

Impact of UPI on Consumer Spending Patterns

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Abstract - The rapid growth of digital payment systems has transformed the financial ecosystem in India with the Unified Payments Interface (UPI) emerging as a major driver of cashless transactions. This study examines the impact of UPI on consumer spending patterns, focusing on changes in spending frequency, payment preferences, impulse buying behavior, and cash usage. The research also evaluates the role of UPI in promoting financial inclusion and supporting India's transition toward a cashless economy. A descriptive research design was adopted for the study and primary data was collected through a structured online questionnaire using Google Forms. The sample consisted of 202 UPI users from different age groups, income levels, occupations and educational backgrounds. The collected data was analyzed using percentage analysis, descriptive statistics, and one-sample t-tests with the help of SPSS and MS Excel. The findings reveal that UPI has significantly improved the ease, speed, and convenience of financial transactions, leading to increased usage for daily and small-value purchases. Most respondents reported a reduction in cash dependency and higher preference for UPI over traditional payment methods. The study also indicates that UPI encourages frequent spending and impulse buying largely due to instant payments and attractive cash back and reward offers. At the same time, digital transaction records provided by UPI applications help users monitor expenses and improve financial awareness. The hypothesis testing results show a statistically significant change in consumer spending behavior after adopting UPI. Overall, the study concludes that UPI has played a crucial role in reshaping consumer spending patterns, enhancing financial inclusion, and accelerating the growth of a cashless digital economy in India.

Keywords: Unified Payments Interface (UPI), Consumer Spending Patterns, Digital Payments, Impulse Buying, Cashless Economy, Financial Inclusion.

I. INTRODUCTION

UPI is a digital payment system that allows people to transfer money directly from one bank account to another using a mobile phone. It helps users make payments without carrying cash or remembering bank details, & also helps people to send and receive money instantly through mobile apps using simple details like mobile numbers, QR codes, or UPI IDs. In recent years, India has moved towards digital payment to reduce the use of cash. Government programs like digital encourage people to use online payment. Shops, vendors, and service providers started accepting UPI, making it part of everyday life. As UPI became popular, people started making more small and frequent payments. This study helps understand how UPI has changed the spending habits of consumers. This study looks at how using UPI affects the way people spend money. It focuses on spending frequency, ease of payment, and preference for cashless transactions. The study also covers daily purchase, online shopping, and small payments made through UPI. The results can help businesses and banks understand consumer behavior better.

II. REVIEW OF LITERATURE

1. Jayani Malden, Diya Bulchandani & Jignesh Vidani (2025) this study analyzes the impact of post-COVID digital transformation on day-to-day consumer spending in Ahmadabad and Jamnagar. It highlights increased use of UPI, mobile wallets, and e-commerce platforms due to safety, affordability, and convenience. The study finds cautious spending behavior with higher focus on essentials, health, and hygiene. The study focuses mainly on urban cities and post-COVID effects but does not deeply analyze long-term behavioral

- changes in spending patterns caused specifically by UPI usage across income groups.
2. Ruchi Anand (2022–23) The paper examines the growth of digital payment systems in India, especially UPI, and their role in enhancing financial inclusion. It shows that UPI adoption has simplified transactions, reduced dependency on cash, and increased transparency in financial activities. The research does not assess how UPI directly alters consumer spending frequency, impulse buying, or budgeting behavior.
 3. Navraj Jain (2021) This research studies online and digital payment adoption among Indian consumers. It emphasizes convenience, speed, and trust as major factors influencing digital payment usage, including UPI platforms. The study lacks empirical evidence linking digital payments with changes in consumption and spending habits.
 4. Jayani Malde (2024) The paper explores digital payment adoption in Indian households, showing increased acceptance of UPI for daily transactions. It highlights demographic factors such as education, income, and occupation influencing adoption. The research does not focus on sector-wise or category-wise spending changes (food, travel, entertainment) due to UPI usage.
 5. Anand et al. (2023) This study discusses digital financial services and their contribution to financial inclusion and economic participation. It notes that UPI has enabled faster, low-cost transactions and expanded access to formal financial systems. The study does not examine behavioral shifts in consumer expenditure patterns after UPI adoption.

- To examine the impact of UPI usage on consumer spending patterns.
- To analyze whether UPI usage influences transaction frequency, impulse buying, and budgeting behavior.
- To study the relationship between demographic factors (income, occupation, education, and age) and changes in spending behavior due to UPI adoption.
- To identify category-wise changes in expenditure (food, travel, entertainment, essentials) after adopting UPI.
- To assess whether UPI contributes to financial inclusion and changes in cash dependency among consumers.

Hypothesis

NULL HYPOTHESES (H0)

H01: There is no significant change in consumers spending patterns due to the use of UPI

H02: There is no significant relationship between UPI usage and consumers purchase decision, including increased spending or impulse buying.

H03: UPI cash back, rewards, and offers do not significantly influence consumer spending behavior.

