

A STUDY ON THE IMPACT OF UPI ON PERSONAL FINANCIAL MANAGEMENT AMONG YOUNG ADULTS

Nikhil Sanjay Lonbale, Dr. Ujwala Narkhede

MBA Student, Wainganga College of Engineering and Management, Nagpur, Maharashtra, India

Corresponding Author: Nikhil Sanjay Lonbale

Guide: Dr. Ujwala Narkhede

Abstract

The Unified Payments Interface (UPI) has emerged as an important component of India's digital payment system and has significantly influenced the way young adults make everyday payments. This study examines the impact of UPI on personal financial management among young adults, with focus on expense tracking, spending frequency, impulse purchases, budgeting and satisfaction. The study uses secondary information from official government and institutional sources, mainly the Department of Financial Services (DFS), Ministry of Finance, Reserve Bank of India (RBI), and National Payments Corporation of India (NPCI). I collected Primary data through Google Forms questionnaire. A total of 54 usable responses were collected through the survey. The respondents were mostly young adults, with 35.2% in the 18 to 21 age group and 46.3% in the 22 to 25 age group; students represented 66.7% of the survey. The survey results shows that the 46.3% of respondents use UPI several times a day. Most common reason for using UPI was avoiding the need to carry cash (29.6%), next by fast transactions (25.9%). On a five-point scale, satisfaction with UPI recorded the highest mean score of 3.56. The survey results showed that the mean score for increased spending frequency was 3.19, while impulse or unnecessary purchases recorded a mean of 3.07. Survey results shows that, 72.2% of respondents agreed or strongly agreed that UPI had improved their personal financial management. The UPI provides strong convenience and transaction visibility, but frequent and easy payments may also encourage higher spending for some users. The study concludes that the financial-management impact of UPI depends on responsible use, budgeting habits and financial awareness.

1. Introduction

Digital payments have become a important part of India's financial system. The Unified Payments Interface (UPI) enables users to make instant bank-to-bank payments through mobile applications. Its ease of use, QR-code payments, interoperability and round-the-clock availability have made it suitable for routine transactions.

Government data show the scale of this change. The Department of Financial Services reported that UPI transactions increased from 92 crore in FY2017–18 to 13,116 crore in FY2023–24. The latest DFS Annual Report 2025–26 reports 18,587 crore UPI transactions in FY2024–25, representing a 42% increase over FY2023–24. The growth shows that UPI is no longer a niche payment method; it is part of normal financial activity in India.

Personal financial management includes budgeting, controlling expenditure, tracking transactions and

maintaining savings. UPI can support these activities because digital transactions create records and instant notifications. At the same time, payment becomes very easy and less dependent on physical cash, which may increase the frequency of small or unplanned purchases. Therefore, it is useful to examine both the positive and negative sides of UPI from a personal financial-management perspective.

This study focuses on young adults because they are active users of smartphones and digital payment applications. The study combines official secondary information with primary survey data collected through Google Forms.

2. Literature Review

Huggi, Bhuwaneshwari and Udagi (2024) studied digital payment systems and consumer behaviour in India. Their study found that digital payments have an effect on people's spending and financial habits.

The study also discussed issues such as security, fraud and lack of digital literacy. This study helps in understanding how UPI may affect personal financial management.

Giridar and Mamooowala (2023) studied how UPI use is related to impulse buying among Indian consumers. Their study examined whether the easy and convenient use of UPI can influence people's buying decisions. The study is useful for understanding how UPI may influence spending behaviour and impulse purchases.

Recent studies have looked at how digital payments affect people's personal money management, saving habits and spending behaviour. The literature suggests that technology alone does not determine financial outcomes. User awareness, budgeting, self-control, perceived security and the purpose of transactions are also important.

The present study differs in scope by using a small, student-led survey focused on young adults and directly examining expense tracking, spending frequency, impulse purchases, budget management and overall perceived improvement in personal financial management.

3. Research Gap

Much of the available discussion on UPI concentrates on transaction growth, adoption, convenience and digital-payment infrastructure. A simple MBA-level study linking frequent UPI use with day-to-day personal financial management is useful for understanding how young users perceive the financial effects of the technology. This study addresses that gap using primary responses from 54 respondents.

4. Objectives of the Study

- To study the pattern and frequency of UPI usage among young adults.
- To examine the perceived impact of UPI on tracking daily expenses.
- To examine whether UPI is associated with increased spending frequency and impulse purchases.
- To assess whether UPI helps respondents manage their monthly budget.

