

Tap, Pay, Spend: A Study on UPI Usage and Consumer Spending Behavior in India

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Abstract: *This research examines the impact of Unified Payments Interface (UPI) usage on consumer spending patterns in India as part of the "Tap, Pay, Spend" phenomenon. As digital payment platforms are increasingly being used, UPI is increasingly popular because it is fast, easy to use and accessible. This study seeks to determine whether there is a significant impact on consumer spending behavior from the growth in UPI usage.*

The study used a survey questionnaire to gather primary data, and statistical methods like correlation and regression analysis to test the hypothesis. Results show that UPI usage has a substantial effect on consumers' spending patterns, especially in terms of frequency of transactions and impulsive buying. This research underscores the psychological effects of digital payments and the need for financial literacy.

Keywords: UPI Usage, Consumer Spending Behavior, Digital Payments, Cashless Economy, Fintech

I. INTRODUCTION

In the fast-changing digital landscape, the way payments are made has changed drastically with the advent of technology. Fintech has brought new technologies that have revolutionised payments, making them quicker, convenient and accessible. One such development is the Unified Payments Interface (UPI), which has gained popularity in India. This system has made it easier by enabling real-time money transfers via smartphones. This has led to a shift in consumer behaviour from cash to digital payments.

This shift towards a cashless society has also impacted consumer payment and spending. Electronic payments eliminate the use of cash and offer convenience, which can influence consumer behaviour and spending patterns. To better understand these developments, it is necessary to understand concepts such as UPI usage, consumer spending behaviour, digital payments, cashless economy and fintech. These concepts are elaborated in the sections below.

UPI Usage

UPI usage is the amount of digital transactions made with UPI. This could relate to activities like transferring funds, bill payments and payments for goods through apps. More usage reflects greater reliance on digital payments.

Consumer Spending Behavior

Consumer spending patterns are the choices and actions taken when consumers purchase products and services. This involves aspects such as frequency of spending, the amount spent, and whether spending is impulsive or planned.

Digital Payments

Electronic payments are those made using digital payment methods like UPI, mobile wallets and online banking. These transactions do away with the need for cash and make payments quicker and more convenient.



Cashless Economy

A cashless economy refers to an economy in which most transactions are performed electronically rather than using physical cash. This ensures transparency, efficiency and inclusion for individuals.

Fintech

Fintech is using technology to enhance financial services. It is crucial in creating digital payment platforms such as UPI and in improving the speed of financial transactions.

II. REVIEW OF LITERATURE

1. Jani, Upadhyay & Bhavsar (2026)

The study examines the use of digital payments through UPI and its adoption by consumers, along with usage patterns. It reveals that convenience, security and usability are the major factors affecting adoption. The study demonstrates that increased user satisfaction results in greater use. It also implies that confidence in digital platforms is crucial in driving consumer adoption and usage of UPI. The research suggests that increased usage may also impact spending habits in the long run. It also indicates that consumer demographics, like age and educational background, influence adoption. The study concludes that better user experience can lead to higher long-term usage and adoption of digital payments.

2. Khan (2023)

This research explores the consumer perceptions of digital payments in India, focusing on the use of UPI. It shows that speed, convenience and accessibility are key factors driving the usage of digital payments. It also shows that frequency of using UPI results in higher number of transactions and a change in the consumer's spending behaviour. It also shows that digital payments decrease the dependency on cash and drive frequent and small payments. Moreover, the study highlights that cashback and other offers are effective in encouraging consumers to make more frequent payments using UPI. It also shows that younger people prefer digital payments owing to their tech-savviness. It concludes that repeated use of digital payments leads to the transformation of consumers' payment behaviour.

3. Kumawat (2024)

This research offers an overview of digital payments in India with particular emphasis on UPI. It finds that ease of use, fast transactions and security and privacy are key factors driving adoption. The study also implies that these attributes are also driving consumers to move away from cash to digital payments. Thus, consumers are more likely to use digital methods of payment, which could affect their spending patterns. The research also suggests that trust and reliability play a critical role in ensuring long-term usage. It also suggests that innovation in fintech can additionally boost usage.

4. Lakshmi (2024)

The study discusses the rise of digital payments and its influence on consumer preferences in India. The study suggests that digital payment platforms have transformed the experience of payments, making them easier and faster, which has resulted in higher adoption. It also reveals that consumers have greater trust and security while making payments using digital platforms. It also indicates that the convenience and simplicity in using such systems leads to shift in consumer behaviour. The study also indicates that digital literacy is a factor in adoption. It finds that better understanding of digital payments can improve their utility.

