

UPI Usage and Impulsive Spending Behaviour Among Young Consumers: A Secondary- Research Synthesis

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Abstract: *The rapid expansion of the Unified Payments Interface (UPI) has changed how young consumers in India pay for everyday goods and services. UPI combines immediacy, low transaction friction, smartphone accessibility and widespread merchant acceptance, potentially altering the psychological experience of spending. This paper examines the relationship between UPI usage and impulsive spending behaviour among young consumers by synthesising empirical research on digital payments, payment transparency, the pain of paying, mobile-payment adoption and impulse buying, alongside current UPI ecosystem statistics. The study adopts a structured secondary-research design and does not fabricate primary survey responses. Evidence indicates that cashless and digitally mediated payments can reduce the salience of monetary outflow and increase spending under particular consumption conditions. Research on mobile payments also shows that convenience, trust, social influence, perceived usefulness and promotional benefits encourage continued use. For young consumers, these mechanisms may interact with online shopping, food delivery, entertainment, social commerce and small-value frequent purchases. The findings suggest that UPI itself should not be treated as an automatic cause of impulsive spending; rather, its frictionless characteristics can act as an enabling mechanism when combined with promotional cues, emotional triggers and weak budgeting controls. The paper concludes with implications for financial literacy, responsible fintech design, consumers, educators and policymakers.*

Keywords: Upi; Impulsive Spending; Young Consumers; Digital Payments; Payment Psychology

Introduction

Digital payments have become an important part of everyday consumer life, and India provides one of the clearest examples of this transformation. The Unified Payments Interface (UPI), developed by the National Payments Corporation of India (NPCI), enables immediate account-to-account payments through mobile applications and has expanded from person-to-person transfers to a broad range of merchant, bill-payment and service transactions. Current NPCI statistics show that UPI processed 24,508.96 million transactions in August 2026, compared with 22,346.80 million in April 2026, illustrating the scale and continuing intensity of usage [21]. UPI is therefore not merely a payment technology; it is increasingly part of the consumer decision environment.

Young consumers are especially relevant to this development because they are highly familiar with smartphones, app-based services and digital commerce. The literature on Indian mobile payments shows that convenience, perceived usefulness, security, trust and other technology-related factors influence adoption and continued use [13,14,15]. UPI research similarly reports that performance expectancy, effort expectancy, facilitating conditions, social influence, promotional benefits and trust can influence intention and usage [16,17]. These findings explain why young users may adopt UPI rapidly, but adoption alone does not establish whether UPI changes what consumers buy or how much they spend.

The behavioural question is more subtle. A payment method can alter the psychological experience of spending even when the price of the product is unchanged. Soman [2] demonstrated that payment mechanisms influence the extent to which previous spending is remembered and experienced as an immediate reduction in available resources. His later field research found that lower payment transparency was associated with greater consumption, particularly for purchases whose consumption was flexible [3]. In other words, when the monetary sacrifice becomes less salient, consumers may find it easier to purchase discretionary goods.

This idea is closely related to the “pain of paying.” Payment is not psychologically neutral. Cash provides a visible and tangible representation of money leaving the consumer, whereas digital transactions can make the outflow less physically noticeable. Earlier experimental research showed that payment cues can influence the probability, speed and magnitude of spending [1]. Prelec and Simester [4] also found that willingness to pay could increase when consumers were instructed to use a credit card rather than cash. Although UPI differs from credit cards because it normally involves immediate bank-account debit rather than deferred borrowing, it shares an important characteristic with other digital payment methods: the payment is represented electronically rather than through the physical transfer of notes and coins.

Research has therefore moved beyond the simple question of whether consumers spend more with cards. Raghubir and Srivastava [6] showed that the form and coupling of payment can influence spending, while their later denomination research demonstrated that the representation of money itself can affect self-control [7]. Runnemarm et al. [8] found that

consumers were willing to pay more when using debit cards than cash, suggesting that even an immediate electronic payment may alter valuation. See-To and Ngai [10], using field data and survey measures across payment technologies, found that the payment process can affect subjective awareness of spending. A recent meta-analysis of 71 papers and 392 effect sizes found a small but significant cashless effect overall, while also showing that the magnitude varies with consumption context and has weakened over time [12]. These findings are particularly useful for interpreting UPI because they caution against assuming that every digital transaction produces the same behavioural outcome.

