Journal Homepage: www.ijarpr.com ISSN: 3049-0103 (Online)

International Journal of Advance Research Publication and Reviews

Vol 03, Issue 10, pp 386-394, October, 2026

THE IMPACT OF UPI ON CONSUMER SPENDING HABITS IN INDIA: A STUDY OF DIGITAL PAYMENTS, IMPULSE BUYING AND FINANCIAL DISCIPLINE

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ABSTRACT :

The Unified Payments Interface (UPI) has emerged as a major innovation in India's digital payment ecosystem, transforming the manner in which individuals transfer money and purchase goods and services. Its speed, convenience and accessibility have encouraged consumers to adopt digital payments for everyday transactions, including grocery shopping, transportation, food purchases and online shopping. However, the increasing use of UPI also raises questions about its relationship with consumer spending habits, impulse buying, budgeting and financial discipline. This research paper examines the influence of UPI on consumer spending behaviour in India, with particular attention to the psychological and financial consequences of cashless transactions. The study adopts a descriptive and analytical approach based on secondary data, published academic literature and official institutional information. Mental Accounting Theory and the Theory of Planned Behavior provide the theoretical foundation for understanding how payment methods and individual attitudes may influence purchasing decisions. Existing research indicates that digital payment methods can affect actual spending, although the magnitude and direction of the effect may vary across individuals and circumstances. The paper argues that UPI can support efficient transactions and financial record-keeping while potentially encouraging unplanned expenditure among some consumers. It emphasises that payment convenience alone does not determine spending behaviour; income, financial literacy, budgeting habits and self-control are also important. The study recommends financial education, improved expense-tracking facilities and responsible digital payment practices. It concludes that UPI should be viewed as both a payment innovation and a factor worthy of investigation in consumer financial behaviour.

Keywords: Unified Payments Interface, UPI, consumer spending, digital payments, impulse buying, financial literacy, budgeting, behavioural economics, India.

1. INTRODUCTION

1.1 Background of the Study

Technological development has brought substantial changes to the banking and financial services sectors. Digital banking, mobile applications, electronic transfers and online payment systems have made financial transactions faster and more accessible. In India, the expansion of digital financial services has contributed to a gradual transformation in the way consumers make payments and manage money.

One of the most significant developments in this area is the Unified Payments Interface (UPI), introduced by the National Payments Corporation of India (NPCI). UPI enables users to transfer funds between bank accounts through compatible mobile applications. It supports immediate payments and allows individuals to transact without repeatedly entering complete bank account details.

UPI is used in a wide range of settings, from small neighbourhood shops and vegetable markets to restaurants, online retailers and utility payment platforms. Consumers can make payments by scanning a QR code, selecting a recipient or using other supported payment options. This flexibility has made UPI an important part of everyday commercial activity.

The National Payments Corporation of India publishes monthly data on UPI transaction volumes and values. Its official statistics illustrate the extensive scale of the system and provide a useful source for understanding the growth of digital payments in India (NPCI, n.d.). Nevertheless, the growth of digital transactions should not automatically be interpreted as an equivalent increase in consumer expenditure, because digital payments also replace transactions that would otherwise have been completed using cash or other payment methods.

The expansion of UPI raises an important question for commerce researchers: does the method of payment influence how consumers perceive, plan and control their expenditure?

Traditional cash payments involve physically handing over money. This action may make the financial cost of a purchase more noticeable. Digital payments, in contrast, allow consumers to complete transactions through a phone with minimal physical interaction with money. The convenience of digital payments may reduce the immediate awareness associated with spending and could influence purchasing decisions.

At the same time, UPI provides digital transaction records that may help consumers monitor expenses and prepare budgets. The relationship between

UPI and consumer behaviour is therefore complex. Digital payments may encourage convenience and efficiency while also creating new challenges for personal financial management.

1.2 Meaning of UPI

The Unified Payments Interface is an instant payment system developed by NPCI that facilitates money transfers between participating bank accounts through supported applications. It enables users to make person-to-person transfers and merchant payments.

Unlike cash transactions, UPI payments create electronic records that can be accessed through banking applications or transaction histories. These records can improve transparency for individual users and make it easier to review completed payments.

