of the industry's subsequent growth has come from reassuring, rather than merely rewarding, a cautious consumer base. The broader digital-payments literature tells a complementary story: Sivathanu (2018) found that the 2016 demonetisation episode was itself a significant, if disruptive, catalyst for digital payment adoption in India, forcing a large population of first-time users past the initial trust barrier that Varaprasad et al. (2013) identified; and Patil, Tamilmani, Rana, and Raghavan (2020), extending the UTAUT2 model with personal innovativeness, anxiety, trust and grievance redressal, found these consumer-side psychological variables mattered as much as the platform's own features in explaining mobile payment adoption. Read

together, this body of work suggests that Indian consumers' comfort with digital and card-based payments has been built cumulatively — first through policy shocks and platform trust-building, and only later through the reward incentives this paper is primarily concerned with.

Demographic and Profile Factors in Reward Perception

Demographic and profile variables recur throughout the Indian credit card literature as significant, if rarely central, predictors. Khare (2016) found that money attitudes — particularly power and price-consciousness — predict compulsive buying and card over-usage among Indian consumers, an effect significantly moderated by age. Uddin (2020), measuring credit card literacy among 400 Indian cardholders, found literacy together with demographic variables such as age, income, education and occupation significantly predicted usage behaviour, though the study measured literacy of costs and terms rather than of reward benefits specifically. Sriram, Singh, Vibha, and Kamath (2023) identified distinct psychological antecedent clusters — power-prestige orientation, product-feature sensitivity, anxiety and safety perception — that predict Indian cardholders' usage intensity, findings that plausibly vary across demographic segments though the study did not test demographic moderation directly. In the adjacent UPI-payments context, Padma Kiran and Vedala (2025) found that demographic factors significantly moderate the relationship between UTAUT predictors and adoption/usage, evidence that demographic moderation is a live and measurable phenomenon in Indian digital-payment behaviour more broadly, even where credit-card-reward-specific evidence remains thin. Allgood and Walstad (2013) add a literacy-specific nuance: perceived financial literacy, which itself varies systematically with age, predicts everyday credit card behaviour more strongly than actual tested literacy — suggesting that demographic differences in perceived competence may matter as much as demographic differences in objective circumstance, a distinction Objective 1 of this study is designed to test directly.

Reward Structure, Perceived Value and Loyalty

Fourie, Goldman, and McCall (2022) found that social and exploratory benefits were stronger predictors of loyalty than monetary benefits such as points or cashback among financial-services loyalty programme members, and that the timing of reward delivery moderated how strongly monetary benefits mattered. Within the Indian credit card context, Liu, Brock, Singh, Chu, and Sy-Changco (2012) found involvement in reward programmes had only a weak direct effect on loyalty but did shape redemption behaviour, while Sriram, Singh, Vibha, and Kamath (2023) identified power-prestige orientation, product-feature sensitivity, anxiety and safety perception as distinct psychological antecedents of card usage intensity, and Khare (2016) showed money attitudes — particularly power and price-consciousness — predict compulsive buying and over-usage risk, moderated by age. Morgan and Hunt's (1994) commitment-trust theory anchors this literature theoretically: relational trust and affective commitment, not the exchange of benefits alone, drive loyalty, a view reinforced by Parahoo (2012), who showed involvement drives perceived quality and value, which in turn drive loyalty indirectly.

Reward Redemption Behaviour

Smith and Sparks (2009a) show redemption of loyalty points is driven partly by self-gifting and mood-repair motives rather than pure economic calculation, and Smith and Sparks (2009b) find redeemers cluster into distinct behavioural types. Liu et al. (2012) provide the closest Indian evidence, finding redemption behaviour shaped by usage frequency and card count rather than involvement per se — together supporting redemption frequency as a variable distinct from perceived value or awareness.