Impulse buying is another important dimension. Impulsive purchases are generally characterised by spontaneity, reduced deliberation and a strong immediate desire to acquire a product. Digital environments can make such purchases easier because product discovery, promotion, payment and confirmation can occur within a few seconds. Lee, Gan and Liew [11], studying Gen-Y and Gen-Z e-wallet users, found that perceived enjoyment of e-wallet use positively affected impulse buying. Research on mobile payment perception also indicates that payment technology can change the balance between the pleasure of consumption and the discomfort of paying [18]. These mechanisms may be particularly relevant to young consumers who frequently encounter social-media promotions, limited-time offers, food-delivery discounts, gaming purchases and low-value online transactions.

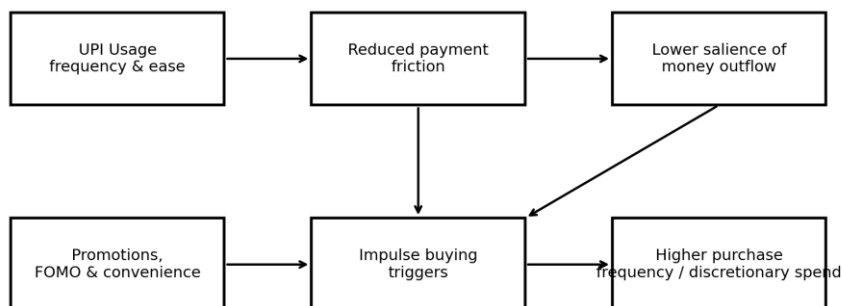
At the same time, UPI should not be presented as inherently harmful. Digital payments provide substantial benefits, including convenience, speed, traceability, access for small merchants and reduced dependence on physical cash. Indian evidence shows that convenience and security can be important drivers of mobile-payment usage [13]. UPI adoption research also demonstrates the role of social influence and facilitating conditions [16]. The policy challenge is therefore not to discourage digital payment adoption, but to understand how frictionless payment interacts with consumer psychology and self-control.

The present paper addresses this gap through a focused secondary synthesis of empirical research and current UPI ecosystem evidence. It asks three questions: (1) What mechanisms connect digital payment usage with spending behaviour? (2) Why might these mechanisms be particularly relevant to young consumers using UPI? and (3) What practical safeguards can reduce avoidable impulsive spending without reducing the legitimate convenience of UPI? The study contributes by connecting classic payment-psychology research with recent Indian UPI adoption studies and contemporary ecosystem data. It also distinguishes between UPI adoption as a technology-use outcome and impulsive spending as a consumer-behaviour outcome, thereby avoiding the assumption that high usage automatically implies excessive spending.

The conceptual expectation is that UPI reduces transaction friction and may reduce the salience of monetary loss, while promotions, convenience, social influence and emotional triggers increase purchase propensity. Financial literacy, budgeting discipline, income constraints and perceived risk may weaken this pathway. The resulting framework treats impulsive spending as a behavioural outcome produced by an interaction among payment technology, consumer psychology and the surrounding retail environment rather than by UPI alone.

The study also contributes to the practical discussion by separating payment convenience from consumer self-control. This distinction is important because a convenient payment system can improve access and efficiency while simultaneously changing the psychological cues that normally slow discretionary purchases. Understanding that trade-off can help young consumers, educators and fintech providers preserve convenience while encouraging more deliberate spending decisions.

Conceptual Framework: UPI Usage and Impulsive Spending



Moderators: financial literacy, budgeting discipline, income, perceived risk

Figure 1. Conceptual framework linking UPI usage, payment friction and impulsive spending.

