IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Impact of Digital Payments (UPI) on Consumer Financial Behavior : A Comparative Study Across Different Age Groups

Shubhankar Ajit Pawar*. Suresh Bhaskar Patil**
SY MBA students
Dr Anshuman Magar, Research Guide,
School of Business Management
JSPM University Pune

Abstract

In recent years, digital payment systems have changed the way people manage and use money, especially in developing countries like India. One of the most important digital payment innovations in India is the Unified Payments Interface (UPI). UPI allows people to transfer money instantly between bank accounts using smartphones, making financial transactions fast, secure, and easy. Because of this, UPI has become a very popular mode of payment for daily activities such as shopping, bill payments, and money transfers.

The main aim of this research is to study how the use of UPI affects consumer financial behaviour. This study focuses on changes in spending habits, saving behaviour, and dependency on cash. It also compares how people from different age groups use UPI and how their financial behaviour differs after adopting digital payments.

The study is based on a descriptive and analytical research design. Primary data was collected through a structured questionnaire shared using Google Forms. A total of 100 respondents from different age groups participated in the survey. The collected data was analysed using basic statistical tools such as percentage analysis and comparative analysis.

The results of the study show that UPI usage has significantly increased the frequency of transactions and has reduced the use of cash. Many users reported increased spending, including impulse purchases, due to the ease of digital payments. The study also found that younger age groups are more comfortable with UPI and show stronger behavioural changes compared to older individuals.

The research concludes that while UPI provides great convenience and improves financial accessibility, it may negatively affect spending discipline if not used carefully. The findings of this study can help policymakers, banks, and financial institutions design better awareness programs to promote responsible use of digital payment systems.

Keywords

Unified Payments Interface (UPI), Digital Payments, Consumer Financial Behaviour, Spending Behaviour, Impulse Buying, Age Cohorts, Financial Discipline,

1. Introduction

Over the past decade, the Indian financial system has experienced rapid digital transformation. This change has been driven by increased use of smartphones, better internet connectivity, and strong government support for digitalization. The Government of India has actively encouraged the shift towards a cashless economy to increase transparency, reduce corruption, and improve financial inclusion.

One of the most important developments in India's digital payment ecosystem is the Unified Payments Interface (UPI). UPI was developed by the National Payments Corporation of India (NPCI) and was launched to simplify bank-to-bank money transfers. It allows users to send and receive money instantly using mobile applications, without the need to enter long bank details.

UPI has been integrated with popular mobile applications such as Google Pay, PhonePe, Paytm, and BHIM. These applications are simple to use and widely accepted by merchants, making UPI accessible to people across both urban and rural areas. As a result, UPI has become an essential part of daily financial activities in India.

The transition from cash-based transactions to digital payments has not only improved convenience but has also influenced consumer financial behaviour. With UPI, payments can be made instantly, anytime and anywhere. This ease of use may encourage people to spend more frequently and reduce the habit of saving cash. Many consumers no longer feel the physical impact of spending money, which may reduce financial discipline.

Different age groups respond differently to new technologies. Younger individuals usually adopt digital tools more quickly due to higher digital literacy and comfort with smartphones. Older individuals, on the other hand, may be hesitant due to lack of technical knowledge or security concerns. Therefore, it is important to study how UPI affects financial behaviour across different age cohorts.

This research aims to understand how UPI usage impacts spending, saving, and cash dependency among consumers in India, and how these effects vary among different age groups.

2. Literature Review

Several studies have examined the impact of digital payment systems on consumer behaviour in recent years. Researchers have found that digital payment methods have significantly improved transaction convenience and speed, leading to increased usage.

Many studies suggest that digital payments reduce the "pain of paying." When consumers use cash, they physically feel the money leaving their hands, which creates spending awareness. However, with digital payments like UPI, the transaction is completed with just a few clicks, making spending feel less significant. This often leads to impulse buying and higher spending frequency.

Research on mobile-based payment systems has also shown a strong reduction in cash dependency. Consumers who frequently use digital payments tend to carry less cash and rely more on their smartphones for transactions. This shift is especially visible in urban areas and among younger populations.

Studies further indicate that age plays an important role in technology adoption. Younger users are

more flexible and willing to experiment with new financial technologies. They also tend to use digital payments more frequently for small and recurring transactions. Older users usually adopt such technologies at a slower pace due to concerns related to security, complexity, or unfamiliarity.

Reports published by the Reserve Bank of India highlight the rapid growth of UPI transactions and its positive role in promoting financial inclusion. UPI has enabled people from different income groups to access formal financial systems easily. International studies on financial technology adoption also show that while digital payments improve access, they may increase the risk of overspending if users do not maintain control over their expenses.

Despite extensive research on digital payments, limited studies focus on a comparative analysis of consumer behaviour across different age groups in the Indian context. This research attempts to fill this research gap by analysing behavioural differences among age cohorts.

