

GROWTH OF DIGITAL PAYMENTS AND ITS IMPACT ON CUSTOMER SPENDING HABITS

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ABSTRACT

With the rapid Technology in development of technology, there is a swift transition from cash to a cashless payment system. This study aims to analyse the socio-economic impact of digital payment on consumers, with a focus on spending levels, impulse buying and behavioural changes. The study uses primary data to collect information from 100 respondents through a structured questionnaire method. The statistical tools are used to test the respondent's opinions, such as simple percentage Analysis and the chi-square test. The result indicates that most of the young adults have high exposure to digital payment systems. The Average score ranged from 2.97 to 3.36, indicating that respondents engage in such digital payment activities sometimes, reflecting a balanced and cautious approach. The chi-square analysis indicates that age has a significant relationship with the overall impact of digital payment. Furthermore, the study observes that digital payment systems enhance convenience, transaction speed, and financial transparency among users. It also supports better expense tracking, which helps consumers monitor their spending patterns effectively. The study concludes that digital payments reduce excessive impulsive purchases, promote spending control, and encourage responsible financial behaviour, thereby contributing positively to personal financial management and the growth of a cashless economy. However, the study emphasises the importance of awareness regarding data security, privacy, and responsible usage to avoid financial fraud and overspending. The findings suggest that with proper financial literacy and self-control, digital payment systems can act as effective tools for managing personal finances. The study concludes that digital payment avoids excessive impulsive purchases and promotes control over one's spending behaviour.

Keywords: *Digital payment, Consumer spending Behavior, Impulse buying, Usage patterns and financial Behavior.*

INTRODUCTION

The introduction of Digital Payment has created a significant transformation in consumer spending habits, as individuals manage their finances and how they engage in transactions. Due to their speed, convenience, people rely on these digital payments like UPI, debit and credit cards, and online banking have become a necessity in daily life. This transformation from traditional payment to digital payment has not only made purchases easily accessible but also created impulse buying among people. The digital payment offers the benefit of real-time tracking, which ensures financial Knowledge and promote Disciplined spending habits. Owing to the ease and speed of digital payment the consumer's buying patterns and financial behaviour are also affected. In digital payment, the simplicity of making payment with just one click promotes spontaneous shopping, repeated purchases and unplanned spending. Through this study, we can explore how digital payments influence customer spending habits. It also examines whether, due to the convenience and speed of digital payment, it leads to impulsive purchases and behaviour changes. The study's vital aim is to understand the overall impact of digital payments on modern consumer behaviour.

STATEMENT OF THE PROBLEM

The Increased usage of Digital payment methods like UPI, debit and credit cards and online banking has significantly changed the customers's buying habits nowadays. This payment system creates less psychological convenience while handling actual cash due to speed and convenience. Since modern technology has made a significant change nowadays, the adoption of digital payment among people has drastically increased among customers, which leads to unplanned purchases and overspending without thought. The consumer's spending and financial behaviour are shaped by socioeconomic factors like income level, education and lifestyle, which

lead to the adoption of digital payment among customers. The study also explores how the shift from traditional payment to digital payment has created a massive adoption and expansion in this modern world and how it affected the consumer's spending patterns, impulsive buying and general financial behaviour. This study makes clear explanation about how digital payment reshapes consumer spending behaviour and its effects on individuals, businesses and policymakers.

SCOPE OF THE STUDY

The scope of the deals is mainly about the impact of digital payment on consumer spending habits. It also includes some digital payment methods like UPI, online banking, mobile wallets and how these methods affect consumer spending behaviour. The study also talks about how digital payment affects impulse buying among people and how it affects purchasing decisions among customer and also the general spending patterns, which are impacted by the speed, convenience and also because of simplicity of digital transactions. The study collects a survey among people regarding how the growth of digital payment has impacted their daily life nowadays, such as while making purchases and how these payment systems make financial behaviour better. The study used some digital payment methods like UPI, mobile wallets, debit and credit cards, etc. Due to rapid technology development, the study also examines the effects and insights about the shift from cash to cashless transactions among consumers. It also talks about the extent to which digital payments have changed the frequency of transactions and the level of impact on consumer spending. The study uses a survey method to gain valuable insights into how digital payments are impacted on consumer spending habits.

OBJECTIVES OF THE STUDY

- To analyse the socio-economic impact of digital payment adoption on consumers' spending patterns and financial behaviour
- To understand how digital payments influence customers' spending levels.
- To examine whether easy payments encourage impulse buying
- To identify changes in spending behaviour after shifting from cash to digital modes.
- To find out if quick digital payments make customers spend without thinking.

RESEARCH METHODOLOGY

SOURCES OF DATA

The study is based on a descriptive research design. As opinions, characteristics and behaviour of respondents are collected through a structured questionnaire using Google Forms, and the results were analysed using statistical tests.

DATA COLLECTION METHOD

The study employs a Descriptive research design.

Primary Data

The study uses an online survey made with Google Forms to gather primary data. It includes a linear scale, multiple-choice to record the usage frequency, expenditure trends and customer opinion.

Secondary Data

The study used a secondary data method to validate the survey results. The secondary data has been gathered from books, journals and reliable websites.