Consumer Awareness as a Dimension of Perception

Allgood and Walstad (2013) show that perceived financial literacy predicts everyday credit card behaviour more strongly than actual, tested literacy, supporting self-reported awareness as a behaviourally meaningful construct. Within Indian data, Uddin (2020) measured credit card literacy among 400 cardholders and found it strikingly low, at 34%, with literacy and demographic variables significantly predicting usage behaviour. That figure is worth sitting with for a moment: if barely a third of Indian cardholders were confidently literate about their card's basic terms and costs even before the reward-parity mandate and the UPI-linked growth documented in Section 1, there is little reason to assume awareness of a policy change as specific as reward parity across channels has diffused any faster — which is precisely the assumption Objective 3 and Hypothesis 3 of this study are designed to test rather than take for granted.

UPI Adoption, UPI-Linked Transaction Rewards and Trust

The literature on UPI adoption in general is considerably more developed than the literature on UPI-linked credit cards specifically. Chaterji and Thomas (2017) offer an early, largely descriptive account of UPI's launch rationale and design, useful mainly as historical background; Fahad and Shahid (2022), applying Rogers' diffusion-of-innovation theory, found relative advantage, low complexity and observability significantly predicted UPI adoption intention among Indian users; and Padma Kiran and Vedala (2025), using a UTAUT framework, found that facilitating conditions, performance and effort expectancy, social influence and promotional benefits jointly drive UPI adoption and usage, with demographic factors moderating the relationship. Turning specifically to UPI-linked rewards, Jacob, Jacob, and Johnson (2024), analysing 351 low-income Indian consumers via structural equation modelling, found performance expectancy, effort expectancy and facilitating conditions positively predicted UPI-app usage intention, while perceived risk was a negative predictor; Rastogi, Panse, Sharma, and Bhimavarapu (2021) frame UPI as a financial-inclusion innovation whose economic impact depends on consumer understanding and trust; and Gupta, Taneja, Sharma, Singh, Rupeika-Apoga, and Jangir (2023) found prior UPI experience shapes willingness to adopt adjacent digital payment instruments. None of this literature, however, examines the credit-card-specific reward-parity mandate NPCI (2024) introduced from September 2024 — the space this study's UPI Transaction Rewards and Awareness construct occupies.

The Psychology of Cashback: Do Rewards Actually Drive Consumer Decisions?

A question runs quietly under most of the literature reviewed so far: does a consumer actually change what they buy, how much they spend, or which card or platform they use, because of a reward or cashback offer — or is the reward simply noticed after the fact? Prelec and Loewenstein's (1998) mental-accounting "coupling" framework, and Soman's (2001) related work on payment "rehearsal," already suggested decades ago that the psychological distance between a payment and its consequence shapes spending independently of the amount involved. Sharma (2026) extends this directly to cashback: consumers tend to code a cashback credit as a gain rather than a partial refund, which lowers the psychological "pain of paying" and measurably raises both spending and impulse-purchase likelihood, an effect reinforced by gamified reward design. Zehra et al. (2024), working from a large Indian sample, found empirically that cashback and reward incentives correlate strongly with a consumer's willingness to recommend a digital payment platform, alongside convenience and security — direct evidence, in other words, that the answer to the opening question is broadly "yes," at least for platform choice. What none of this literature yet tests is whether the same holds specifically for a credit card reward once it can be earned through two structurally different

channels — physical swipe and UPI scan — the exact comparison this study is built to make.

Billing Cycle Timing and Flexibility

Agarwal, Bubna, and Lipscomb (2021) show consumers spend roughly 15% more per day in the week after a credit card statement than before it, with no equivalent debit-card pattern, drawing on Soman's (2001) work on payment rehearsal and Prelec and Loewenstein's (1998) mental-accounting coupling framework. Agarwal, Skiba, and Tobacman (2009) find many consumers carry unused credit capacity while resorting to costly short-term borrowing, and Hamid and Loke (2021), in a comparable Malaysian context, find financial literacy and money-management skill — not impulsiveness — predict repayment discipline. Xu, Meng, Zhang, and Koo (2024), studying payday-linked consumption cycles through a present-bias lens, describe a closely analogous mechanism in which cyclical income events trigger short-term spending surges — a mechanism that strengthens the case for expecting a similar pattern around credit card billing cycles, though none of this literature tests billing cycle length or customisation preference as a construct distinct from statement-timing effects on spending.

