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# A Study on Effect of AI Digital Wallets and UPI on Online Shopping Frequency

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**Abstract:** The rapid growth of digital payment systems has transformed the financial landscape in India. Digital wallets and Unified Payments Interface (UPI) have significantly influenced consumer purchasing behavior and online shopping frequency. The introduction of UPI by the National Payments Corporation of India has made instant, secure, and cashless transactions possible. This study examines the impact of digital wallets and UPI on online shopping frequency, consumer convenience, security perception, and spending habits. The research also analyzes the advantages and challenges associated with digital payment systems. The findings reveal that digital payment platforms have increased transaction speed, improved financial inclusion, and enhanced customer satisfaction, while also presenting risks such as cyber fraud and technical issues.

**Key words:** Digital Wallets, UPI, E-commerce, Digital Payments

## 1. INTRODUCTION

Digital transformation has changed the way financial transactions are conducted worldwide. In India, digital payment systems gained momentum after demonetization in 2016. Platforms like Paytm, Phone Pe, Google Pay, and Amazon Pay have simplified online transactions, launched by the National Payments Corporation of India, allows users to transfer money instantly between bank accounts through mobile devices. It has reduced dependency on cash and encouraged online shopping. With increasing smartphone usage and internet penetration, consumers prefer digital payment methods due to their convenience, speed, and reward benefits. This study focuses on understanding how digital wallets and UPI influence online shopping frequency and consumer spending behaviour.

## 2. REVIEW OF LITERATURE

Previous studies highlight the rapid adoption of digital payments in India. Researchers found that digital wallets increase consumer convenience and reduce transaction time. Studies show that cashback offers and rewards encourage higher spending and more frequent online purchases. Research also indicates that security concerns and lack of digital literacy act as barriers to adoption. Some studies emphasize that UPI has revolutionized peer-to-peer transactions and small merchant payments. Overall, literature suggests that digital payment systems positively impact e-commerce growth and customer satisfaction.

## 3. RESEARCH GAP

Although several studies have examined digital payment systems, limited research focuses specifically on:

- The direct relationship between UPI usage and online shopping frequency.
- Comparative analysis between digital wallets and UPI.
- Consumer perception in semi-urban areas.
- The long-term impact on spending habits.

This study aims to fill these gaps by analysing consumer behaviour and identifying key influencing factors.

#### **4. OBJECTIVES OF THE STUDY**

1. To understand the concept of digital wallets and UPI.
2. To analyze the impact of digital wallets and UPI on online shopping frequency.
3. To examine consumer perception towards digital payment systems.
4. To identify the advantages and disadvantages of digital payments.
5. To suggest improvements for better adoption of digital payment methods.

#### **5. RESEARCH QUESTIONS**

1. Does the use of digital wallets increase online shopping frequency?
2. What factors influence consumers to adopt UPI?
3. Are consumers satisfied with digital payment services?
4. What are the major challenges faced while using digital wallets and UPI?
5. Is there a significant difference between digital wallet usage and UPI usage?

#### **6. RESEARCH METHODOLOGY**

The present study adopts a descriptive research design to examine the impact of digital wallets and UPI on online shopping frequency and consumer behavior. The study is based on both primary and secondary data. Primary data were collected through a structured questionnaire distributed to 75 respondents using the convenience sampling method. The respondents were selected from Hosur to understand their usage pattern, satisfaction level, and perception towards digital payment systems. Secondary data were collected from journals, books, research articles, official reports, and websites of institutions such as the National Payments Corporation of India and the Reserve Bank of India. The collected data were classified, tabulated, and analyzed using percentage analysis, charts, and tables for better interpretation. Statistical tools such as hypothesis testing were applied wherever necessary to determine the relationship between digital wallet usage, UPI usage, and online shopping frequency. The findings are presented systematically to draw meaningful conclusions and provide suitable suggestions.

#### **7. SCOPE OF THE STUDY**

The present study focuses on examining the impact of digital wallets and UPI on online shopping frequency and consumer behavior. It covers the usage pattern, satisfaction level, and perception of consumers towards digital payment systems. The study is limited to respondents in Hosur and is based on a sample size of 75 participants. It considers major digital payment platforms operating under the guidelines of the National Payments Corporation of India and regulated by the Reserve Bank of India. The study aims to understand how digital payment methods contribute to convenience, increased online purchases, and the promotion of a cashless economy.

#### **8. SUGGESTIONS**

Based on the findings of the study, digital payment service providers should strengthen security measures to reduce fraud and cyber risks. Awareness programs must be conducted to educate users about safe digital transaction practices. Banks and payment platforms should improve technical infrastructure to avoid transaction failures. Proper customer support services should be provided to resolve issues quickly. Regulatory authorities such as the Reserve Bank of India and the National Payments Corporation of India should regularly monitor digital payment systems. Additionally, digital literacy programs and attractive incentives can encourage greater adoption of digital wallets and UPI services.

#### **9. LIMITATIONS OF THE STUDY**

1. The study is limited to 75 respondents only.
2. It is confined to a particular geographical area (Hosur).
3. The study depends on the responses given by the respondents.
4. Time constraints may affect detailed analysis.
5. Rapid technological changes may make findings time-bound.

## **10. CONCLUSION**

The present study examined the impact of digital wallets and UPI on online shopping frequency and consumer behavior. The findings indicate that digital payment systems have significantly transformed the way consumers make transactions. The introduction of UPI by the National Payments Corporation of India has made fund transfers simple, instant, and secure. The study reveals that most respondents prefer digital wallets and UPI due to convenience, speed, cashback offers, and ease of use. These payment methods have increased online shopping frequency and reduced dependency on cash transactions. Young consumers, especially those in the age group of 21–30 years, are the major users of digital payment systems. However, certain challenges such as security risks, cyber fraud, technical issues, and lack of digital literacy still exist. Despite these limitations, digital wallets and UPI have contributed significantly to the growth of e-commerce and the development of a cashless economy in India.

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