

IMPACT OF UPI ON CONSUMER SPENDING AND FINANCIAL BEHAVIOUR IN INDIA

Research Paper

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Abstract

Unified Payments Interface (UPI) has become an important part of India's digital payment ecosystem. Its instant, mobile-based and convenient nature can influence how consumers make purchases, how frequently they spend, and how they monitor their money. This study examines the possible impact of UPI on consumer spending and financial behaviour in India, with particular attention to payment convenience, spending frequency, small and unplanned purchases, cashback and offers, expense tracking, money-management habits, and preference for cashless payments. A quantitative descriptive approach is used with a structured questionnaire. The available Google Forms response summary contains 22 responses. The supplied response image provides verifiable age-group data: 72.7% of respondents are aged 18–25, 22.7% are aged 26–35, and 4.5% are above 45. Because the supplied image shows the response summary for the age question only, the paper does not invent numerical results for the remaining questionnaire items. Instead, those items are presented as the study framework for analysing consumer spending and financial behaviour.

Keywords: UPI, Digital Payments, Consumer Spending, Financial Behaviour, Cashless Payments, Impulse Buying, Expense Tracking, Financial Awareness

Data note: The age-distribution figures in this paper are taken directly from the supplied Google Forms screenshot containing 22 responses. The uploaded reference manuscript was used for the organisation and academic presentation of this paper.

1. Introduction

Digital payments have changed the way consumers purchase goods and services in India. Among the different digital payment systems, UPI provides a simple way to transfer money directly from a bank account through a mobile application. The Reserve Bank of India describes UPI as a fast payment system that supports instant fund transfers, peer-to-peer payments and peer-to-merchant payments. UPI has therefore become an important part of everyday retail payments in India. [1]

The growth of UPI may also affect consumer behaviour. When payment becomes quick and convenient, the time and effort required to complete a purchase can fall. This may encourage frequent small-value purchases and may also make unplanned purchases easier. At the same time, digital transaction records can help consumers review their spending and improve awareness of where money is going. Thus, UPI can have both convenience-related and behaviour-related effects.

NPCI's published statistics show the very large scale of UPI usage in India. The official statistics report 24,508.96 million UPI transactions with a value of ₹29,82,355.95 crore in August 2026. [2] Such scale makes the study of consumer spending and financial behaviour under UPI particularly relevant.

1.1 Research Gap

Much discussion about UPI focuses on transaction growth, convenience and digital inclusion. However, an important research question is how consumers themselves perceive the relationship between UPI and their spending habits. This study addresses that practical area by examining payment frequency, small-value purchases, unplanned spending, cashback influence, expense tracking and money-management behaviour through a structured questionnaire.

1.2 Objectives of the Study

- To examine the role of UPI in consumers' day-to-day payment behaviour.
- To study whether UPI influences the frequency and pattern of consumer spending.
- To examine the relationship between UPI convenience and small or unplanned purchases.
- To assess whether UPI transaction history helps consumers track expenses and manage money.
- To understand the influence of cashback and offers on purchase decisions.
- To assess the overall perceived impact of UPI on financial behaviour.

1.3 Scope of the Study

The study focuses on individual consumers using UPI in India. It considers spending behaviour and personal financial habits rather than technical aspects of UPI infrastructure. The questionnaire includes demographic items, UPI usage patterns, spending behaviour, cash dependence, expense tracking and overall financial behaviour.

2. Literature and Background Review

The Reserve Bank of India has reported that digital payment usage in India increased significantly in the post-pandemic period. Its consumer survey also found that ease and convenience were key drivers of digital payment adoption, while younger age groups showed higher awareness, adoption and current usage. [3]

The RBI Annual Report 2023–24 notes that UPI offers ease of use, safety and real-time payments and has become the single largest retail payment system in India in terms of transaction volume. The report also highlights features such as UPI Lite and other innovations intended to improve access and convenience. [1]

From a consumer-behaviour perspective, these characteristics are relevant because payment convenience can change the friction associated with spending. A consumer who can complete a transaction within seconds may behave differently from a consumer who must carry cash or use a slower payment process. The present study therefore considers both possible positive outcomes, such as better transaction records, and possible concerns, such as increased ease of discretionary or unplanned spending.