Methodology

This study uses a structured secondary-research methodology to examine the relationship between UPI usage and impulsive spending behaviour among young consumers. A secondary design was selected because the objective is to integrate established behavioural-payment research with recent evidence on UPI adoption in India without manufacturing or presenting uncollected survey responses as original observations. The paper therefore synthesises peer-reviewed empirical studies, recent empirical articles on UPI and mobile payments, and official NPCI ecosystem statistics.

The evidence base was organised into four thematic streams. First, foundational payment-psychology studies were examined for mechanisms such as payment transparency, payment coupling, payment immediacy and the pain of paying [1–7]. Second, empirical studies comparing cash and electronic payment methods were reviewed to identify evidence concerning spending, willingness to pay and purchase composition [8–10]. Third, research on mobile payments, e-wallets and UPI adoption was examined to identify factors relevant to young users, including convenience, trust, performance expectancy, social influence, facilitating conditions and perceived promotional benefits [11,13–17]. Fourth, recent research concerning cashless payment effects and consumer psychology was reviewed to assess whether

the relationship between digital payment and spending remains robust across contexts [12,18–20].

The analysis followed a thematic synthesis rather than a statistical meta-analysis conducted by the present authors. Findings were coded under five constructs: UPI usage intensity, transaction convenience/friction, payment salience, impulse-buying tendency and contextual moderators. Evidence was compared across study designs, including experiments, field studies, surveys, structural-equation models and meta-analysis. Particular attention was given to studies involving young adults, Gen-Y/Gen-Z users and Indian consumers because these populations most closely match the research topic.

Official UPI statistics from NPCI were used only to establish the scale and recent trajectory of the payment ecosystem, not to infer individual-level impulsive behaviour. For example, the paper uses monthly UPI transaction volumes and selected merchant-category statistics as contextual indicators. These aggregate figures cannot prove that a specific consumer makes impulsive purchases. They instead demonstrate the high-frequency environment in which payment behaviour occurs.

The main analytical principle is triangulation. A conclusion is treated as stronger when consistent evidence appears across different methods or contexts. Conversely, differences between studies are retained rather than averaged away. This is important because recent evidence suggests that the cashless effect is statistically small on average and varies with consumption conditions [12]. The study consequently interprets UPI as a potential behavioural facilitator rather than a deterministic cause.

Finally, the study has a clear limitation: because it is secondary research, it cannot estimate a new causal effect of UPI on a defined sample of Indian young consumers. The results therefore identify mechanisms, patterns and research implications that can guide a future primary survey or experiment.

For interpretation, the study gives greater weight to peer-reviewed empirical evidence and official payment-system statistics than to descriptive commentary. The literature was also checked for methodological diversity so that conclusions would not depend on a single experimental setting or one payment technology. This approach is appropriate for a research paper that seeks to build a defensible conceptual explanation and identify directions for subsequent primary investigation.

Results and Discussion

The synthesis produces five major findings. First, UPI has created an exceptionally low-friction payment environment. NPCI data show that monthly UPI transaction volume increased from 22,346.80 million transactions in April 2026 to 24,508.96 million in August 2026, with 752 banks live on the system in August [21]. The magnitude of this ecosystem matters behaviourally because repeated exposure makes digital payment routine. When payment becomes a nearly

automatic final step in purchasing, consumers may spend less time reflecting on the monetary sacrifice associated with each individual transaction.

Second, the literature strongly supports payment salience as a behavioural mechanism, but it does not support a simplistic claim that every cashless payment increases spending. Soman [2] found that payment mechanisms influence the recall and psychological impact of previous payments. His field-based research [3] further showed that lower payment transparency can increase consumption for flexible categories. Feinberg [1] found that payment-related cues can facilitate spending, while Prelec and Simester [4] demonstrated higher willingness to pay under credit-card conditions. These findings are relevant to UPI because UPI replaces the visible transfer of physical currency with a digital confirmation screen, QR scan, biometric or PIN-based authorisation. The user still pays immediately, but the physical representation of money is substantially reduced.

