

# Understanding Influence of Unified Payments Interface On Consumer Preferences and Financial Habits in Mumbai

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**Abstract: Purpose:** This study aims to understand the impact of UPI on financial habits and consumer behaviour in Mumbai. It is a “Post Adaptation Analysis” of UPI covering aspects like Impulse spending, invisible spending, awareness, and consumer perceptions.

**Methodology:** This research adopts a Quantitative method. The primary data is collected through a survey and supporting secondary data from existing literature assets.

**Findings:** According to the survey, some features are widely known by the consumers (of UPI), while some of its newer features are not well known. UPI also encourages Impulse and Invisible spending among consumers.

**Limitations:** This survey is based on a sample size of 114 people and is restricted to Mumbai. These constraints might limit the generalizability of the findings to a broader population.

**Conclusion:** UPI is a revolutionary fintech innovation from India that has changed the way India transacts. Understanding financial habits and consumer behaviour might further improve the technology.

**Keywords:** UPI, Impulse Spending, Invisible Spending, Consumer Perceptions.

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## I. Introduction

The launch of the Digital India project by the Government of India in 2015 is the foundation of UPI (Unified Payments Interface- launched in 2016), as the Digital India initiative took efforts in bridging the gap in tech access between rural and urban areas. One of the main impacts of the program is the rise in Fintech (Financial Technology), which has led to the growth of fintech startups like Zerodha, PhonePe, Google Pay, etc., in the UPI space, as it promotes financial inclusion, regulatory reforms, as well as an entrepreneurial culture. Its adaptation was fuelled by the introduction of GST (Goods and Services Tax) in 2017 and the COVID-19 pandemic. Some factors that fuelled the adaptation are public health concerns by the WHO, Lockdown and mobility restrictions, and encouraging digital transaction records post-GST launch. UPI’s easy-to-use interface broadly consists of QR codes, which help in transferring the amount to the opposite party, whereas Voice boxes act as a proof of payment. Impulse Spending refers to the act of making quick, unplanned purchases. Invisible spending refers to spending on items that feel so small that they’re not worth budgeting or planning for. The physical act of handing over money - notes or coins, is now replaced by digital payments, resulting in a reduced sense of monetary loss, which is encouraging impulse and invisible spending. Moreover, this study also found that consumers’ loyalty towards UPI comes at the price of it remaining free of all costs, both regulatory and associated costs.

### Review of Literature:

Research on UPI has been classified into four thematic areas, namely: Adaptation Dynamics, Behavioural shifts, Trust and Security and Systematic perspective.

**1. Adaptation Dynamics:** Research by Dr. Pallavi Rallan et al. (2025) in the paper and Sakhiya et al. (2024) identifies a generational divide; while youth and Millennials lead adoption for P2P (Peer-to-Peer) transfers and retail- daily transactions, older generations are gradually adapting- primarily for utility bill payments. Reports

from NPCI (2025), NewsBytes (2025) confirm that Maharashtra, specifically Mumbai, is the national leader in transaction volume, accounting for nearly 10% of India's total UPI traffic. Nature Scientific Reports (2025) and Sahoo et al. (2023) emphasize that performance expectancy (speed and convenience) and social influence (peer recommendations) are the primary drivers for integration into daily life.

**2. Behavioural Shifts:** DTNext (2025) states that Maharashtra emerged as the consistent leader in digital payments with 9.8 per cent share in the month of July.

**3. Trust and Security:** According to Nature Scientific Reports (2025), trust is a "key driver" for adoption. We also must note that technical glitches and digital frauds remain significant barriers to total confidence. Bhatia & Shete (2024) found that Gen Z, despite being tech-savvy, exhibits more cautious acceptance due to heightened awareness of security risks compared to Millennials.

**4. Systematic Perspective:** PIB (2025) credits government initiatives like "Jan Dhan Yojana" and NPCI's merchant onboarding schemes for the exponential growth, reaching over 18 billion transactions monthly. Sahoo et al. (2023) highlight UPI's role in bridging the gap between rural and urban access, integrating diverse income levels into a single, transparent financial infrastructure.