3. Research Methodology

Research Design	Quantitative and descriptive
Data Source	Primary data collected through a structured Google Forms questionnaire
Available Responses	22 responses shown in the supplied response summary
Questionnaire	20 questions covering demographics, UPI use, spending patterns and financial behaviour
Analysis	Frequency and percentage analysis where response data are available
Important Limitation	Only the age-group response summary was supplied for numerical analysis in this PDF

3.1 Measurement Framework

The questionnaire was designed around four broad areas: (1) respondent characteristics, (2) UPI usage and payment preferences, (3) consumer spending patterns, and (4) financial behaviour such as expense tracking, money management and financial awareness. This structure allows the impact of UPI to be examined from both spending and financial-management perspectives.

3.2 Data Interpretation Rule

The paper reports only values that are visible in the supplied response material. No percentages or frequencies are assigned to questionnaire items for which the response charts were not provided. This keeps the findings consistent with the available primary data.

4. Results and Discussion

4.1 Age Group of Respondents

The supplied Google Forms response summary contains 22 responses for the first question, “What is your age group?”. The chart shows that most respondents belong to the 18–25 age group. The frequencies below are calculated from the displayed percentages and total response count.

Age Group	Frequency	Percentage
18–25	16	72.7%
Below 18	0	0.0%
26–35	5	22.7%
36–45	0	0.0%
Above 45	1	4.5%
Total	22	100.0%

Age Group Distribution of Respondents (n = 22)

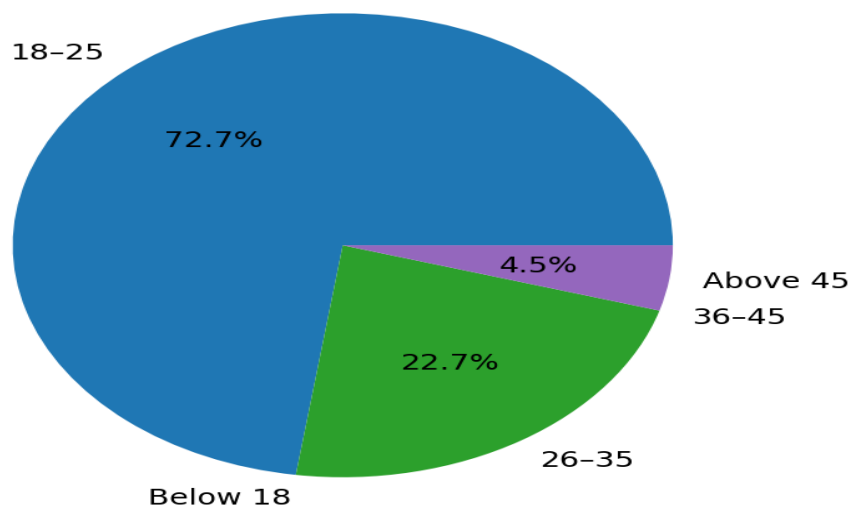


Figure 1. Age-group distribution of the 22 respondents, recreated from the supplied Google Forms response summary.

Interpretation: The sample is strongly concentrated in the 18–25 age group, which represents 72.7% of respondents. Respondents aged 26–35 represent 22.7%, while 4.5% are above 45. There are no respondents below 18 or in the 36–45 group in the supplied response summary. Because the sample is concentrated among younger respondents, any overall interpretation of UPI behaviour from this survey should be understood as descriptive of this sample rather than representative of all Indian consumers.