Reward Programme Design: What the Literature Suggests Issuers Should Do

It is worth pulling the design implications of Sections 2.2 through 2.6 together explicitly, since this study's seventh objective is to turn evidence into recommendations. Fourie et al. (2022) suggest issuers should not rely on monetary reward value alone, and should instead invest in social and exploratory benefits and in the timing of reward delivery; Smith and Sparks (2009a, 2009b) suggest redemption should be made as frictionless as possible, since redemption itself — not merely accrual — is where a meaningful share of the emotional payoff of a loyalty programme is realised; and Sharma (2026) and Zehra et al. (2024) suggest that framing a reward explicitly as a "gain" in communication (a cashback credited, a point earned) rather than as a discount or refund is likely to sustain the psychological effect that drives spending and platform loyalty in the first place. None of these three design principles, however, has been tested for whether it holds equally once the same reward is delivered through a UPI-linked transaction rather than a physical swipe — which is exactly the open question this study's own primary data collection is designed to close.

Satisfaction and Switching Intention

Morgan and Hunt's (1994) commitment-trust theory again anchors this block: where trust and commitment are low, the relational bond that keeps a customer from switching weakens. Tiwari, Tiwari, and Gupta (2021) found customer awareness, alongside perceived usefulness, ease of use, risk and trust, significantly predicts banking-service adoption in India, and Zephaniah, Ogbu, and Izogo (2020), in an African banking context, found customer perception of bank marketing communication significantly predicts loyalty. Choudhury, Kundu, Sarkar, and Bhattacharya (2023), working from a commitment-trust framework, describe how Indian banks attempt to build relationships and awareness through practitioner-level marketing strategy, though their account is descriptive of practice rather than a test of what awareness-building communication actually achieves — leaving open exactly how much of a bank's reward-communication effort actually reaches, and is understood by, the cardholder.

Switching intention deserves a brief word on why it matters more, not less, in a UPI-first market. Switching a credit card issuer in India has traditionally involved real friction — a fresh application, a new credit check, and the loss of an established reward-tier or accrued-points balance — friction that, on its own, has always dampened switching regardless of dissatisfaction. UPI, by contrast, makes switching which

payment app or QR code a consumer defaults to almost frictionless, since most Indian smartphones carry two or three competing apps already. If a dissatisfied cardholder cannot easily switch issuer but can effortlessly switch which channel — swipe or scan — they route their existing card's spending through, that channel-level switching may be where dissatisfaction shows up first and most visibly, well before it shows up as issuer churn. This paper's decision to measure switching intention as a single construct, rather than splitting it into issuer-switching and channel-switching, is a simplification the discussion in Section 10 flags as a limitation worth revisiting once primary data are in hand.

Research Gap

Read individually, each strand of literature reviewed in Section 2 tells a coherent, well-supported story: reward and loyalty theory explains why programmes work or fail; awareness and literacy research explains why some consumers use cards more cautiously than others; UPI-adoption research explains why the platform grew so fast; and behavioural economics explains why a cashback offer changes behaviour more than its rupee value alone would predict. Read together, however, these strands have simply never been brought into the same study, and certainly not into a study of Indian credit card holders navigating the specific post-2024 environment described in Section 1. Synthesising this literature reveals a combined gap not addressed by any single existing study:

- (a) Consumer perception of reward programs — spanning reward type preference, redemption frequency, perceived value, awareness, and influence on card or bank choice — has not been examined as a multidimensional construct.
- (b) Billing cycle flexibility, encompassing length preference, customisation preference and alignment with salary dates, has not been examined as a distinct preference construct rather than only a statement-timing effect on spending.
- (c) The combined effect of reward perception and billing cycle preference on satisfaction and switching intention has not been tested within Indian retail banking.
- (d) No study examines consumer awareness and trust of UPI-linked credit card reward parity — specifically, whether Indian consumers are aware of the 2024 NPCI mandate, and whether this awareness shapes satisfaction with, or continued use of, UPI-linked credit card transactions.
- (e) While behavioural evidence establishes that cashback and reward framing measurably influence consumer spending and platform choice in digital payments generally (Sharma, 2026; Zehra et al., 2024), this evidence has not been tested among Indian credit card holders who now face parallel physical-swipe and UPI-linked reward channels for the same card.