Third, evidence indicates that payment form can interact with impulsive consumption. Thomas, Desai and Seenivasan [9] found that cash payments can restrain impulsive purchases of unhealthy foods through the pain of paying, whereas card payments weakened this restraint. Runnemark, Hedman and Xiao [8] found higher willingness to pay with debit cards than cash, showing that even immediate electronic payment can change valuation. Raghubir and Srivastava [6] demonstrated that the coupling and form of payment influence spending, and their denomination-effect research [7] showed that the representation of money can support or weaken self-control. Together, these studies imply that UPI can remove one behavioural barrier to impulse buying: the physical and emotional visibility of money leaving the wallet.

Fourth, young consumers may be especially exposed to a combination of payment convenience and digital purchase triggers. Lee, Gan and Liew [11], studying 201 active Gen-Y and Gen-Z e-wallet users, found that perceived enjoyment of e-wallet use positively affected impulse buying. This is important because UPI is frequently embedded within digital ecosystems where product discovery and payment occur in the same device. A young consumer may see a limited-time food offer, social-media recommendation or in-app promotion, decide quickly and complete the payment without the pause that would accompany physically obtaining cash. The payment mechanism therefore becomes part of a larger behavioural chain rather than an isolated financial event.

The fifth finding concerns adoption drivers. UPI research in India consistently indicates that convenience, performance expectancy, effort expectancy, trust, social influence, facilitating conditions and promotional benefits contribute to adoption and usage [13–17]. Pal et al. [13], using survey responses from 551 citizens across four Indian cities, showed that positive and negative technology attributes have different relationships with actual use and future intention. Kiran and Sailaja [16] found significant effects of facilitating conditions, performance expectancy, effort expectancy, social influence, promotional benefits and trust among 416 UPI users. Their related study [17] also showed that perceived risk moderates important adoption relationships. These findings indicate that the same features that make UPI attractive—speed, ease, trust and promotional integration—can also increase the number of situations in which consumers are willing to transact instantly.

The merchant environment provides additional context. NPCI's August 2025 ecosystem statistics recorded 3,129.40 million UPI transactions in groceries and supermarkets, 1,263.07 million in fast food, 1,182.83 million in restaurants, 865.65 million in telecommunications and 626.95 million in fuel [22]. These categories are not equivalent to impulsive spending, and the statistics must not be interpreted as such. However, they demonstrate that UPI is deeply integrated into everyday consumption categories, including several areas where purchases can be frequent, low-value and discretionary. High transaction frequency can therefore make small purchases feel individually insignificant while collectively becoming financially meaningful. The broader literature reinforces this interpretation but also introduces an important qualification. A 2024 meta-analysis of 71 papers and 392 effect sizes found a small but statistically significant cashless effect, with stronger effects in conspicuous consumption and weaker effects in pro-social consumption [12]. It also reported that the cashless effect has generally weakened over time. This means that consumers may adapt to digital payments, reducing the behavioural difference between cash and cashless methods. UPI should therefore not be described as inherently causing overspending. Instead, its frictionless nature may amplify spending when combined with strong purchase motives, promotional cues or weak self-monitoring.

The evidence also suggests that promotional design matters. UPI adoption research identifies perceived promotional benefits as a meaningful factor [16]. In practice, cashback, discounts, reward points and time-limited offers can convert payment convenience into a purchase incentive. When a promotion is framed as savings, the consumer may focus on the benefit rather than the amount spent. The risk is particularly relevant for young consumers with limited income or developing budgeting habits, because repeated low-value transactions can accumulate without appearing individually significant.

The conceptual framework developed in this study therefore proposes a mediated pathway: UPI usage increases convenience and reduces transaction friction; reduced friction can lower payment salience; lower salience can make discretionary purchases easier; and promotional, social and emotional cues can strengthen the impulse pathway. Financial literacy, budgeting, income constraints and perceived security risk can moderate this relationship. The model is consistent with the broader evidence that technology adoption and consumer spending are related but distinct outcomes.