UPI must be distinguished from credit cards and buy-now-pay-later facilities. A standard UPI payment funded directly from a bank account does not necessarily involve borrowing. Therefore, any increase in spending associated with UPI should not automatically be attributed to credit availability. The possible influence of payment convenience and spending psychology must be examined separately from borrowing behaviour.

1.3 Consumer Spending Habits

Consumer spending habits refer to the patterns through which individuals purchase goods and services and allocate their available income. These habits include the frequency of purchases, average expenditure, preferred payment methods, impulse buying, budgeting and saving.

Consumer spending is influenced by several factors, including income, prices, preferences, social influences, advertising, convenience and expectations about future financial circumstances. Payment methods may also influence purchasing behaviour by changing the ease, visibility and psychological experience of a transaction.

Understanding these factors is important for commerce because consumer spending affects household financial stability, business revenue, retail activity and broader economic demand.

1.4 Significance of the Study

The study is significant because UPI has become an important component of India's payment infrastructure. Consumers, businesses, financial institutions and policymakers have an interest in understanding how digital payment systems affect financial decisions.

For consumers, the research highlights the importance of monitoring digital expenditure. For businesses, it helps explain how payment convenience may affect purchasing patterns. For educational institutions, it emphasises the need for financial literacy programmes that prepare students to manage money responsibly.

The study also contributes to the broader discussion of behavioural economics by considering whether the experience of paying can influence decisions independently of the product being purchased.

2. STATEMENT OF THE PROBLEM

UPI has simplified commercial transactions by reducing the time and effort required to make payments. Consumers can complete purchases without carrying cash, counting change or visiting a bank to transfer money. However, this convenience raises questions about whether digital payments influence spending frequency, impulse buying and financial discipline.

A consumer who makes several small payments throughout the day may not immediately recognise the cumulative amount spent. Digital payments can make purchases easier to complete, particularly when consumers are exposed to advertisements, promotional offers or convenient online shopping facilities.

Nevertheless, it would be inappropriate to conclude that UPI necessarily causes overspending. Some consumers may use digital transaction records to monitor expenditure more effectively, while others may use UPI mainly to replace cash payments without changing their overall spending.

The central problem of this study is to examine how UPI usage is associated with consumer spending habits and to identify the potential mechanisms through which digital payments may influence purchasing decisions and financial management.

3. OBJECTIVES OF THE STUDY

The main objective is to examine the impact of UPI on consumer spending habits in India.

The specific objectives are:

1. To study the growth and significance of UPI in India's digital payment ecosystem.
2. To examine the relationship between UPI usage and the frequency of consumer purchases.
3. To investigate the possible association between digital payment convenience and impulse buying.
4. To analyse how UPI transaction records may influence budgeting and expenditure tracking.
5. To understand the importance of financial literacy in responsible digital payment usage.
6. To examine the potential benefits and limitations of UPI for personal financial management.
7. To suggest measures that can promote responsible spending and effective budgeting among UPI users.

4. RESEARCH QUESTIONS

The study addresses the following research questions:

1. How has UPI changed the process of making everyday payments in India?
2. Is frequent UPI usage associated with changes in consumer purchasing frequency?
3. Can the convenience of UPI influence impulse buying?
4. How can digital transaction records support financial discipline?
5. What role does financial literacy play in managing digital expenditure?
6. What measures can help consumers benefit from UPI while maintaining control over spending?

5. RESEARCH HYPOTHESES

The following hypotheses are proposed for future empirical testing.

Null Hypothesis (H_0): There is no statistically significant relationship between the frequency of UPI usage and consumer spending behaviour.

Alternative Hypothesis (H_1): There is a statistically significant relationship between the frequency of UPI usage and consumer spending behaviour.

A supplementary hypothesis may examine whether consumers who regularly monitor their UPI transactions demonstrate better expenditure control than those who do not review their transaction histories.

These hypotheses are not treated as accepted or rejected in the present paper because no original questionnaire survey has been conducted for this study.

6. REVIEW OF LITERATURE

A review of existing research helps establish the relationship between payment methods, consumer psychology and spending behaviour.