Objectives of the Study

The seven objectives below are deliberately ordered to move from the individual consumer outward: the first two examine who the consumer is and how they perceive the reward programme itself; the third and fourth extend that perception into the two newer, less-understood levers — UPI-linked rewards and billing cycle flexibility — that Section 1 argues now sit alongside the traditional reward structure; the fifth and sixth bring all of these perceptions together to explain satisfaction and switching intention, the two outcomes that ultimately matter commercially; and the seventh translates the resulting evidence into guidance issuers can act on.

1. To examine demographic and profile factors shaping consumer perception of credit card reward programs.
2. To assess consumer perception and preference regarding reward structures.
3. To examine consumer usage, awareness and trust regarding reward parity on UPI-linked credit card transactions.

4. To examine consumer perception of, and preference for, billing cycle flexibility.
5. To analyse the relationship between reward program perception, UPI transaction reward awareness, billing cycle flexibility, and overall consumer satisfaction.
6. To examine the influence of reward program, UPI transaction reward, and billing cycle perceptions on switching intention.
7. To provide recommendations for Indian banks on aligning reward structures, UPI-linked reward communication, and billing cycle design with consumer preferences.

Proposed Hypotheses

Taken together, the gaps identified above point toward four hypotheses, each tied to a specific objective and tested once primary data collection is complete:

H1: Consumer perception of reward programs — reward type, perceived value, redemption ease and awareness — is significantly associated with overall satisfaction among Indian retail banking consumers (addressing Gap a, Objective 5).

This follows directly from the reward-and-loyalty literature reviewed in Section 2.2: if involvement, perceived value and trust — rather than the raw exchange of points — are what drive loyalty (Morgan & Hunt, 1994; Parahoo, 2012), then perception of the reward programme, not merely its objective generosity, should be what predicts satisfaction.

H2: Billing cycle flexibility preference is significantly associated with overall consumer satisfaction, independent of reward-program perception (addressing Gap b/c, Objective 5).

H2 is included specifically because Agarwal et al. (2021) and Xu et al. (2024) show billing-cycle timing effects operate through a psychological mechanism — payment rehearsal and mental budgeting — that is distinct from reward perception; the hypothesis tests whether that distinctness in mechanism also shows up as a distinct, independent predictor of satisfaction.

H3: Consumer awareness and trust of UPI-linked credit card reward parity is positively associated with overall satisfaction with the reward system and negatively associated with switching intention (addressing Gap d, Objectives 3 and 6).

H3 is this study's most direct test of the industry transformation described in Section 1.2: if the reward-parity mandate has succeeded in reassuring consumers, awareness of it should raise satisfaction; if consumers remain unaware or distrustful, the mandate's practical effect on retention may be far smaller than its regulatory intent.

H4: The combined perception of reward programs, UPI-linked reward awareness, and billing cycle flexibility significantly predicts switching intention among Indian retail banking consumers (addressing Gap c/e, Objective 6).

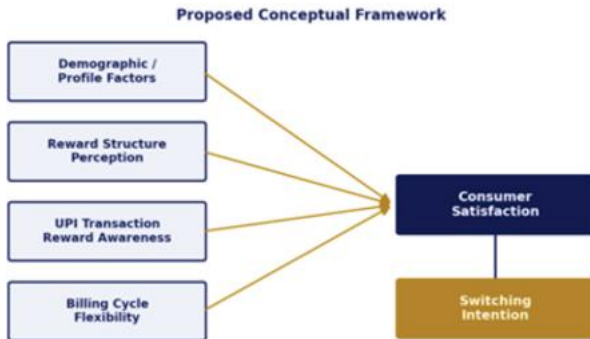
H4 tests the joint, rather than separate, explanatory power of the three consumer-facing levers identified in Section 1.1 — reward programmes, UPI-linked rewards, and billing cycle timing — against switching intention, the outcome of most direct commercial consequence to an issuer competing in the concentrated market described at the outset of this paper.