For policymakers and researchers, the central implication is that digital-payment research should move beyond adoption rates. A system can be successful in adoption while producing unintended behavioural effects for particular groups. Future primary research should therefore measure UPI frequency, average transaction size, discretionary-spending share, impulse-buying scale, financial literacy and budgeting behaviour simultaneously. Experimental designs comparing cash, UPI and other digital methods would be especially valuable because they could identify whether UPI produces a distinct effect or simply participates in a broader cashless-payment phenomenon.

Overall, the results support a nuanced conclusion: UPI does not automatically create impulsive consumers, but its speed, convenience and low-friction interface can reduce one barrier to

impulse buying. The strongest risk appears when payment technology interacts with promotional stimuli, emotional purchasing motives and weak budgeting controls. This interpretation is more consistent with the evidence than a deterministic claim that “UPI causes overspending.”

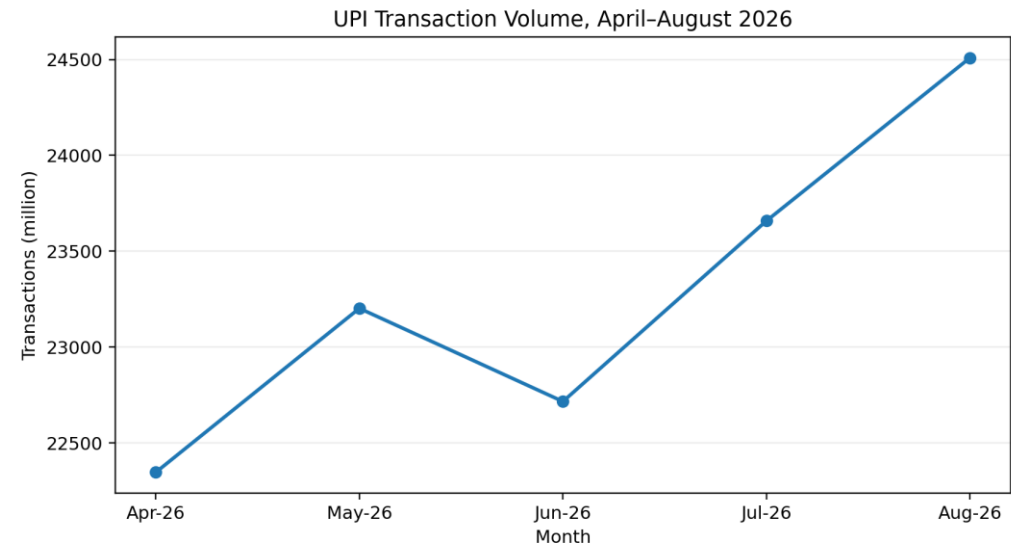


Figure 2. UPI transaction-volume trend, April–August 2026.