6.1 Thaler (1985): Mental Accounting and Consumer Choice

Richard H. Thaler's work on Mental Accounting Theory explains how individuals categorise, evaluate and manage their money through informal mental systems. Consumers may allocate separate amounts to food, entertainment, savings and other expenses even when all the money belongs to the same household budget.

The theory is relevant to digital payments because the psychological experience of spending may differ according to the payment method. Cash expenditure can be immediately visible, whereas electronic payments may require consumers to review a transaction history before recognising their total expenditure.

Applied to UPI, Mental Accounting Theory suggests that consumers may benefit from categorising digital expenses and setting separate budgets for different purposes. However, the theory does not establish that every UPI transaction reduces financial awareness. Individual habits and the design of payment applications may affect how consumers perceive their expenditure.

6.2 Feinberg (1986): Credit Cards and Spending Stimuli

Feinberg examined the relationship between credit cards and consumer spending, proposing that payment instruments can act as stimuli that influence purchasing behaviour.

Although UPI differs from credit cards because standard bank-account-funded transactions do not automatically involve borrowing, Feinberg's research is relevant to the broader question of whether payment mechanisms influence purchasing decisions.

The study provides a foundation for examining whether the convenience and ease of digital payments affect consumers' willingness to make purchases. However, findings relating to credit cards cannot be transferred directly to UPI without considering differences in payment structure, access to credit and consumer experience.

6.3 Prelec and Simester (2001): Payment Methods and Willingness to Pay

Prelec and Simester investigated the effect of credit-card payments on willingness to pay. Their work contributes to the behavioural economics literature by showing that the form of payment can affect how consumers evaluate a purchase.

This perspective is useful for studying UPI because digital transactions may make the immediate financial sacrifice associated with spending less noticeable to some consumers.

However, willingness to pay in an experimental setting is not identical to actual household expenditure. Further research is necessary to establish how these effects operate during everyday UPI transactions in India.

6.4 Agarwal et al. (2024): Digital Payments and Consumption in India

Agarwal, Ghosh, Li and Ruan (2024) examined the impact of digital payment adoption on consumer spending using evidence associated with India's 2016 demonetisation.

The researchers used transaction-level data and exploited differences in consumers' dependence on cash before demonetisation. Their analysis found

that increased use of digital payments was associated with higher monthly spending among the affected consumers. The study also examined alternative explanations, including changes in income, prices and purchasing patterns.

This research is particularly relevant because it uses actual transaction data rather than relying exclusively on participants' recollections of their spending. Nevertheless, the study investigates digital payment adoption in the context of demonetisation and should not be interpreted as a precise estimate of the effect of UPI alone on all Indian consumers.

Its findings provide strong grounds for examining payment methods as a potential influence on consumer spending.

6.5 Dev et al. (2024): UPI and Individual Spending Behaviour

Dev, Gupta, Dharmavaram and Kumar (2024) investigated UPI usage and individual spending behaviour through a survey of 276 respondents and 20 follow-up interviews.

The researchers reported that approximately 75% of their participants perceived an increase in spending after adopting UPI. Some participants attributed this experience to the less tangible nature of digital payments and a reduced sense of guilt when spending.

The study is particularly relevant because it focuses on UPI users and explores individual perceptions. It also considers how payment application design could encourage financially responsible behaviour.

However, participants' reported experiences should not be interpreted as proof that 75% of all UPI users spend more. The result describes the study sample and relies on reported perceptions rather than establishing a universal causal effect.

6.6 Research Gap

Existing literature provides evidence that payment methods can influence spending and that some UPI users perceive changes in their purchasing habits. Nevertheless, further research is needed to examine differences between consumer groups, particularly in relation to income, age, financial literacy and budgeting practices.

There is also a need to distinguish between increased transaction frequency and increased total expenditure. A consumer may make more digital transactions because small purchases that previously involved cash are now recorded electronically. Such a change does not necessarily indicate that total consumption has increased.

The present study brings together research on digital payments, behavioural economics and personal financial management to develop a framework for understanding the relationship between UPI and consumer spending habits in India.