- To measure satisfaction with UPI as a payment method.
- To suggest measures for responsible use of UPI in personal financial management.

5. Research Methodology

Research design: The study is based on primary data collected through a survey and secondary data from government reports. It describes the respondents' UPI usage pattern and examines their perceptions of financial-management effects.

Sample size: 54 responses collected through Google Form. All 54 responses were used for the descriptive analysis.

Sampling method: Convenience sampling was used, as Google Form shared digitally with easily available UPI users.

Data collection: Primary data was collected through Google Forms survey. The questionnaire included demographic questions, UPI usage questions and five-point scale statements on expense tracking, spending frequency, impulse purchases, budget management and satisfaction.

Secondary data: Government and institutional sources including the Department of Financial Services, Ministry of Finance, RBI and NPCI were used to describe the growth and importance of UPI.

Data analysis: Frequencies, percentages, mean scores and Spearman rank correlations were used. Percentages are calculated from the 54 valid responses. Because this is a small convenience sample, the results should be interpreted as respondents' perceptions and should not be generalised to all young adults in India.

Ethical consideration: No UPI PIN, OTP, bank-account number, password or other sensitive financial credential was collected.

6. Secondary Data: Growth of UPI in India

The Department of Financial Services provides a clear picture of the growth of UPI. The latest DFS Annual Report 2025–26 reports the following UPI transaction volumes.

Financial Year	UPI transactions (crore)
FY17-18	92
FY18-19	535
FY19-20	1252
FY20-21	2233
FY21-22	4597
FY22-23	8375
FY23-24	13116
FY24-25	18587

Source: Department of Financial Services, Ministry of Finance, Government of India, Annual Report 2025–26. The reported series shows growth from 92 crore transactions in FY2017–18 to 18,587 crore in FY2024–25. The FY2024–25 figure represents a 42% year-on-year increase over FY2023–24.

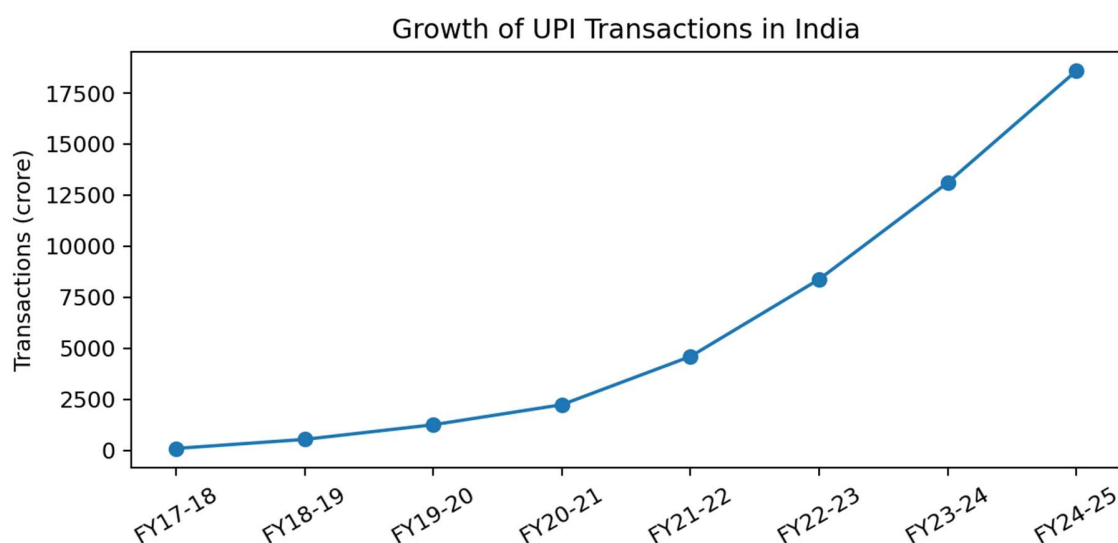


Figure 1. UPI transaction Growth in India.