ALTRANATIVE HYPOTHESES (H1)

H11: there is significant change in consumers spending patterns due to the use of UPI

H12: There is a significant relationship between UPI usage and consumers purchase decision, including increased speeding or impulse buying.

H13: UPI cash back, reward, and offers significantly influence consumer spending behavior.

III.OBJECTIVES OF THE STUDY

IV.RESEARCH METHODOLOGY

Particulars	Details
Research Title	Impact of UPI on Consumer Spending Patterns
Research Design	Descriptive Research
Research Method	Survey Method
Area of Study	Vijayapura city
Data Type	Primary and Secondary Data
Primary Data Collection	Structured Questionnaire
Secondary Data Collection	Research Articles, Websites.
Data Collection Method	Online Google Forms Survey

Sample Size	202 Responses
Sampling Method	Convenience Sampling
Statistical Tools Used	T-test (One-Sample Statistics)
Study Focus	Consumer Awareness, Perception, Behavior Safety and Satisfaction

Scope Of the Study

- The study focuses on how UPI influences consumer spending habits.
- It examines the level of awareness and usage of UPI among consumers.
- The research analyzes the frequency of UPI transactions and types of payments made through UPI.
- The research is based on a limited sample size, which may not represent all consumers.
- The study is conducted for a specific time period, so consumer behavior may change in the future.

T-test:

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
HIAVG	202	1.7335	.47731	.03358
9. Has your spending 4 after adopting UPI?	202	1.995	.9489	.0668

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
HIAVG	51.618	201	.000	1.73350	1.6673	1.7997
9. Has your spending 4 after adopting UPI?	29.881	201	.000	1.9950	1.863	2.127

INTERPRETATION

The one-sample t-test results show that the significance value ($p = 0.000$) is less than 0.05. Therefore, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1) is accepted. This indicates that there is a statistically significant change in consumers' spending patterns due to the use of UPI. Hence, UPI usage has a significant impact on consumer spending behavior.

Decision Rule

V.DATA ANALAYSIS & INTERPRETATION

Analysis of hypothesis -1

Null Hypotheses (H_0):

H_{01} : there is no significant change in consumers spending patterns due to the use of UPI.

Alternative Hypotheses (H_1)

There is a significant change in consumers spending patterns due to the use of UPI.

If the p-value is less than or equal to 0.05, then the null hypothesis is rejected.

If the p-value is greater than 0.05, then the null hypothesis accepted.

(In this study, the p-value for both variables is 0.000, which is less than 0.05.)

Analysis of hypothesis -2

Null hypothesis (H_0): There is no significant (H_{02})
There is no significant relationship between UPI usage

and consumers purchase decisions, including increased spending or impulse buying.

Alternative hypotheses (H12): There is a significant relationship between UPI usage and consumer purchase decisions, including increased or impulse buying.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
9. Has your spending 4 after adopting UPI?	202	1.995	.9489	.0668
H2AVG	202	1.9686	.64183	.04516

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
9. Has your spending 4 after adopting UPI?	29.881	201	.000	1.9950	1.863	2.127
H2AVG	43.594	201	.000	1.96865	1.8796	2.0577

INTERPRETATION

A one-sample t-test was conducted to examine how adopting UPI has affected consumer spending.

The study involved 202 participants. The average score of 1.995 suggests that most people believe their spending habits have changed since using UPI. The p-value of 0.000 is below 0.05, which means the results are statistically significant.

Decision Rule

If the p-value is less than 0.05, we reject the null hypothesis.

Since the p-value is 0.000, which is less than 0.05, we reject the null hypotheses and accept the alternative hypothesis.

Analysis of hypothesis -3

Null hypothesis (H0): UPI cash back, rewards, and offers do not significantly influence consumer spending behavior.

Alternative hypotheses (H13): UPI cash back, rewards, and offers significantly influence consumer spending behavior

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
9. Has your spending 4 after adopting UPI?	202	1.995	.9489	.0668
H3AVG	202	1.9431	.57030	.04013

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
9. Has your spending 4 after adopting UPI?	29.881	201	.000	1.9950	1.863	2.127
H3AVG	48.424	201	.000	1.94307	1.8639	2.0222

Interpretation

A one sample t-test was performed using data from 202 participants to look at how their spending habits changed after starting to use UPI. The average score of 1.995 suggests that most people agree their spending has changed. The $p < 0.000$ shows that the results are statistically significant

Decision Rule:

if the p-value is less than 0.05, we reject the null hypothesis.

Since the p-value is 0.000, which is less than 0.05, we reject the null hypothesis and accept the alternative hypothesis

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Conclusion Summary

Impact of UPI on Consumer Spending Patterns
This research concludes that the Unified Payments Interface (UPI) has fundamentally reshaped the financial ecosystem in India by accelerating the transition toward a cashless digital economy. By analyzing data from 202 respondents in Vijayapura city, the study demonstrates that UPI has significantly altered consumer behavior across several key dimensions.