### **Need of the study:**

UPI has expanded rapidly throughout India and in Mumbai has become an integral part of daily life. Much of the existing research considers how rapidly it has expanded and how beneficial it is but fewer studies consider what it does to individuals' money behaviours in real terms. It is here that the requirement of the current study arises. It queries whether UPI is keeping individuals organised or whether it is triggering excess spending due to how easy it is. The importance of it is in the lessons that can be learnt by various groups. For consumers, the results can serve as a check on themselves and how they spend their money. For fintech firms, the findings might point toward a need for apps that include something like expense monitors or reminders. For policymakers, the research identifies whether UPI is encouraging healthy behaviour or whether people require greater awareness on managing money digitally. Examining Mumbai provides a real-world standpoint, as UPI is extensively used here and comes in contact with nearly every transaction.

### **Objectives of the study:**

1. To understand consumer awareness and usage on various UPI features to examine how they shape financial habits.
2. To assess impact of UPI's convenience in user's budgeting and spending behaviour and financial discipline.
3. To understand if UPI encourages impulsive spending among consumers in Mumbai.
4. To explore consumer perceptions on the use of UPI vs Cash transactions particularly with small vendors.

### **Hypotheses:**

- H0: Consumers are not aware of UPI features.
- H1: Consumers are aware of UPI features.
- H0: UPI has no significant impact on consumer budgeting, spending and financial discipline.
- H1: UPI has a significant impact on consumer budgeting, spending and financial discipline.
- H0: UPI does not significantly lead to impulse spending.
- H1: UPI usage significantly leads to impulse spending.
- H0: Consumer preferences regarding UPI and Cash do not significantly affect payment preferences.
- H1: Consumer preferences regarding UPI and Cash significantly affect payment Preferences.

### **Research Methodology:**

Primary & Secondary data were collected & used in the data collection process. A well-structured questionnaire was prepared with 5 major sections: Demographics, UPI awareness, Budgeting and Spending behaviour, UPI vs

Cash preferences, Overall Impact. Secondary Data was collected through journals, newspaper articles & internet.

- Research Design: Quantitative & Descriptive Research
- Sampling method: Simple Random sampling
- Sample size: 114 Respondents.
- Tool used: MS Excel
- Data collection tool: Structured Questionnaire
- Data presenting tool: Table.

## Discussion and Analysis:

### Section 1: DEMOGRAPHICS

Demographic Data	Options	Percentage
City of Residence	Mumbai	100%
Age Group	Below 20	8.7%
	20-29	33%
	30-39	25.2%
	40-49	13%
	50+	20%
Gender	Male	66.1%
	Female	33.9%
	Prefer not to say	0%

- The study maintains a strictly local focus, with **100%** of the 115 respondents residing in **Mumbai**. This aligns with the research objective to understand UPI's influence specifically within Mumbai.
- The respondent pool is predominantly male, accounting for **66.1%** of the sample, while females represent **33.9%**.

**Conclusion on Demographics:** The demographic spread ensures that the findings on UPI awareness and spending habits are representative of a broad cross-section of Mumbai's population, capturing views from both the "digital native" youth and the "digital migrant" older generations.

## Data Analysis and Interpretation:

### Section 2: UPI AWARENESS

Questions	Options	Percentage	Respondents
Did you know UPI allows linking multiple bank accounts to one UPI ID?	Yes	84.3%	-
	No	15.7%	-

Which one of these following <b>additional</b> features are you <b>aware</b> of? [Multiple Select Question]	UPI lite (Small transactions without PIN)	71.3%	82
	Linking credit card to UPI	70.4%	81
	Credit line of UPI.	40.9%	7
	International UPI	29.6%	47
	Auto debit for subscriptions and bills	64.3%	34
	None of the above	7.8%	74
In your opinion, which of the above UPI features has the highest potential to change consumer habits? [Multiple Select Question]	UPI lite (Small transactions without PIN)	55.7%	64
	Linking credit card to UPI	39.1%	45
	Credit line of UPI.	39.1%	45
	International UPI	18.3%	21
	Auto debit for subscriptions and bills	46.1%	53
Have you used the above features?	Yes	30.4%	-
	I used some of the features.	41.7%	-
	Tried once or twice	6.1%	-
	Never used	13%	-
	Never used but I am aware of the features	8.7%	-