7. THEORETICAL FRAMEWORK

Two theoretical perspectives are particularly relevant to this study.

7.1 Mental Accounting Theory

Mental Accounting Theory, developed by Thaler (1985), explains how people mentally organise money into categories and make spending decisions according to those categories.

For example, an individual may allocate a fixed monthly amount for groceries and another amount for entertainment. If these budgets are maintained carefully, the individual may manage expenditure effectively regardless of the payment method.

However, frequent small digital payments can make it difficult for some consumers to recognise cumulative expenditure if they do not regularly review their transactions. A series of inexpensive purchases may appear insignificant individually but may represent a substantial amount when added together.

UPI applications may help address this issue by providing transaction histories and, where available, expense summaries. The effectiveness of these features depends on whether consumers use them consistently.

The theory therefore helps explain both the potential risk of reduced spending awareness and the opportunity to improve budgeting through digital records.

7.2 Theory of Planned Behavior

Ajzen's (1991) Theory of Planned Behavior explains that behavioural intentions are influenced by attitudes, subjective norms and perceived behavioural control.

In the context of UPI, consumers may develop positive attitudes towards digital payments because they are convenient, quick and widely accepted. Their friends, family members and merchants may also influence their decision to use UPI.

Perceived behavioural control refers to an individual's belief that they can perform a behaviour successfully. Consumers who are confident using mobile applications may adopt UPI more frequently.

However, adopting UPI and controlling expenditure are separate behaviours. An individual may be comfortable making digital payments but may not consistently follow a budget. Conversely, a financially disciplined consumer may use UPI frequently while maintaining strict spending limits.

The theory therefore highlights the importance of attitudes, social influences and self-control in understanding the relationship between digital payment adoption and consumer behaviour.

8. RESEARCH METHODOLOGY

8.1 Research Design

The study follows a descriptive and analytical research design. It reviews published literature and institutional information to examine how UPI may influence consumer spending habits.
The approach is appropriate for developing a conceptual understanding of the issue and identifying areas for further empirical investigation.

8.2 Sources of Data

The paper uses secondary data from academic journal articles, published research papers and official NPCI information.
Academic literature provides evidence on payment psychology and consumer spending, while official statistics establish the scale and development of UPI transactions.
No original survey has been conducted for this paper. Consequently, the analysis does not present newly collected questionnaire responses or claim to represent the experiences of a specific sample of Indian consumers.

8.3 Population and Sample for Future Research

A future primary study could focus on adult UPI users in India. For a college-level project, the population could be narrowed to college students and young working adults in Pune.
A sample of 100–150 respondents could be considered, depending on time and available resources. Convenience sampling may be practical for an exploratory college study, although its limitations should be acknowledged.
The findings from such a sample would apply primarily to the participants and should not automatically be generalised to the entire Indian population.

8.4 Proposed Data Collection Instrument

A structured questionnaire could collect information about:

- Frequency of UPI usage.
- Types of purchases made through UPI.
- Average spending and purchase frequency.
- Experiences of impulse buying.
- Frequency of reviewing transaction histories.
- Budgeting and saving practices.
- Awareness of financial security and digital payment risks.

Questions should be neutrally worded to avoid encouraging respondents to report that UPI increases their spending.

8.5 Proposed Analytical Techniques

If primary data are collected, the following methods may be used:

1. Percentage analysis to summarise responses.
2. Tables and charts to compare payment preferences.
3. Cross-tabulation to compare frequent and occasional UPI users.
4. Correlation analysis to examine relationships between usage frequency and reported spending behaviour.
5. Appropriate statistical tests to assess whether observed relationships are statistically significant.

Correlation alone would not establish that UPI causes increased spending. Other factors, including income, age, lifestyle and purchasing needs, would need to be considered.

8.6 Scope of the Study

The study focuses on the relationship between UPI and consumer spending habits in India. It considers transaction convenience, purchase frequency, impulse buying, expense tracking and financial discipline.
It does not attempt to estimate the causal impact of UPI on total household consumption across the entire country.