7. Results and Discussion

7.1 Age Profile

Age group	Respondents	Percentage
18–21 years	19	35.2
22–25 years	25	46.3
26–30 years	9	16.7
Above 30 years	1	1.9

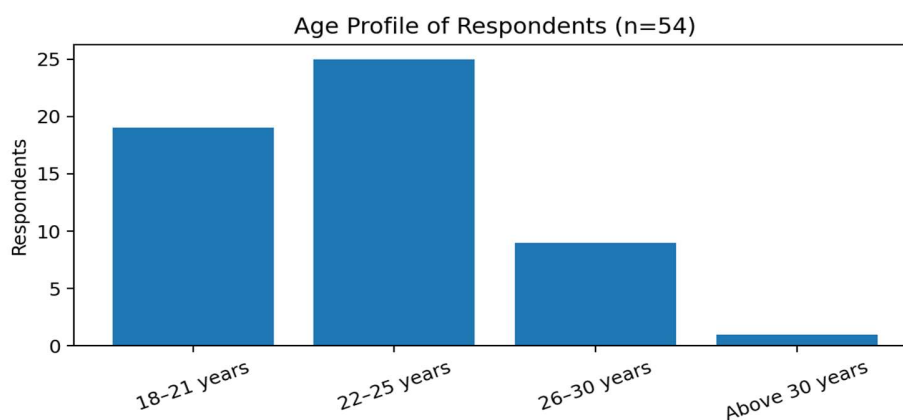


Figure 2. Age profile of respondents.

The largest group was 22–25 years (46.3%), followed by 18–21 years (35.2%). Together, these two groups represented 81.5% of the sample. This is consistent with the study's focus on young adults.

7.2 Occupation Profile

Occupation	Respondents	Percentage
Student	36	66.7
Salaried employee	13	24.1
Self-employed	3	5.6
Business	2	3.7

Students formed the largest group, with 36 respondents (66.7%). Salaried employees accounted for 13 respondents (24.1%). Self-employed respondents were 5.6% and business respondents were 3.7%. The sample therefore mainly represents student and early-career users.

7.3 Frequency of UPI Usage

UPI usage frequency	Respondents	Percentage
Several times a day	25	46.3
Once a day	8	14.8
Several times a week	10	18.5
Once a week	2	3.7
Occasionally	7	13.0
Rarely/Never	2	3.7

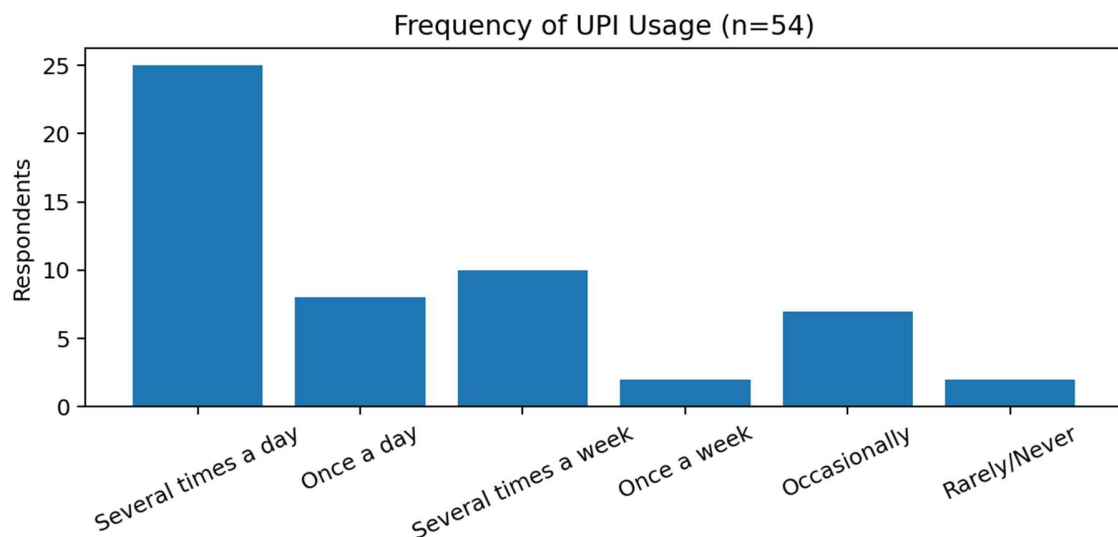


Figure 3. Frequency of UPI usage.

The most notable finding is that 25 respondents (46.3%) use UPI several times a day. A further 8 respondents (14.8%) use it once a day. Thus, 61.1% of the respondents use UPI at least daily. Only 2 respondents (3.7%) reported rarely or never using UPI.