- There is a remarkably prominent level of baseline awareness among consumers, with **84.3%** of respondents knowing they can link multiple bank accounts to a single UPI ID.
- Awareness of specific advanced features is also relatively strong. The most recognized "additional" features are **UPI Lite** (71.3%), followed closely by **Linking Credit Cards to UPI** (70.4%) and **Auto-debit** for subscriptions (64.3%).
- Consumers believe that **UPI Lite** (55.7%) has the highest potential to change spending habits, likely due to the removal of PIN requirements for small transactions. This is followed by **Auto-debit** (46.1%), indicating that consumers recognize features that automate or simplify the payment process as the most influential.
- While awareness levels are high, actual deep engagement is more moderate. Only **30.4%** of respondents use all features they are aware of, whereas the majority (**41.7%**) only use "some" of them. A small segment (**13%**) remains aware of the features but chooses not to use them at all.

**Summary of UPI Awareness section:** The data supports the rejection of the null hypothesis (H0) and acceptance of the alternative hypothesis (H1): Consumers are broadly aware of UPI features. However, the interpretation suggests that while the "what" (awareness) is high, the "how much" (depth of usage) varies, with a huge portion of the population sticking to basic functionalities.

### **Section 3: BUDGETING AND SPENDING BEHAVIOR**

Questions	Options	Percentage
Since you started using UPI your monthly expenses have....	Increased Significantly	30.4%
	Increased Slightly	38.3%
	Stayed the same.	27%
	Decreased (Helped me save!)	4.3%
Do you find yourself ordering food, shopping online or booking cabs more often just because UPI makes payments	Yes, very often.	67%
	Occasionally	20.9%
	Rarely	7%

effortless?	Never	5.2%
Did UPI make you go over your budget because of its convenience?	Yes, Multiple times.	43.5%
	Occasionally	33.9%
	Never	22.6%
Do you recommend a feature in UPI apps (like PhonePe, Google Pay, BHIM, Paytm, etc) for tracking your monthly expenses?	Yes	83.5%
	No	15.7%
	Other	0.9%

- The integration of UPI into daily life has a clear inflationary effect on personal spending. A combined **68.7%** of respondents reported that their monthly expenses have either increased significantly (30.4%) or slightly (38.3%) since they started using UPI.
- UPI's effortless payment process significantly drives digital service usage. **67%** of users find themselves ordering food, shopping online, or booking cabs "very often" due to the lack of payment friction.
- The convenience of digital payments often compromises financial planning. More than **77%** of participants admitted that UPI's convenience led them to exceed their budgets, with **43.5%** experiencing this "multiple times" and **33.9%** "occasionally".
- There is a strong consumer desire for better money management within the digital payment ecosystem. An overwhelming **83.5%** of respondents recommend that UPI apps include a built-in feature for tracking monthly expenses. **Summary Budgeting and Spending Behaviour section:** The findings support the rejection of the null hypothesis (**H0**) and acceptance of the alternative hypothesis (**H1**): **UPI has a significant impact on consumer budgeting, spending, and financial discipline.** The interpretation reveals that while UPI offers high utility, it acts as a catalyst for "invisible spending" by removing the physical sensation of monetary loss associated with cash.

**Section 4: UPI vs CASH PREFERENCES**

Questions	Options	Percentage
When paying a street vendor, your first choice?	Cash	81.7%
	UPI (Scan and Pay)	17.4%
	Both	0.9%
If a vendor charged ₹10 extra for using UPI, would you use UPI?	Yes	6.1%
	No	80.9%
	Maybe	11.3%
	I will try the next vendor or pay extra only if there is no option.	0.9%
	Other	0.9%
If there was a sudden change in regulations and NPCI [National Payments Corporation of India] (&RBI) charged a nominal fee extra for using UPI, would you use UPI?	Still prefer UPI.	21.7%
	Prefer Cash	32.2%
	Sometimes, I may	46.1%
Do you avoid shops/vendors that do not accept UPI payments?	Yes	54.8%
	No	45.2%
Between Cash and UPI, which one do	UPI	66.1%

you trust more for resolving a dispute	Cash	16.5%
(like wrong transaction/ double payments)	Both equally	17.4%
As UPI tracks your digital payments and cash does not.		

The data supports the rejection of the null hypothesis (H0) and acceptance of the alternative hypothesis (H1): Consumer preferences regarding UPI and cash significantly affect payment behaviours. UPI has become the gold standard for trust and transaction tracking. However, this digital loyalty is fragile and subject to UPI being free.

