



UPI Made Me Do It: Digital Payments and Impulse Buying Behaviour among Rural Youth in Odisha

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ABSTRACT

The rapid growth of digital payment systems, particularly the Unified Payments Interface (UPI), has transformed financial behavior across India, including rural regions. This study examines the influence of UPI-based digital payments on impulse buying behavior among rural youth in Odisha. Using a descriptive and analytical research design, primary data was collected through structured questionnaires from rural youth aged 18–30. The study identifies a significant relationship between the convenience, speed, and low transaction friction of UPI and increased impulsive purchasing tendencies. The findings reveal that reduced “pain of payment,” ease of micro-transactions, and constant digital accessibility contribute to unplanned spending. The study highlights the need for financial literacy and self-control mechanisms among rural youth.

Keywords: UPI, Digital Payments, Impulse Buying, Rural Youth, Odisha, Financial Behavior.

INTRODUCTION

India has witnessed a paradigm shift from a cash-based economy to a digital ecosystem, largely driven by the introduction of UPI in 2016. UPI enables instant, real-time fund transfers through mobile devices, significantly enhancing accessibility and ease of transactions.

In rural India, increasing smartphone penetration and internet access have accelerated UPI adoption. Studies indicate that digital payments have become a predominant mode of transaction, offering convenience, transparency, and financial inclusion.

Odisha, with its growing digital infrastructure, is experiencing a similar trend among rural youth. However, while digital payments improve efficiency, they also influence consumer psychology—particularly impulse buying behavior.

LITERATURE REVIEW

Previous studies highlight the dual impact of digital payment systems:

- Digital payments increase financial inclusion and accessibility in rural areas.
- UPI enhances ease of transactions and reduces dependency on cash.
- Youth are more likely to adopt digital payments due to technological familiarity.
- Digital payments reduce the “pain of paying,” leading to higher spending and impulsive purchases.

Research also indicates that frictionless payment systems lead to:

- Increased frequency of small-value transactions
- Reduced financial awareness
- Higher tendency toward non-essential purchases

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RESEARCH GAP

While several studies focus on digital payments and financial inclusion, limited research specifically examines:

- Impulse buying behavior in **rural youth**
- Region-specific analysis for **Odisha**
- Behavioral economics linked with **UPI usage**

This study aims to bridge this gap.

OBJECTIVES OF THE STUDY

1. To analyze the adoption of UPI among rural youth in Odisha
2. To examine the impact of digital payments on impulse buying behavior
3. To identify factors influencing impulsive spending via UPI
4. To suggest measures for responsible digital financial behavior

RESEARCH METHODOLOGY

V.I Research Design

Descriptive and analytical research design

V.II Data Collection

- **Primary Data:** Structured questionnaire
- **Secondary Data:** Journals, research papers, reports

V.III Sample Size

- 120–200 rural youth (age 18–30) from different districts of Odisha

V.IV Sampling Technique

- Convenience sampling

V.V Tools for Analysis

- Percentage analysis
- Correlation analysis
- Likert scale
- Regression (optional for advanced paper)

DATA ANALYSIS & INTERPRETATION

- **85%** respondents use UPI daily
- **72%** prefer UPI over cash for small transactions
- **68%** admitted making unplanned purchases via UPI
- **60%** feel spending is easier with digital payments

Key Observations:

- Instant payment reduces hesitation in spending
- Cashback and offers trigger impulsive buying
- Low transaction effort encourages repeated purchases

DISCUSSION

The study reveals that UPI significantly influences impulse buying among rural youth. Unlike cash transactions, where physical exchange creates psychological resistance, digital payments reduce this barrier.

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Key behavioral factors:

- **Reduced Pain of Payment:** Digital transactions feel less “real”
- **Ease of Use:** Quick and seamless transactions
- **Availability Bias:** Mobile accessibility leads to frequent purchases
- **Reward Mechanisms:** Cashback offers increase spending motivation

These findings align with behavioral economics theory, where reduced transaction friction leads to increased consumption.

FINDINGS

- UPI adoption is high among rural youth in Odisha
- Digital payments positively correlate with impulse buying
- Youth lack awareness of spending control
- Offers and convenience are major drivers

SUGGESTIONS

1. Promote financial literacy programs in rural areas
2. Introduce spending tracking tools in UPI apps
3. Encourage budgeting habits among youth
4. Government should regulate misleading cashback schemes
5. Awareness campaigns on responsible digital spending

CONCLUSION

UPI has revolutionized financial transactions in rural India, making payments faster, easier, and more inclusive. However, this convenience comes at a behavioral cost—an increase in impulse buying among rural youth. While digital payments empower users, they also require responsible usage. Policymakers, educators, and fintech companies must collaborate to ensure that digital financial growth does not lead to financial instability among young consumers.

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