4.2 Study Areas for Consumer Spending and Financial Behaviour

The questionnaire examines several channels through which UPI may influence behaviour. The following discussion explains the analytical role of each area without assigning unsupported survey percentages.

a) Frequency of spending

UPI can make payments faster and easier. A consumer may therefore make payments more frequently, particularly for routine purchases and small-value transactions. The questionnaire asks respondents to compare their spending frequency after adopting or regularly using UPI.

b) Small and unplanned purchases

The low effort required to scan a QR code or transfer money may reduce the practical barrier to small purchases. The study therefore checks whether respondents feel that UPI makes small-value or unplanned purchases easier.

c) Cashback and offers

Cashback, discounts and promotional offers can influence purchase decisions. The questionnaire includes a specific item on cashback so that the study can distinguish the effect of payment convenience from the effect of incentives.

d) Cash dependence and payment preference

The study compares UPI use with dependence on cash. A stronger preference for UPI may indicate a shift toward cashless payment behaviour, while continued cash dependence may reflect habit, acceptance, access or personal preference.

e) Transaction history and expense tracking

Digital transaction records can provide consumers with a visible history of payments. This may help users review expenses and understand their spending patterns. The questionnaire therefore asks whether respondents use UPI transaction history for expense tracking.

f) Money management and financial awareness

The study also considers whether regular UPI use changes money-management habits and financial awareness. The central question is not only whether consumers spend digitally, but whether they become more aware of their spending because digital transactions are recorded and easily accessible.

4.3 Overall Analytical Perspective

UPI can have a dual influence. On one side, convenience, transaction records and reduced dependence on physical cash may support efficient financial management. On the other side, the same convenience can make discretionary spending easier. The questionnaire is designed to identify which of these patterns is more strongly perceived by respondents.

5. Questionnaire Used for the Study

The study questionnaire contains 20 items covering respondent profile, UPI usage, consumer spending and financial behaviour. The items below are presented as the study instrument; numerical results are reported only where the supplied response material supports them.

No.	Question
1	What is your age group?
2	What is your occupation?
3	How frequently do you use UPI for payments?
4	Which UPI app do you use most often?
5	What is your main purpose for using UPI?
6	How has your frequency of spending changed after using UPI?
7	Do you spend more through UPI than you used to spend using cash?
8	Does UPI make small-value purchases easier for you?
9	Does UPI make unplanned purchases easier for you?
10	Do you still depend on cash for your regular expenses?
11	Do you check your UPI transaction history?
12	Do you use UPI transaction history to track your expenses?
13	Has UPI helped you manage your money better?
14	Do you prefer UPI over cash for everyday payments?
15	Has UPI increased your online shopping or digital purchasing?
16	Do cashback offers or discounts encourage you to spend more?
17	Do you feel that UPI can lead to overspending?
18	Has UPI increased your awareness of your spending habits?
19	Overall, how has UPI affected your financial behaviour?
20	Overall, what is your opinion about the impact of UPI on consumer spending in India?

6. Suggestions and Recommendations

- Consumers should review their UPI transaction history regularly to understand where money is being spent.
- Users should distinguish between necessary purchases and impulse or unplanned purchases.
- Cashback and discounts should be evaluated as incentives, not as reasons to purchase unnecessary items.
- Simple monthly spending limits can help consumers balance convenience with financial discipline.
- Digital payment awareness programmes should include safe UPI practices and basic personal finance education.
- Students and young consumers should be encouraged to use transaction records for budgeting and expense tracking.
- Banks and payment service providers can support responsible use through clear transaction information and user education.

7. Limitations of the Study

- The available primary dataset contains 22 responses, so the findings should not be generalized to all Indian consumers.
- The supplied response material provides a numerical chart for the age question only; numerical results for the remaining questions were not available in the supplied image.
- The study is descriptive and does not establish a causal relationship between UPI use and changes in spending behaviour.
- The questionnaire relies on self-reported perceptions and may therefore be influenced by respondents' memory and personal judgement.
- The age distribution is heavily concentrated in the 18–25 group, limiting age-wise comparison.

8. Conclusion

UPI has transformed everyday digital payments in India by making transfers and merchant payments fast, convenient and widely accessible. Its influence can extend beyond the payment process to consumer spending patterns and financial behaviour. The present study is designed to examine this influence through spending frequency, small and unplanned purchases, cashback, cash dependence, transaction tracking, money management and financial awareness.