7.4 Main Reason for Using UPI

Main reason	Respondents	Percentage
No need to carry cash	16	29.6
Fast transactions	14	25.9
Convenience	10	18.5
Easy money transfer	9	16.7
Discounts/Cashback	5	9.3

Avoiding the need to carry cash was the most common reason at 29.6%, followed by fast transactions at 25.9% and convenience at 18.5%. Easy money transfer accounted for 16.7%, while discounts/cashback accounted for 9.3%. The results suggest that practical convenience is more important than promotional benefits for this sample.

7.5 Five-Point Scale Results

Statement	Mean score (1–5)
UPI helps me track and monitor daily expenses	3.07
UPI has increased my spending frequency	3.19
UPI makes impulse/unnecessary purchases easier	3.07
UPI helps me manage monthly budget effectively	2.93
Satisfaction with UPI	3.56

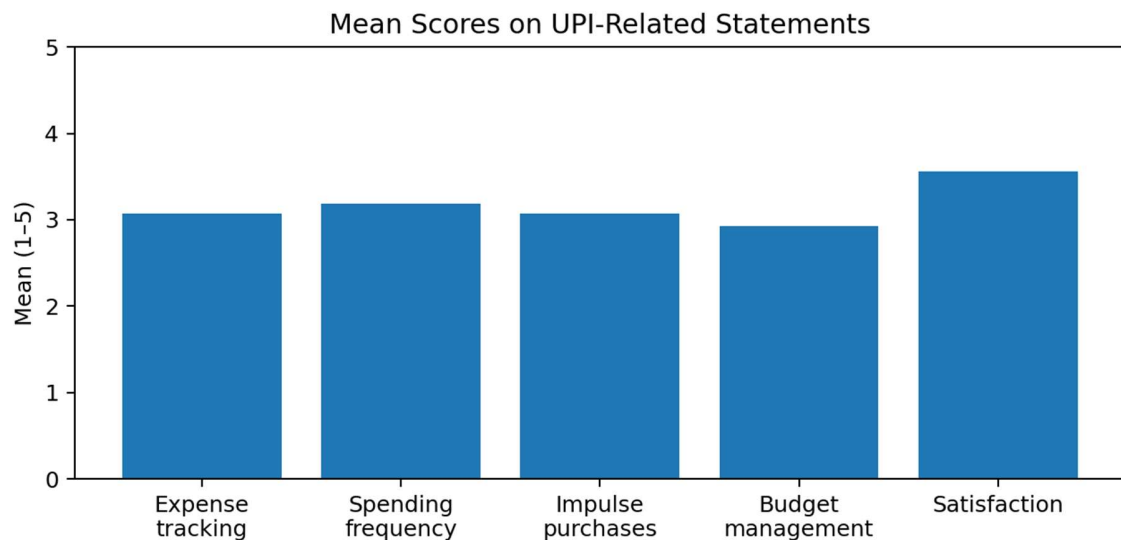


Figure 4. Mean scores of key UPI-related statements.

Satisfaction recorded the highest mean score at 3.56. The mean score for increased spending frequency was 3.19, while impulse or unnecessary purchases was 3.07. Expense tracking scored 3.07 and budget management scored 2.93. This indicates that respondents generally view UPI positively for convenience and satisfaction, but the effect on budgeting is less strong.

7.6 Overall Perception of Personal Financial Management

Response	Respondents	Percentage
Strongly Agree	8	14.8
Agree	21	38.9
Neutral	21	38.9
Disagree	1	1.9
Strongly Disagree	3	5.6

Overall, 29 respondents (53.7%) agreed or strongly agreed that UPI improved their personal financial management. 21 respondents (38.9%) were neutral, while 4 respondents (7.4%) disagreed or strongly disagreed. This indicates a generally positive perception, although a sizeable neutral group shows that the financial-management benefit is not equally felt by everyone.

7.7 Relationship Between UPI Usage and Selected Perceptions

Variable related to UPI usage	Spearman rho	p-value
UPI has increased my spending frequency	0.197	0.153

UPI makes impulse/unnecessary purchases easier	0.010	0.945
UPI helps me manage monthly budget effectively	0.097	0.487
Satisfaction with UPI	0.261	0.057

The correlation results are presented as an exploratory analysis because the sample is small and non-probability based. UPI usage frequency showed a weak positive relationship with perceived increase in spending frequency ($\rho = 0.197$, $p = 0.153$), a near-zero relationship with impulse/unnecessary purchases ($\rho = 0.010$, $p = 0.945$), a weak positive relationship with budget-management perception ($\rho = 0.097$, $p = 0.487$), and a weak positive relationship with satisfaction ($\rho = 0.261$, $p = 0.057$). None of these relationships is statistically significant at the 5% level. Therefore, the sample does not provide sufficient evidence to claim that higher UPI frequency by itself causes higher spending or better financial management.