Conceptual Framework

Fig. 4 sets out how the study's four independent constructs are expected to relate to the two outcome variables. Demographic and profile factors, reward-structure perception, UPI transaction reward awareness, and billing cycle flexibility are modelled as jointly predicting consumer satisfaction, which in turn is expected to predict switching intention — a mediated structure consistent with Morgan and Hunt's (1994) commitment-trust theory, in which trust and satisfaction, not the reward itself, are what ultimately hold a relationship together or let it break down. The framework deliberately keeps UPI transaction reward awareness as a construct distinct from general reward-structure perception, rather than folding the two together, because the literature reviewed in

Section 2 gives no reason to assume Indian consumers evaluate a UPI-linked reward the same way they evaluate a conventional swipe-earned one; whether the two converge or diverge is itself part of what Objective 3 sets out to test.

Figure 4 Proposed Conceptual Framework



Note. Fig. 4: Proposed conceptual framework linking the study's constructs to satisfaction and switching intention.

The framework also implies a testable ordering, not just a set of associations. If satisfaction genuinely mediates the path from the four independent constructs to switching intention, as the diagram proposes, then the direct effect of, say, UPI transaction reward awareness on switching intention should weaken once satisfaction is entered into the regression alongside it (Objective 6). Finding instead that awareness continues to predict switching intention even after controlling for satisfaction would suggest a more direct, trust-based channel — closer to Morgan and Hunt's (1994) original formulation, in which commitment and trust operate somewhat independently of satisfaction with any single transaction — and would itself be a meaningful finding worth reporting alongside the four hypotheses in Section 5.

Proposed Methodology

Research Design and Instrument

Primary data will be collected through a structured questionnaire comprising a screening item and five sections corresponding to the study's twenty variables, summarised in Table 1. Attitudinal items use a five-point Likert scale; profile and behavioural-frequency items use categorical response options. In view of the industry shift documented in Section 1, the instrument also asks respondents to estimate the share of their monthly card spend transacted via UPI as against a physical swipe, so that reward perception can later be examined separately for UPI-heavy and swipe-heavy users.

Table 1: Constructs, Items and Scale Type in the Research Instrument

Sec.	Construct(s)	Items	Scale
A	Demographic / Profile	4	Categorical
B	Reward Structure	10	Cat. + Likert
C	UPI Transaction Rewards & Awareness	5	Cat. + Likert
D	Billing Cycle	7	Cat. + Likert
E	Satisfaction & Switching Intention	5	Likert

Source: Author's own questionnaire design, based on the twenty finalised study variables.

To make the abstractions in Table 1 concrete, a representative item from each of the two sections most central to this paper's hypotheses reads as follows. Section B (Reward Structure) asks respondents to rate agreement, on the five-point scale, with the statement "I clearly understand how many reward points I earn on my credit card purchases"; Section C (UPI Transaction Rewards & Awareness) asks respondents to rate agreement with "I am aware that my credit card reward points are the same whether I swipe my card or scan a UPI QR code with it." The second item operationalises the reward-parity

awareness this paper's Section 1.2 and Section 2.5 argue has not yet been measured in the literature.

Population and Sampling Design

The population comprises individual retail credit card holders in India. Given the concentration documented in Section 1.1, a stratified/convenience sample will be drawn across bank type (public sector, private sector, foreign) and monthly income band, with quotas designed to reflect the roughly 70 percent concentration of cards in force among the four largest issuers while still capturing enough smaller-issuer respondents for meaningful comparison. A minimum sample of 200 respondents is planned, in line with the sample sizes used in comparable Indian studies reviewed in Section 2 (e.g., Uddin, 2020, n = 400; Jacob et al., 2024, n = 351).