The available survey evidence shows that the respondent group is predominantly young: 72.7% are aged 18–25, 22.7% are aged 26–35 and 4.5% are above 45. This profile is important when interpreting the study because younger consumers form the majority of the available sample. The study framework suggests that UPI can provide financial convenience and useful transaction records, while its ease of use may also make frequent or unplanned spending easier. Responsible use therefore requires both digital-payment awareness and basic money-management habits.

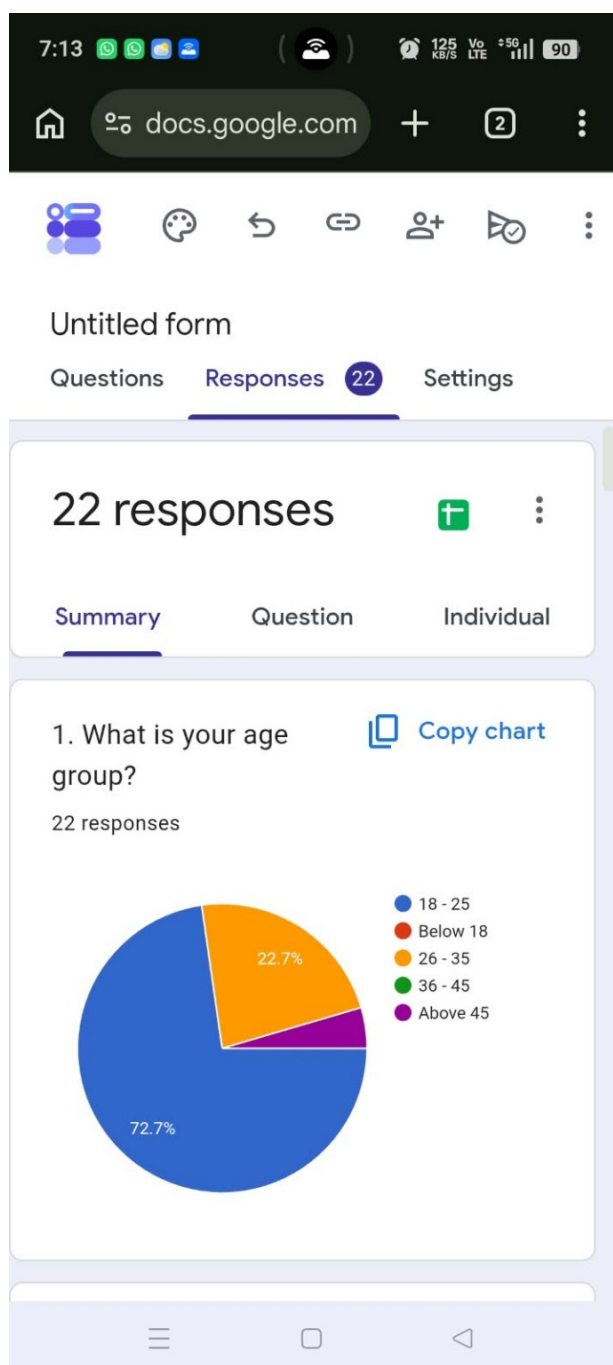
In conclusion, UPI should be viewed not only as a payment technology but also as a factor that can shape everyday consumer behaviour. The final assessment of its effect on spending and financial behaviour should be based on the complete response dataset from all 20 questionnaire items.

References

- [1] Reserve Bank of India. (2024). *Annual Report 2023–24: Payment and Settlement Systems and Information Technology*. Reserve Bank of India.
- [2] National Payments Corporation of India (NPCI). (2026). *Unified Payments Interface (UPI) Product Statistics*. Official NPCI statistics page.
- [3] Reserve Bank of India. (2024). *Consumer Digital Payments – Awareness, Adoption and Usage*. RBI publication on digital-payment awareness, adoption and usage.

Appendix A – Supplied Google Forms Response Screenshot

The original screenshot supplied with the project is reproduced below as supporting primary-data evidence for Question 1 (age group).



Source: User-supplied Google Forms response screenshot (22 responses).