**Section 5: OVERALL IMPACT**

Questions	Options	Percentage/Respondent
Overall, has UPI made you...	More financially disciplined	13%
	No change in behaviour	10.4%
	More careless (easier overspending)	24.3%
	Made my life easier while transacting with low value payments	52.2%
Your rating for UPI	Likert scale from 1-5. 1 being the least, 5 being the highest.	Average rating: <b>4.11</b>

**Q. Where do you feel UPI has still not been adopted yet?**

The responses indicate that UPI is perceived to have achieved widespread penetration across Mumbai, with a significant 84.3% of respondents reporting no major gaps in adoption. This aligns with the earlier findings that UPI has become a default mode of payment for day-to-day transactions. However, the minority responses provide valuable insights into niche areas where UPI adoption remains limited. These include: High-value sectors like real estate, where transactions often still rely on traditional banking or cash. Traditional or informal markets (such as agriculture, temples, and certain small vendors) where either connectivity issues or reluctance to disclose income creates barriers. Transport services like auto-rickshaws, where adoption is partial but not universal. Institutional services (schools, post offices), which are seen as slower in embracing UPI fully according to the respondents.

**Q. Any other suggestions on UPI (open-ended, non-compulsory question)?**

The open-ended responses reveal a dual perception of UPI: on one hand, it has improved convenience and record-keeping; on the other, it has unintentionally encouraged overspending due to reduced friction in payments. Respondents expressed strong resistance to any service fees, highlighting affordability as central to UPI's success.

**Conclusion:**

1. The first objective was to understand consumer awareness and usage of various UPI features and how they shape financial habits. The findings show that awareness levels are high for some features, especially UPI Lite which was known by 71.3% of respondents. However, awareness and usage of features like AutoPay and Credit Line were much lower. This gap suggests that while UPI is well known as a payment system, its advanced features have not been fully explored by users. The Hypothesis is partially supported.
2. The second objective was to assess the impact of UPI's convenience on budgeting, spending behaviour and financial discipline. The responses clearly show that convenience is one of the strongest drivers of

UPI adoption. Many participants appreciated the speed, ease and digital record of payments. At the same time, some admitted that UPI makes them overspend because the payment act feels almost invisible compared to cash. For example, a few respondents said they only realized during the survey that UPI was making them spend carelessly. This shows that UPI has made life easier but also weakened financial discipline for some. The null hypothesis is rejected and alternative hypothesis is accepted.

3. The third objective was to understand if UPI encourages impulsive spending among consumers in Mumbai. The responses confirmed this concern. Several participants said that UPI makes it easy to buy something even when they are short of cash, since they can instantly borrow or receive transfers from family or friends. Unlike cash, which makes people more conscious of their spending, UPI encourages quick purchases. The null hypothesis is rejected and alternative hypothesis is accepted.
4. The fourth objective was to explore consumer perceptions on UPI versus cash transactions, particularly with small vendors. The responses highlighted that 84.3% of people felt there was no sector where UPI had not been adopted. However, some respondents still pointed out gaps in agriculture, real estate, rural areas, old restaurants and among small vendors who avoid digital records. Some users also shared that they still prefer cash for certain payments because it creates awareness of money going out of hand. This shows that while UPI has spread widely, cash remains relevant in some contexts. The Hypothesis is partially supported.
5. Overall satisfaction with UPI was high, with an average rating of 4.11 out of 5. At the same time, some concerns were raised about failed transactions, slow dispute resolution and fear of future charges on UPI. These highlight areas where users want improvements.

### **Limitations**

According to the research paper, the study has the following limitations:

**Sample Size:** The findings are based on a relatively small sample size of 114 respondents. **Geographic Constraint:** The research is restricted exclusively to Mumbai. **Generalizability:** Due to the specific location and limited sample size, the findings may not be easily generalized to a broader or more diverse population outside of Mumbai. **Adopted Methodology:** The study primarily relies on a quantitative survey method, which might limit deeper qualitative insights into individual consumer behaviours. **Niche Adoption Gaps:** While general adoption is high, the study notes that UPI penetration is still limited in certain "informal" sectors like agriculture, real estate, and among some small vendors who avoid digital records due to connectivity issues or privacy concerns.

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