8.7 Limitations of the Methodology

The research relies on secondary sources, which may differ in sample characteristics, methods and definitions of digital payments. Some studies examine digital payments generally, whereas others focus specifically on UPI.
The paper also cannot establish the current spending behaviour of all Indian consumers. Its conclusions should therefore be understood as a synthesis of existing evidence and a framework for further investigation.

9. ANALYSIS AND DISCUSSION

9.1 Convenience and Consumer Purchasing Frequency

One of the principal advantages of UPI is the convenience it offers. Consumers can complete transactions without handling cash or waiting for change. This feature is useful for routine purchases such as groceries, transport, snacks and household supplies.

The reduced effort involved in making payments may encourage consumers to complete purchases more frequently. Small purchases that might previously have required cash can now be completed almost instantly.

However, purchase frequency and total expenditure must be distinguished. A consumer who makes ten UPI payments instead of three cash payments may simply be dividing purchases into more transactions. Unless the total amount spent is examined, it is impossible to conclude that the consumer has increased expenditure.

Therefore, research on UPI should measure both the number of transactions and the total amount spent.

9.2 UPI and Impulse Buying

Impulse buying occurs when a consumer makes an unplanned purchase with limited prior consideration. It may be influenced by attractive displays, advertising, discounts, emotional states and social pressure.

UPI can reduce the practical barriers involved in completing a purchase. A consumer who sees an appealing product may decide to buy it immediately because payment is quick and convenient.

For example, a student may purchase an additional snack, pay for an unplanned online order or buy a product during a promotional sale. When such purchases occur repeatedly, they may affect the amount available for planned expenses.

The findings of Dev et al. (2024) suggest that some UPI users perceive an increase in spending after adopting digital payments. These findings make impulse buying an important subject for further research.

Nevertheless, not every unplanned purchase results from the payment method. Advertising, product appeal, personal preferences and the consumer's financial circumstances also play important roles.

9.3 Psychological Differences Between Cash and Digital Payments

Cash payments involve a visible transfer of physical currency. This may make the cost of a purchase more immediately noticeable.

Digital payments create a different experience. Consumers authorise a transaction through a device, and the money is transferred electronically. For some individuals, this process may reduce the immediate feeling of parting with money.

Behavioural economics describes this issue through the concept of the pain of paying. The concept refers to the psychological discomfort or awareness associated with spending money.

When this awareness is reduced, consumers may pay less attention to individual expenditures. However, the effect depends on the individual and the circumstances. Some consumers may be highly conscious of their digital spending because they receive notifications or review their account balances after each transaction.

Consequently, the psychological effect of UPI should be investigated rather than assumed to be identical for all users.

9.4 Digital Payments and Financial Discipline

Financial discipline involves planning expenditure, maintaining savings and making purchases according to available resources.

UPI creates digital records that may help consumers monitor their expenditure. By reviewing transaction histories, individuals can identify recurring payments, frequent small purchases and areas where spending could be reduced.

For instance, a consumer may discover that several small food purchases account for a substantial portion of weekly expenditure. This information can support better budgeting decisions.

However, the availability of records does not guarantee that consumers will use them. Individuals who rarely review their transactions may not recognise their spending patterns until their available balance becomes low.

UPI can therefore support financial discipline when consumers actively use transaction information as part of a budgeting routine.

9.5 The Role of Financial Literacy

Financial literacy refers to the knowledge and skills required to make informed financial decisions. It includes understanding budgeting, savings, interest, borrowing, risk and financial planning.

Consumers with strong budgeting habits may be better equipped to use UPI without exceeding their financial limits. They can set spending targets, compare actual expenditure with planned budgets and make adjustments when necessary.

Consumers with limited financial awareness may find it more difficult to assess the cumulative effect of small purchases. They may also fail to distinguish between money available for spending and money that should be reserved for essential expenses or savings.

Financial literacy is therefore important not because UPI is inherently harmful, but because responsible payment usage requires awareness of personal financial limits.

9.6 Promotional Offers and Digital Consumption

Cashback offers, reward points and promotional discounts may influence consumer purchasing decisions. Such incentives can make transactions appear more attractive and may encourage consumers to choose one payment method over another.

In some cases, a consumer may purchase an item primarily because a promotion is available. This behaviour can lead to additional expenditure if the product was not originally needed.