Data Analysis Techniques

Planned tools of analysis include descriptive statistics to profile the sample and each construct; Cronbach's alpha to establish the internal-consistency reliability of each multi-item scale before it is used in further analysis; Pearson correlation to examine bivariate relationships among the study's constructs; and multiple regression to test the hypotheses in Section 5, with UPI-share of spend (captured in Section 7.1) examined as a potential moderator of the relationship between reward-structure perception and satisfaction.

Ethical Considerations

Participation will be voluntary and anonymous, with informed consent obtained through the survey instrument's opening screening item, and no personally identifying financial information (such as card numbers) will be collected at any point. Respondents will be free to withdraw at any stage before submission, consistent with standard human-subjects research practice for a study of this kind.

Significance of the Study

The significance of this study lies less in any single finding it anticipates than in the timing of the question it asks. India's credit card industry has just absorbed two structural shocks in quick succession — the RBI's 2022 approval of RuPay-UPI linkage, and NPCI's 2024 reward-parity mandate — and the consumer-perception literature has not yet caught up with either. Studies of reward programmes and loyalty (Section 2.2–2.3) predate the UPI-credit card linkage entirely; studies of UPI adoption (Section 2.5) are not credit-card-specific; and the behavioural-economics literature on cashback and mental accounting (Section 2.6) has not been tested in this dual-channel Indian setting at all. A study conducted now, while the reward-parity mandate is still recent enough that consumer awareness of it cannot be assumed, is better positioned to capture the transition than one conducted several years from now, once UPI-linked card use has become simply how things are done.

There is also a practical significance for the four large issuers this paper's own market data (Section 1.1) shows dominate the industry. Each of them is, in effect, running two reward programmes at once — one experienced through a physical card and point-of-sale terminal, the other through a phone screen and a QR code — without necessarily knowing whether their existing reward communication, designed for the first experience, is reaching or persuading a consumer having the second. A study that measures this gap directly, rather than assuming continuity between the two channels, gives issuers something they do not currently have: evidence, rather than intuition, about whether their reward programme is actually working the same way twice.

Finally, there is a financial-inclusion dimension to this study that is easy to overlook amid the commercial framing above. NPCI and the Reserve Bank of India have both, in various policy statements referenced in Section 1.3, attached explicit

financial-inclusion goals to UPI's continued growth, and RuPay itself was built partly to keep card-payment infrastructure and its associated costs within the domestic system rather than routed through international networks. If reward-parity awareness turns out to be low among lower-income or first-time cardholders in particular — a question this study's demographic construct (Objective 1) is positioned to answer — that finding would speak directly to whether the policy's inclusion goals are being met evenly, or whether the benefits of reward parity are, in practice, being captured mainly by the financially confident, already-engaged segment the industry already serves well.

Expected Contribution of the Study

For banks and card issuers, the findings will offer a diagnostic on which dimensions of reward perception, UPI-linked reward experience, and billing cycle preference most strongly shape satisfaction and retention — and, given the growth documented in Section 1, whether reward communication needs to be redesigned separately for the fast-growing population of UPI-heavy cardholders. For the academic literature, the study fills a specific gap by jointly modelling reward perception, UPI transaction reward awareness, and billing cycle preference as explanatory variables feeding into satisfaction and switching intention, and by testing whether the behavioural-economics evidence on cashback and spending (Sharma, 2026; Zehra et al., 2024) extends to the Indian credit card context specifically. For policymakers, the findings will add evidence on the extent to which Indian consumers understand and trust the 2024 reward-parity mandate governing UPI-linked credit card transactions, a question with direct bearing on the financial-inclusion goals NPCI and the Reserve Bank of India have attached to UPI's continued growth.

