

**IMPACT OF UNIFIED PAYMENTS INTERFACE (UPI) ON IMPULSIVE SPENDING BEHAVIOUR AMONG
GENERATION Z IN INDIA**
* **Dr. Santosh Vadhyra*** *Assistant Professor , Department of Commerce , Smt. P. N. Doshi Women's College (Autonomous)***Abstract:**

The financial environment in India has changed as a result of digital payment technologies, which make transactions quicker, easier, and more accessible. The Unified Payments Interface (UPI), which enables quick bank-to-bank transfers via mobile devices, has become one of these systems' most innovative payment platforms. UPI, which was created by the National Payments Corporation of India (NPCI), has greatly expanded the use of digital payments throughout the nation. While several studies have looked at UPI adoption, user happiness, and security perceptions, the behavioural effects of UPI on consumer spending patterns—particularly impulsive buying behaviour have received less attention.

This study investigates how UPI affects Generation Z consumers' impulsive spending habits in India. A technologically sophisticated cohort, Generation Z mostly uses mobile applications for financial transactions. The purpose of the study is to determine whether the simplicity, speed, and convenience of digital payments via UPI promote impulsive or unforeseen purchases. The study investigates the psychological elements affecting spending behaviour using survey-based data gathered from respondents between the ages of 18 and 30. The results show that impulsive spending behaviour is greatly influenced by digital payments' ease of use and decreased psychological obstacles.

The study comes to the conclusion that although UPI has boosted transaction efficiency and financial convenience, youthful users may become more impulsive consumers. Policymakers, financial institutions, and consumers may utilize the research's conclusions to encourage responsible digital spending.

Keywords: UPI, Digital Payments, Impulsive Spending, Generation Z, Consumer Behaviour

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Introduction:

Global financial transactions have undergone a substantial transformation due to the fast advancement of digital technology. India has seen a notable transition from traditional cash-based payment methods to digital payment systems in recent years. The Unified Payments Interface (UPI) has become the most popular digital payment platform in the nation because of its accessibility, speed, and ease of use. The National Payments Corporation of India introduced UPI in 2016 with the goal of streamlining online transactions. It eliminates the need for customers to continually enter bank account information and enables instantaneous money transfers between bank accounts using mobile devices. Real-time transactions are

supported via UPI, which can be accessible via a number of mobile apps, including Paytm, PhonePe, and Google Pay.

In recent years, UPI's expansion has been extraordinary. For everyday activities like shopping, bill payment, and peer-to-peer transfers, millions of people and companies rely on UPI. Because of its easy-to-use interface, instant settlement method, and broad merchant acceptance, UPI is becoming more and more popular. Digital payment ease, however, can potentially have an impact on customer behaviour. Because people physically part with money during a transaction, traditional cash payments frequently result in a psychological awareness of expenditure. On the other hand, because digital payments are quick and

require little effort, they lower this psychological barrier. Customers could therefore be more inclined to make rash purchases. Unplanned purchases made as a result of unexpected cravings or emotional triggers are referred to as impulsive expenditure.

Due to their heavy usage of digital technology and online platforms, members of Generation Z those born between the late 1990s and the early 2010s are especially susceptible to impulsive purchasing.

Despite UPI's quick uptake, little study has been done on how it affects Generation Z users' impulsive purchasing habits. By investigating how young consumers' financial decision-making and spending habits are impacted by digital payment ease, this study seeks to close this research gap.

Conceptual Framework of the Study

The conceptual framework explains the relationship between variables used in the research.

Independent Variables:

- Convenience of digital payments
- Speed of transactions
- Cashback and promotional offers
- Ease of use

Dependent Variable:

- Impulsive spending behaviour

Conceptual Relationship :

Convenience of UPI



Ease of Transaction



Cashback & Rewards



Digital Payment Frequency



Impulsive Spending Behaviour

This framework suggests that the features of digital payment systems influence consumer spending decisions, which may lead to impulsive purchases.

Review of Literature:

Several researchers have studied digital payment adoption and consumer behaviour. However, the relationship between digital payment systems and impulsive spending remains relatively unexplored.

- In their study of the adoption of digital payment systems in India, Agarwal and Gupta (2022) discovered that users' desire to accept digital payments is greatly influenced by convenience, security, and simplicity of use. Their study emphasized how mobile payment apps are becoming more and more popular.
- According to Kumar and Sharma's (2021) analysis of consumer views of digital payments, youthful consumers are more inclined to utilize mobile payment systems due to the simplicity of transactions and familiarity with technology.
- Patel (2023) examined the connection between consumer buying patterns and mobile payment systems. According to the study, using digital payments might lower the psychological barrier to spending money, which could lead to more impulsive purchases.
- Singh and Rana (2020) examined the factors that affect mobile wallet uptake in India. According to the study's findings, acceptance of digital payments is significantly influenced by perceived utility, trust, and security.
- Digital payment systems have greatly enhanced financial access for people in both urban and rural regions, according to Verma's (2022) investigation of the significance of digital payments in financial inclusion.
- According to Sharma and Mishra's (2021) research on customer behavior in online purchases, the ease

of digital payment systems leads to quicker purchase choices.