However, promotional incentives may also help consumers save money when they apply to purchases that were already planned. The financial effect depends on whether the promotion reduces the cost of necessary spending or encourages unnecessary purchases.

The relationship between UPI and consumer spending should therefore consider promotional incentives separately from the basic convenience of the payment system.

9.7 UPI and Household Budgeting

Household budgeting involves allocating income to essential expenses, discretionary purchases, savings and financial commitments.

UPI may support budgeting because digital records provide information about completed transactions. Consumers can use this information to estimate how much they spend on food, transport, shopping and other categories.

Nevertheless, transaction records may not automatically classify every purchase in a useful way. Consumers may need to organise their expenditure manually or use additional budgeting tools.

A household that reviews its transactions regularly may benefit from improved visibility. A household that does not review its records may experience little improvement in budgeting simply because payments have become digital.

Thus, the financial benefits of UPI depend partly on how consumers use the information generated by the system.

9.8 Interpreting Evidence from India

Agarwal et al. (2024) provide evidence that increased digital payment adoption was associated with increased monthly spending among consumers affected by the 2016 demonetisation. Their study uses transaction-level data and an empirical strategy designed to identify the effect of a change in payment methods.

The study is important because it moves beyond general perceptions and examines actual transactions. It suggests that the psychological characteristics of payment methods may influence spending.

However, the research concerns digital payment adoption in a particular historical setting. It should not be used to claim that UPI has increased spending by the same percentage among all current users.

Similarly, the findings of Dev et al. (2024) provide evidence about reported experiences among a particular group of UPI users. These findings are useful for identifying possible behavioural mechanisms but do not establish a universal pattern.

Taken together, the studies suggest that payment methods deserve attention in consumer research. They also demonstrate the importance of distinguishing individual perceptions, observed associations and causal effects.

9.9 UPI Transactions and Economic Activity

UPI has made it easier for consumers and merchants to conduct electronic transactions. Digital payments can reduce the inconvenience associated with handling cash and provide records that may support business accounting.

For small businesses, digital payments may simplify the collection of payments and reduce the need to maintain change. For consumers, the ability to pay electronically can make transactions more convenient.

Nevertheless, growth in transaction volume should not be interpreted as direct evidence of increased consumption. A transaction count can rise because more purchases are being paid digitally, because consumers divide payments differently, or because money transfers between individuals become more frequent.

A reliable assessment of the impact on consumption requires data on the value and purpose of purchases, not merely the total number of UPI transactions.

10. MAJOR OBSERVATIONS

The analysis of existing literature and theoretical perspectives leads to the following observations.

First, convenience is a defining feature of UPI. It reduces the effort involved in making payments and supports everyday commercial transactions.

Second, payment methods may influence the psychological experience of spending. Research on digital payments suggests that reduced salience of money can affect consumer decisions in some circumstances.

Third, impulse buying is a relevant area of investigation. The ease of making a payment may facilitate unplanned purchases, although the influence of advertising, income and personal preferences must also be considered.

Fourth, transaction records can support budgeting. UPI can help consumers review expenditure, provided they actively use the available information.

Fifth, financial literacy remains important. Consumers need to understand their income, expenses and savings goals regardless of the payment method they choose.

Sixth, transaction frequency is not equivalent to total expenditure. More digital transactions do not necessarily mean that consumers are buying more

goods and services.
Finally, further empirical research is required. Studies involving different consumer groups and actual spending records could help clarify the relationship between UPI usage and financial behaviour.
These observations are derived from published research and conceptual analysis. They are not presented as findings from an original survey conducted by the author.

11. RECOMMENDATIONS

11.1 Recommendations for Consumers

Consumers should develop the habit of reviewing their UPI transaction histories regularly. Weekly reviews can help identify unnecessary purchases and recurring expenses.
They should also establish budgets for essential and discretionary expenditure. Setting limits for entertainment, food delivery and non-essential shopping may help prevent small purchases from accumulating into substantial expenditure.
Consumers should avoid making purchases solely because cashback or promotional offers are available. The decision to purchase should be based on need, affordability and value rather than the payment incentive alone.