8. Major Findings

1. The study analysed 54 valid Google Forms responses.
2. 22–25 years was the largest age group with 25 respondents (46.3%).
3. Students formed the majority with 36 respondents (66.7%).
4. 25 respondents (46.3%) use UPI several times a day.
5. 33 respondents (61.1%) use UPI either several times a day or once a day.
6. Avoiding the need to carry cash was the most common reason for UPI use (29.6%).
7. UPI satisfaction had the highest mean score among the five statements (3.56/5).
8. The mean score for increased spending frequency was 3.19/5, suggesting a moderate perception of increased spending.
9. The mean score for budget management was 2.93/5, showing that UPI alone does not strongly improve budgeting for all respondents.
10. 29 respondents (53.7%) agreed or strongly agreed that UPI improved their personal financial management.
11. The exploratory correlation analysis did not find statistically significant relationships between UPI

usage frequency and the selected financial-management perceptions at the 5% level.

9. Recommendations

- Young users should review UPI transaction history regularly and classify expenses into essential and discretionary spending.
- Students and young earners should set a monthly spending limit for non-essential purchases instead of relying only on available account balance.
- UPI applications can be used together with a simple budget sheet or personal-finance app to convert transaction records into useful spending information.
- Users should be careful about impulse purchases, particularly small-value repeated transactions that may be difficult to notice individually.
- Educational institutions can promote digital financial literacy covering budgeting, fraud prevention, safe UPI practices and responsible digital spending.
- Users should never share UPI PINs, OTPs, passwords or banking credentials, even when a person claims to be calling from a bank or payment service.
- Future research should use a larger and more diverse sample so that the findings can be compared across students, salaried employees and other user groups.

10. Conclusion

UPI has become an important part of everyday financial activity in India. The government data show a very large increase in UPI transaction volume, from 92 crore in FY2017–18 to 18,587 crore in FY2024–25. This rapid growth provides the background for studying how UPI affects individual financial behaviour.

The primary survey of 54 respondents shows that UPI is used frequently by the sample, with 46.3% using it several times a day and 61.1% using it at least daily. The main reasons were avoiding the need to carry

cash, fast transactions and convenience. Satisfaction was relatively high, with a mean score of 3.56 out of 5. At the same time, respondents gave a moderate score to increased spending frequency and impulse purchases, indicating that convenience can have a mixed financial effect.

The overall perception was positive: 53.7% of respondents agreed or strongly agreed that UPI improved their personal financial management. However, the statistical analysis did not show significant relationships between UPI usage frequency and the selected perceptions at the 5% level. Therefore, it would be inappropriate to conclude that frequent UPI use alone determines spending or financial-management outcomes.

The study concludes that UPI is a useful financial tool, but its benefits depend on how users manage their behaviour. Regular expense review, budgeting, financial literacy and digital-security awareness can help young adults use UPI without losing control over personal spending.

11. Limitations of the Study

- The study is based on responses from only 54 respondents, so the findings may not fully represent the views of all UPI users.
- Convenience sampling was used, so the sample may not represent all young adults.
- The survey measures self-reported perceptions rather than actual bank-account spending records.
- The study focuses on a small student-led survey and therefore its results should not be generalised to the entire Indian population.
- UPI behaviour may differ by income, occupation, location and level of digital financial literacy.

12. Acknowledgement

I sincerely acknowledge the support of Wainganga College of Engineering and Management in carrying out this academic study. I also acknowledge the publicly available information provided by the Department of Financial Services, Ministry of Finance, Government of India, the Reserve Bank of India and the National Payments Corporation of India. I thank all respondents who voluntarily participated in the Google Forms survey.

13. References

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Appendix: Primary Data Questionnaire

The Google Forms questionnaire used for primary data collection is reproduced below for transparency.

1. Age group
2. Occupation
3. How frequently do you use UPI?
4. What is your main reason for using UPI?
5. UPI helps me track and monitor my daily expenses (1–5).
6. UPI has increased my spending frequency (1–5).
7. UPI makes impulse or unnecessary purchases easier for me (1–5).
8. UPI helps me manage my monthly budget effectively (1–5).
9. How satisfied are you with UPI as a payment method? (1–5).
10. Overall, do you think UPI has improved your personal financial management?