5. Malik & Rana (2026)

This research explores the effect of digital payments on spending. It reveals that using digital payments such as UPI drives impulse purchase and impacts spending habits. The study notes that convenience in payments lowers the spending control, leading to increased consumption. It also implies that users may not be accurately tracking their



spending when using digital payments. The research also suggests that excessive use of digital payments may result in overspending. It highlights the need for financial literacy and budgeting services.

6. Samit (2025)

This study examines the effect of UPI in India. The research finds that a high usage of UPI leads to higher consumer spending and lower savings. It uses insights from behavioral finance, such as the "pain of paying", to understand how electronic payments decrease the cognitive pain associated with payment. It also suggests consumers have a tendency to make more impulsive buying decisions because of the convenience. And it notes that sustained use of UPI could alter consumers' long-term spending patterns. The research also notes that customers tend to use digital records more than mental accounting, which could impact their financial management. It calls for the awareness of safe spending behavior in a digital world.

7. Samwani & Khanna (2024)

This research focuses on the digital payment trend in India, with a focus on UPI. It notes that UPI has played a crucial role in improving financial inclusion and promoting digital payments in both rural and urban India. The study claims that the availability and convenience of digital payments have transformed the existing payment methods and consumer behaviour. It also highlights that the rising usage of UPI has impacted the behaviours of consumers' financial transactions. The research also highlights that government policies and awareness campaigns have driven the uptake of UPI. It finds that digital payments are set to become a mainstream payment option in India.

8. Shree et al. (2021)

This empirical research examines the use and experience of digital payments in India. It shows that digital payments enhance convenience, efficiency and user experience. The results indicate that a good user experience leads to continued use of digital payments. At the same time, greater usage will potentially result in more frequent payments and different spending patterns. It also notes that trust and security are crucial for usage. It concludes that service quality improvements can also increase user satisfaction and usage.

III. OBJECTIVES OF THE STUDY

- To examine the relationship between UPI usage and changes in consumer spending behavior.
- To understand how digital payment methods influence consumer spending habits.

IV. HYPOTHESIS

- H_0 (Null Hypothesis): There is no significant relationship between UPI usage and consumer spending behavior.
- H_1 (Alternative Hypothesis): There is a significant relationship between UPI usage and consumer spending behavior.

V. RESEARCH METHODOLOGY

5.1 Research Design

- The study follows a descriptive and analytical research design.

5.2 Data Collection

- Primary Data: Collected through a structured questionnaire
- Secondary Data: Collected from journals

5.3 Sample Size

- A sample of 100 respondents was selected for the study



5.4 Sampling Technique

- Random sampling method was used

5.5 Tools for Data Analysis

- Microsoft Excel

VI. DATA ANALYSIS AND INTERPRETATION

Correlation and regression analysis were used to test the hypothesis.

- If p-value < 0.05 → Reject H_0
- If p-value > 0.05 → Accept H_0

Result: The calculated p-value is less than 0.05. Therefore, the null hypothesis (H_0) is rejected.

SUMMARY OUTPUT

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<i>Regression Statistics</i>								
Multiple R	0.32002561							
R Square	0.10241639							
Adjusted R Square	0.09316295							
Standard Error	0.7108156							
Observations	99							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	5.59216763	5.59217	11.067927	0.00124			
Residual	97	49.0101051	0.50526					
Total	98	54.6022727						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.17841667	0.38346666	5.68085	1.4E-07	1.41734	2.93949	1.4173415	2.9394918
3	0.35302063	0.1061126	3.32685	0.00	0.14242	0.56362	0.1424165	0.5636248



This empirical study looks at the usage and experience of digital payments in India. It finds that digital payments improve convenience, efficiency and user experience. The findings show that a positive user experience will result in continued usage of digital payments. This will in turn lead to more frequent payments and other changes in consumer behaviour. It also finds trust and security are important for usage. It also notes that an improvement in service quality also leads to increased usage and satisfaction.

VII. CONCLUSION

It finds that UPI has a substantial impact on consumer spending. The convenience, efficiency and convenience of electronic payments promote more transactions and greater spending habits. The null hypothesis is rejected, which means that there is indeed a relationship between UPI use and consumer spending.

But UPI, though convenient, can also cause impulsive purchases and a lack of financial control. Thus, while adopting digital payment systems, users must be cautious and vigilant about their spending patterns.

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