11.2 Recommendations for Educational Institutions

Colleges should include practical financial literacy activities in student development programmes. Students can be taught to prepare monthly budgets, calculate expenditure, understand savings and evaluate the consequences of impulse buying.
Workshops can also demonstrate how transaction records can be used to identify spending patterns. Such programmes would help students understand the relationship between digital convenience and personal financial responsibility.

11.3 Recommendations for UPI Application Providers

Payment application providers could offer optional tools that help consumers monitor their expenditure. These may include weekly summaries, category-wise spending reports, monthly budgets and notifications when spending approaches a user-defined limit.
Such features should be transparent, easy to understand and designed to support informed decision-making rather than encourage additional transactions.

11.4 Recommendations for Policymakers

Financial education initiatives should explain both the benefits and the potential behavioural risks associated with digital payments.
Public awareness campaigns can promote secure UPI usage, transaction verification and responsible financial management. Consumers should be encouraged to use digital payment systems confidently while remaining aware of their financial limits.

11.5 Recommendations for Businesses

Businesses should provide transparent pricing and clear payment confirmations. Promotional offers should communicate their terms accurately so consumers can make informed decisions.
Merchants can benefit from digital payments while recognising that long-term customer relationships depend on trust, service quality and value rather than payment convenience alone.

11.6 Recommendations for Future Researchers

Future studies should investigate how the relationship between UPI and spending varies according to age, income, occupation and financial literacy.
Researchers should distinguish between planned and unplanned purchases and measure both transaction frequency and total expenditure. Where possible, survey responses could be compared with anonymised transaction records obtained with appropriate consent and privacy protections.
Longitudinal research would be especially useful because it could examine whether spending patterns change over time rather than relying solely on participants' memories.

12. LIMITATIONS OF THE STUDY

The study has several limitations.
First, it relies on secondary research rather than original survey data. It therefore cannot establish the spending behaviour of a new sample of Indian consumers.
Second, the reviewed studies use different methods and populations. Research on general digital payments may not produce identical findings for UPI, which is primarily associated with instant bank-account transfers.
Third, some findings rely on self-reported experiences. Participants' perceptions of increased spending may differ from changes measured through

transaction records.

Fourth, consumer behaviour is influenced by several factors, including income, inflation, advertising, family responsibilities and personal preferences. These factors may complicate the relationship between payment method and expenditure.

Fifth, aggregate UPI transaction statistics describe the scale of the payment system but do not directly reveal whether consumers have increased their total consumption.

Finally, the theoretical framework identifies possible relationships but cannot establish causation without an appropriate empirical research design.

These limitations mean that the conclusions should be interpreted as a synthesis of existing evidence and a basis for further research.

13. CONCLUSION

The Unified Payments Interface has become an important part of India's digital payment ecosystem and has changed the way many consumers complete everyday transactions. Its convenience, speed and accessibility offer clear advantages to individuals and businesses.

However, the relationship between UPI and consumer spending habits is complex. The convenience of digital payments may reduce the practical effort involved in purchasing goods and services. For some consumers, the less tangible nature of digital transactions may also reduce immediate awareness of expenditure and encourage unplanned purchases.

At the same time, UPI generates transaction records that can support expense tracking and financial planning. Consumers who regularly review their transactions and maintain clear budgets may use digital payments without losing control of their expenditure.

The reviewed literature indicates that payment methods can influence spending behaviour. Agarwal et al. (2024) provide empirical evidence of a spending response associated with digital payment adoption in the context of demonetisation, while Dev et al. (2024) document reported spending changes among surveyed UPI users. These studies provide a foundation for further investigation, but their findings should not be generalised indiscriminately to every UPI user in India.

The central conclusion of this paper is that UPI should not be viewed as inherently responsible for overspending. Rather, it is a payment technology whose effects may depend on individual behaviour, financial awareness and the circumstances in which it is used.

Financial literacy, regular expense monitoring and responsible payment practices can help consumers benefit from digital convenience while maintaining financial discipline. Future empirical research using representative samples and reliable spending data would help establish more precisely how UPI influences purchasing frequency, impulse buying and total expenditure across different consumer groups in India.

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