- Das (2023) investigated how digital transactions affect young customers and found that quick payment systems can affect spending habits, particularly for tech-savvy users.
- The fast increase of digital transactions and the significance of safe digital payment infrastructure were highlighted in a Reserve Bank of India study.
- The growth of digital payments in India has been greatly aided by the National Payments Corporation of India's Unified Payments Interface technology.
- According to consumer psychology research, electronic payment options lessen the "pain of paying," which may encourage consumers to make more purchases.

Summary of Literature Review:

Most existing studies focus on UPI adoption, security, and financial inclusion, but there is limited research on behavioural impacts such as impulsive spending. Therefore, the present study attempts to examine how UPI influences spontaneous purchasing behaviour among Generation Z.

Research Gap:

The acceptance, security, and effectiveness of digital payment systems have all been the subject of numerous research, but little is known about the behavioural effects of these innovations. Specifically, little study has been done on how young users' impulsive purchasing behaviour is impacted by the ease of UPI transactions.

Instead of examining the psychological effects of digital payment platforms on financial behaviour, the majority of current research focuses on variables that influence their adoption. Furthermore, most research focuses on technology adoption and consumer satisfaction, leaving behavioural finance issues largely unexplored.

In India, a sizable portion of digital payment consumers are members of Generation Z. This group commonly uses mobile applications for financial transactions and has a strong connection to technology. Nevertheless, there hasn't been enough research done on how quick digital payment methods affect their buying patterns.

Therefore, by examining the connection between Generation Z users' impulsive spending behaviour and UPI usage, this study aims to close this gap.

Objectives of the Study:

- To examine the usage pattern of UPI among Generation Z users.
- To analyse the impact of UPI convenience on impulsive spending behaviour.
- To identify psychological factors influencing spontaneous purchases through digital payments.
- To suggest measures for promoting responsible digital spending.

Research Methodology:

Research Design:

The study adopts a descriptive research design to analyse the behavioural impact of UPI on spending habits.

Data Collection:

Both primary and secondary data were used in the study.

Primary data were collected through a structured questionnaire distributed among Generation Z respondents.

Secondary data were obtained from research articles, journals, and reports related to digital payments and consumer behaviour.

Sample Size:

The study considered a sample of 150 respondents belonging to the age group of 18–30 years.

Sampling Technique:

Convenience sampling was used to collect responses from students and young professionals who regularly use UPI for financial transactions.

Limitations of the Study:

- The study's small sample size might not accurately reflect all Unified Payments Interface users.
- The study only included respondents from Generation Z, which restricts the findings' generalizability to other age groups.
- Since the study uses self-reported questionnaire data, respondent bias may be present.
- Although the study is limited to a certain place, it could not accurately represent behaviour in other areas.
- The study's short duration may have prevented it from capturing long-term behavioural changes.
- The study only looks at UPI transactions; it doesn't contrast them with other online payment options.

Data Analysis and Interpretation:**Table 1: Age Distribution**

Age Group	Respondents	Percentage
18–21	60	40%
22–25	55	36.7%
26–30	35	23.3%

Interpretation:

Most respondents belong to the 18–21 age group, indicating strong UPI usage among younger individuals.

Table 2: Frequency of UPI Usage

Usage Frequency	Respondents	Percentage
1–2 times	40	26.7%
3–5 times	65	43.3%
More than 5 times	45	30%

Interpretation:

The majority of respondents use UPI 3–5 times daily, showing its importance in routine financial transactions.

Table 3: Impulsive Spending Due to UPI

Response	Respondents	Percentage
Often	35	23.3%
Sometimes	60	40%
Never	55	36.7%

Interpretation:

About 63% of respondents admitted making impulsive purchases, indicating that the convenience of UPI may influence spending behaviour.

Table 4: Influence of Cashback Offers

Response	Respondents	Percentage
Yes	95	63.3%
No	55	36.7%

Interpretation:

Most respondents stated that cashback and rewards encourage additional spending through digital payment apps.

Findings:

The major findings of the study are summarized below:

- Generation Z users rely heavily on UPI for daily financial transactions.
- Convenience and speed are the primary factors driving UPI usage.
- Digital payments reduce the psychological barrier associated with spending money.
- Cashback offers and promotional incentives encourage additional spending.
- A significant number of users engage in impulsive purchases due to the ease of digital transactions.

Suggestions:

Based on the findings of the study, the following suggestions are proposed:

- Financial literacy programs should educate young users about responsible digital spending.
- Digital payment applications should provide tools that help users track and manage their expenses.
- Users should set monthly spending limits to prevent impulsive purchases.
- Awareness campaigns should highlight the importance of financial planning in the digital era.
- Future Scope of the Study
- Future studies may explore:
 - Impact of digital payments on saving behaviour
 - Comparative study of UPI vs credit cards on spending habits
 - Influence of digital payments on financial discipline
 - Impact of UPI on small business revenue growth

Conclusion:

India's digital payment landscape has completely changed since the Unified Payments Interface was introduced. UPI has greatly improved financial accessibility and convenience by facilitating quick and easy transactions.

The results of this study, however, suggest that digital payment systems' ease may potentially have an impact

on customer behaviour, especially among Generation Z consumers. Transactions that may be completed quickly and with little effort might encourage impulsive purchases by lowering the psychological awareness of spending money.

Even though UPI has many benefits, users must practice responsible spending and maintain financial discipline. To raise financial literacy and support sustainable spending habits, policymakers, financial institutions, and digital payment systems should collaborate.

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