Scope and Limitations of the Study

This paper is limited, by design, to the conceptual and methodological stage of a larger doctoral study: the hypotheses in Section 5 are proposed rather than tested, and the figures and tables presented here describe the Indian credit card and UPI market rather than the study's own primary data, which has not yet been collected. The planned convenience/stratified sample, while designed to reflect issuer concentration, cannot claim strict probability-sample representativeness of India's roughly 118.6 million cardholders, and self-reported estimates of UPI-versus-swipe spend share are subject to the same recall limitations as any self-reported behavioural measure. Finally, because the reward-parity mandate examined here took effect only in September 2024, the study captures consumer awareness and perception at a relatively early stage of what may be a longer adjustment process, and later replications may find different results as familiarity with the UPI-linked channel deepens.

A further limitation follows from the industry data itself. Much of the UPI-linked credit card growth data cited in Section 1.2 comes from a single fintech enabler (Business Standard, 2025, citing Kiwi) rather than from an NPCI- or RBI-published breakdown specific to credit-card-on-UPI volumes; while this paper has been careful to attribute each figure to its actual source and to avoid presenting one company's data as an industry-wide census, readers should treat the precise percentages in Section 1.2 and Table 2 as directionally reliable rather than exact, pending an official NPCI release that disaggregates UPI transaction data by underlying instrument (credit card, debit card, or bank account) rather than by channel alone.

Directions for Future Research

Three extensions follow naturally from the scope set out above. First, once this study's primary data collection is complete, a longitudinal follow-up conducted two to three years later could test whether the UPI-versus-swipe distinction

this paper treats as a live moderating variable has, by then, faded in relevance — that is, whether consumer perception genuinely converges across channels once the reward-parity mandate is no longer newsworthy. Second, the demographic and psychological antecedents identified in Sections 2.1 and 2.1a (age, income, psychological orientation) point toward a segmentation study: rather than treating Indian credit card holders as a single population, future work could test whether the hypotheses proposed in Section 5 hold uniformly across the under-30 UPI-heavy segment identified by Business Standard (2025) and the older, swipe-oriented segment that the industry has traditionally served.

Third, this paper has deliberately treated reward-structure perception and UPI transaction reward awareness as related but separate constructs, on the grounds that the literature gives no basis for assuming they converge. Once primary data confirm whether that separation is empirically justified, a natural next step would be qualitative follow-up interviews with a smaller subsample — the kind of in-depth, open-ended conversation a structured questionnaire cannot capture — to understand, in the cardholder's own words, why a reward that is contractually identical across channels is, or is not, perceived that way in practice.

CONCLUSION

The Indian credit card industry that this study sets out to examine is not the same industry it would have been even four years ago. UPI has gone from a peripheral convenience to the backbone of the country's digital payments, RuPay credit cards have been folded directly into that rail, and a reward-parity mandate has erased the last obvious reason for a consumer to prefer one channel over the other. Against that backdrop, this paper has reviewed the literature bearing on consumer perception of credit card reward programs, UPI-linked transaction rewards, and billing cycle flexibility, and has identified a combined research gap — spanning five thematic areas and now extending to the specific behavioural question of whether reward and cashback incentives measurably shape consumer decisions in this newly dual-channel market — that no single existing study addresses. The proposed study operationalises this gap through twenty variables across five constructs, seven objectives, and four hypotheses, illustrated throughout with verified figures and tables from Reserve Bank of India, NPCI, Ministry of Finance and industry sources. The next stage of this research proceeds to primary data collection among Indian retail banking credit card holders, after which the hypotheses set out in Section 5 will be tested and reported.

If there is a single thread that ties the industry background in Section 1 to the hypotheses in Section 5, it is this: rewards, billing cycles and channel choice used to be three largely separate design decisions for an Indian card issuer, and a policy change in September 2024 quietly made them one. This paper has not tried to answer whether that change has succeeded from the consumer's point of view — that is what the primary data collection ahead of this paper will do — but it has tried to establish, carefully and with verifiable sources throughout, that the question is now worth asking in a way it simply was not before.

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