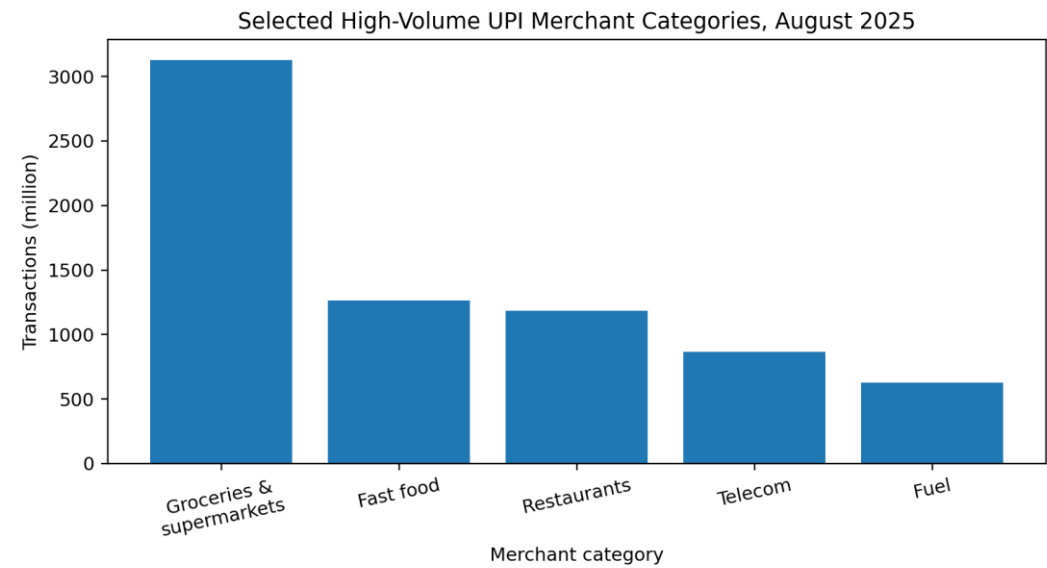


Figure 3. Selected high-volume UPI merchant categories, August 2025. These categories are contextual indicators and are not measures of impulse buying.

Evidence Summary Table

Evidence area	Representative studies	Main finding	Relevance to UPI
Payment transparency	Soman [2,3]	Lower payment transparency can reduce spending salience and increase flexible consumption.	Digital payment can make money outflow less physically salient.
Payment form	Prelec & Simester [4]; Runnemark et al. [8]	Electronic/card payment can raise willingness to pay relative to cash.	UPI may alter valuation despite immediate debit.
Payment coupling	Raghubir & Srivastava [6]	Payment form and coupling influence spending behaviour.	Instant digital confirmation can compress purchase and payment into one low-friction action.
Impulse consumption	Thomas et al. [9]; Lee et al. [11]	Less painful/easier digital payment can facilitate impulsive purchases in some contexts.	Relevant to food delivery, social commerce and app-based purchases.
UPI adoption	Pal et al. [13]; Kiran & Sailaja [14,15]; Joshi [20]	Convenience, trust, performance expectancy, social influence and facilitating conditions support adoption.	High adoption creates repeated exposure to frictionless transactions.
Overall cashless effect	Liu & Dewitte [12]	Average effect is positive but small and context-dependent.	UPI should be treated as a potential facilitator, not an automatic cause of overspending.

Conclusion

UPI has transformed everyday payment behaviour in India by making transactions fast, convenient and nearly frictionless. The evidence reviewed in this paper indicates that such characteristics can influence consumer psychology because digital payment reduces the physical salience of money leaving the consumer. Earlier experiments and field studies on payment transparency, payment coupling and the pain of paying provide a strong theoretical

basis for understanding this mechanism [1–10]. Recent studies of e-wallets and UPI further show that convenience, trust, social influence, perceived usefulness and promotional benefits encourage digital-payment use [11,13–17].

For young consumers, the behavioural implications are particularly important because UPI is embedded in smartphone-centred consumption environments. Food delivery, online shopping, entertainment, social commerce and other frequent purchases can be completed within seconds. In these situations, UPI may function less as a cause of impulsive buying than as an enabling mechanism that removes friction between desire and purchase. The recent cashless-effect meta-analysis also demonstrates that the average effect is small and context-dependent [12], reinforcing the need for a balanced interpretation.

The practical response should therefore focus on financial self-control rather than restricting UPI adoption. Young consumers can benefit from real-time spending alerts, category budgets, weekly spending reviews and deliberate pauses before non-essential purchases. Fintech firms and educational institutions can support these behaviours through responsible interface design and financial-literacy programmes.

The principal limitation is that this paper uses secondary evidence and official aggregate statistics rather than a new primary survey. Future research should collect individual-level data from young Indian UPI users and test whether UPI frequency, transaction size, promotional exposure and payment salience predict impulsive spending after controlling for income and financial literacy. Such research would provide stronger causal evidence and help ensure that the benefits of India's digital-payment infrastructure are accompanied by equally strong consumer financial well-being.

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