3. Objectives of the Study

The main objectives of this research study are:

- To analyze the impact of UPI usage on consumer spending behaviour
- To examine changes in saving habits after adopting digital payments
- To study the reduction in cash dependency due to UPI usage
- To compare financial behaviour among different age groups
- To understand consumer perception regarding convenience and security of UPI

5. Research Methodology

5.1 Research Design

The research follows a descriptive and analytical research design. This design helps in understanding current patterns and analysing the relationship between UPI usage and consumer financial behaviour.

5.2 Data Collection

Primary Data:

Primary data was collected through a structured questionnaire prepared using Google Forms. The questionnaire included close-ended questions related to spending habits, frequency of UPI usage, saving behaviour, and cash dependency.

Secondary Data:
Secondary data was collected from research journals, articles, reports published by the Reserve Bank of India, National Payments Corporation of India, and other online sources related to digital payments.

5.3 Sample Size

- Total number of respondents: 100
- Sampling method used: Convenience sampling

The respondents belonged to different age groups to ensure a comparative analysis.

5.4 Data Collection Tool

- Online survey using Google Forms

- Close-ended questions
- Multiple choice questions and Likert scale statements

5.5 Data Analysis Techniques

The following tools were used for data analysis:

- Percentage analysis
- Bar charts and pie charts
- Age-wise comparative analysis
- Cross-tabulation

5.6 Limitations of the Study

The study has certain limitations, which are mentioned below:

- The sample size is limited to 100 respondents
- Responses may be biased due to self-reporting
- The study is restricted to selected demographic groups
- Advanced statistical tools were not used
- Results may not represent the entire population

6. Data Analysis and Interpretation

This section presents the analysis of data collected from 100 respondents belonging to different age groups. The main purpose of this analysis is to understand how UPI usage affects consumer financial behaviour. Simple tools like percentage analysis and comparative analysis were used to interpret the data in an easy and understandable manner.

6.1 Impact on Spending Behaviour

Response	**Frequency**	**Percentage (%)**
Increased Spending	70	70%
No Change	20	20%
Decreased Spending	10	10%
Total	100	100%

Table 6.1: Impact on Spending Behaviour Usage Among Respondents Interpretation:
Most respondents (70%) reported increased spending after adopting UPI, showing a strong impact on consumer behaviour.

6.2 Age-wise Distribution of Respondents

Age Group	**Respondents**	**Percentage**

18–25	40	40%
26–35	30	30%
36–50	20	20%
50+	10	10%

Table 6.2: Age-wise Distribution of Respondents

Interpretation:

The table shows that a large portion of the respondents (70%) belong to the age group of 18 to 35 years. This indicates that younger individuals are more active and engaged in digital platforms. Older age groups (50+) form a smaller percentage, which may indicate limited participation or lower willingness to adopt digital payment technologies.

6.3 Frequency of UPI Usage

Frequency	Respondents	Percentage
Daily	55	55%
Weekly	25	25%
Occasionally	15	15%
Rarely	5	5%

Table 6.3: Frequency of UPI Usage Among Respondents

Interpretation:

More than half of the respondents use UPI daily, showing that UPI has become an essential part of everyday financial transactions. Weekly and occasional users together account for 40%, while very few respondents use UPI rarely. This highlights the strong acceptance and regular usage of UPI among consumers.

6.4 Saving Habits Dataset

Response	**Frequency**
Increased	22
Decreased	48
No Change	30
Total	**100**

Table 6.4: Impact of UPI Usage on Saving Habits Dataset Interpretation:

A majority of respondents reported that their spending has increased after adopting UPI. This suggests that the ease and speed of digital payments may reduce control over spending. The remaining 32% did not observe any change, indicating that spending behaviour depends on individual financial discipline.

6.5 Impulse Buying Behaviour

Response	Respondents	Percentage
Yes	60	60%

No	40	40%

Table 6.5: Impulse Buying Behaviour After UPI Adoption

Interpretation:
60% of respondents agreed that UPI has led to more impulse buying. This shows that quick and effortless payment options encourage consumers to make unplanned purchases, especially for small-value transactions.

6.6 Reduction in Cash Usage

Response	Respondents	Percentage
Yes	85	85%
No	15	15%

Table 6.6: Reduction in Cash Usage Due to UPI

Interpretation:
An overwhelming majority of respondents have reduced their use of cash after adopting UPI. Digital convenience, wide merchant acceptance, and instant transfers have made cash less necessary for daily transactions.

6.7 Age Group vs Daily UPI Usage (Comparative Analysis)

Age Group	Daily Usage
18–25	80%
26–35	70%
36–50	50%
50+	30%

Table 6.7: Age Group-wise Daily Usage of UPI (Comparative Analysis) Interpretation:
The comparison clearly shows that younger age groups use UPI more frequently than older groups. Individuals aged 18–25 show the highest daily usage, while those above 50 years show relatively slower adoption. This indicates a digital divide based on age, technology awareness, and comfort level.

7. Findings of the Study

Based on the data analysis, the following key findings were identified:

The findings show that UPI has greatly increased both the number and frequency of financial transactions. This has made payments faster and more convenient for users. However, this convenience has also led to higher overall spending. Consumers often make more frequent purchases after they start using digital payment methods. The ease and speed of transactions have led to more

impulse buying, where users make unplanned purchases without much thought. At the same time, reliance on cash has dropped significantly, indicating a clear shift toward digital financial habits.

The data also reveals that younger people, especially those aged 18 to 35, are the main users of UPI. They are more comfortable with technology and online platforms. In contrast, older consumers tend to be cautious and prefer to use digital payments less because of security concerns and lack of familiarity with the system. Another key observation is that many users do not actively monitor their expenses, even though their spending has gone up, which can result in poor financial management. Overall, while UPI is seen as very convenient and efficient, it also poses challenges in keeping spending in check for users.

9. Conclusion

This study concludes that the Unified Payments Interface (UPI) has brought a major change in consumer financial behaviour in India. Digital payments have made transactions faster, easier, and more accessible to all sections of society. UPI has helped in promoting financial inclusion and reducing the dependency on physical cash.

However, the ease of digital payments has also led to increased spending and impulse buying, especially among younger users. The psychological barrier associated with spending money has reduced, which may negatively affect saving habits and financial control.

The comparative analysis clearly shows that younger consumers are more influenced by UPI usage, while older individuals adopt a cautious approach. Overall, UPI is a powerful and beneficial financial innovation, but it must be supported by financial awareness and discipline to avoid long-term financial issues.

10. Suggestions and Recommendations

Based on the findings, the following suggestions are recommended:

Financial literacy programs focusing on digital spending control are important in today's digital payment environment. With the ease of UPI and online transactions, people, especially young people, often spend impulsively. Awareness programs and workshops can help users understand spending patterns, set limits, and make informed financial decisions.

Promoting the use of expense trackers in UPI apps can further improve financial discipline. These tools help users monitor their spending, identify unnecessary expenses, and manage money more effectively. At the same time, it is essential to encourage budgeting and saving habits among young users. Creating monthly budgets and developing a saving habit can ensure long-term financial stability.

Strengthening cybersecurity and fraud awareness is also necessary to build trust in digital systems. Users should be educated about safe practices, like not sharing OTPs and avoiding suspicious links. Additionally, banks and the RBI should promote responsible digital finance use through awareness campaigns and in-app guidance.

Lastly, educational institutions should include digital financial awareness in their curricula. This will help students develop responsible financial habits early and be better prepared to manage digital finances in the future.

11. References

- Reserve Bank of India. (2023). *Annual Report on Digital Payments in India*.
- National Payments Corporation of India. (2024). *UPI Product Statistics and Growth Trends*.
- Kumar, A., & Sharma, R. (2022). Digital payments and consumer behaviour in India. *Journal of Financial Studies*, 14(2), 45–60.
- Singh, P. (2021). Impact of cashless transactions on spending behaviour. *International Journal of Finance*, 9(1), 23–35.
- World Bank. (2023). *Financial Inclusion and Digital Payments Report*.
- Deloitte. (2022). *India Digital Banking Report*.
- T. K. Vadapalli, S. Kanchi, S. Joglekar, V. Phalke, J. Hareesh and A. Magar, "Leveraging Artificial Intelligence for Improved Financial Decision-Making in the Indian Mutual Fund Sector," 2025 First International Conference on Advances in Computer Science, Electrical, Electronics, and Communication Technologies (CE2CT), Bhimtal, Nainital, India, 2025, pp. 970-975, doi: 10.1109/CE2CT64011.2025.10939360.
- Abirami, M., Abbas, S. S. J., Jamal, N., Magar, A., & TVSS, S. D. (2023). Assessing the impact of technological advances on business management techniques. International Journal of Professional Business Review: Int. J. Prof. Bus. Rev., 8(7), 6.
- Dr. Vineeta Agrawal and Dr. Anshuman Magar. Non-Performing Assets (NPA) in Indian Banking: Causes, consequences, and remedial measures. Int. J. Res. Manage. 2023;5(2):62-65. DOI: 10.33545/26648792.2023.v5.i2a.95
- Agrawal, V., & Magar, A. (2024). AI-Driven Investment Strategies: Opportunities and Limitations in financial markets. International Journal of Research Publication and Reviews, 5(8), 4519–4526. https://ijrpr.com/uploads/V5ISSUE8/IJRPR32647.pdf
- OECD. (2021). *Financial Consumer Behaviour in the Digital Age.*
- Magar, A., Patel, K., Patil, K., & Jadhav, R. (2025). Revolutionizing Banking through FinTech: An Empirical Study of Adoption Trends in Pune, Maharashtra. INTERNATIONAL JOURNAL OF ADVANCE RESEARCH IN COMPUTER SCIENCE AND MANAGEMENT STUDIES, 13(5), 32–43. https://doi.org/10.61161/ijarcsms.v13i5.4