AREA OF THE STUDY

The study mainly deals with the use of digital payment system which include UPI, mobile wallets, debit and credit cards and other online payment platforms. The information was gathered from various respondents based on factors like age groups, income levels and job. It also talks about the usage of frequency of digital payment used by the consumer, and it also deals with how it influences their spending behaviour. It uses an

online survey method to collect how digital payment methods are changing consumer behaviour and their financial decision-making.

SAMPLING TECHNIQUE AND SAMPLE SIZE

The study uses a Non- Probability Sampling Technique because the respondents have been chosen based on availability and convenience. The online survey method with Google Forms is used to collect data has researcher was able to quickly and effectively gather responses from customers. The Sample size of 100 respondents was chosen from various age groups, professionals, and socioeconomic origins. They made it easier to collect and record different viewpoints.

PERIOD OF THE STUDY

The study uses primary data to collect information from respondents t, the period has taken place between November 2025 and January 2026. The survey method was used as it will effectively analyse how digital payments influence consumer spending habits.

STATISTICAL TOOLS OF THE STUDY

Simple Percentage Analysis

The simple Percentage Analysis is to test personal details of the respondents from text to numbers. It helps in presenting data in an understandable form. It also helps to make comparisons and interpretations.

Chi-Square Analysis

The chi-square test is used to examine the relationship between age and the overall impact of digital payments on their spending behaviour.

Average Score

The study uses this tool to identify the frequency of using digital payment among respondents.

LIMITATIONS OF THE STUDY

1. The study includes 100 respondents, who make up the sample size, but this sample may not accurately reflect the total population.
2. There may be bias towards primary data collected from the respondents.
3. The study does not monitor changes in spending behaviour over an extended period of time since it uses a cross-sectional design, which records answers at a particular point in time.

Review of Literature

Rahul Amin, MD (2025)¹, The study effectively analyses how digital payments are changing the way people in Espo, Helsinki and Vantaa handle their money and make purchases. This study examines how digital payments affect consumer behaviour. A quantitative survey method has been used to analyse how digital payments influence consumer behaviour. The behavioural data showed that the participants were mostly educated, middle-class adults who used digital technology, and they lived in Espoo, Helsinki and Vantaa. In Finland's urban cecentresdigital payments have become the norm, largely because they're easy to use and people trust them.

Dr Ashish Joshi et al (2024)², In their study, which focused on the Digital payment systems, by virtue of their speed, convenience and accessibility, are reshaping consumer spending and financial management. These systems, however, are also subject to the influence of demographic variables such as age, income, etc. This study aims to examine how digital payments affect spending habits, user demographics and the challenges that shape consumer behaviour. This study used a survey and statistical analysis to examine how the ease of digital payments influences spending habits and financial management in a group of 105 participants. The results indicate that while using digital payment methods often leaddso increased spending due to convenience, they also support better financial management through expense tracking features.

DR Amina Farooq (2024)³. This study explores how mobile payments affect consumer spending and financial behaviour in developing countries, using Pakistan as a key example. It aims to understand how mobile payments affect consumer spending habits across different demographic groups. Mobile payment systems

significantly boost spending across all types of purchases, especially online. This is because people using these systems spend more often and more easily than those who use cash. These payment systems make purchases easier and faster. This leads to more inclusive spending, especially among younger users. As a result, there's a clear shift toward more digital consumption in developing countries.

Fahrettin Pala (2024)⁴. This study explores how consumer spending, saving practices and impulsive purchases are affected by digital and mobile payments, particularly in light of the COVID-19 transition to cashless transactions. The purpose of the study is to evaluate how digital payments affect saving and spending patterns, particularly during the COVID -19 pandemic. The impact of digital payments on spending and saving was quantified using data from 2016 to 2023. While the pandemic decreased savings and spending, it increased the impact of digital payments. Even in times of crisis like COVID-19, digital payments have a positive impact on saving and spending.

DR Bhoopathy et al. (2024)⁵, Digital Payment systems have changed how consumers behave, making spending easier, faster and more impulsive, while also raising concerns about privacy and security. This study examines consumer demographics, how they view digital payment, and the connection between income and its impact on spending habits. The descriptive research method is used in the study, which incorporates both numerical and non-numerical data, to examine how digital payments affect consumer spending. The results indicate that most participants are young, educated women with moderate incomes. They see digital payments as convenient, but their trust and privacy concerns vary. The study's findings suggest that how people prefer to pay digitally varies based on their demographic characteristics and income. This highlights the need for payment solutions that are tailored to specific user groups.

DATA ANALYSIS AND INTERPRETATION

This chapter deals with the analysis and interpretation of data that has been collected from 100 respondents using a structured questionnaire with Google Forms. The data was analysed through percentage analysis, Average Score and Chi-square analysis to study the growth and impact of digital payments and their impact on customer spending habits.

TABLE NO: 4.1 PERSONAL PROFILE OF THE RESPONDENTS

Personal Profile	Particulars	No of Respondents	Percentage
Gender	Male	45	45%
	Female	55	55%
Age	18-25	91	91%
	26-35	04	4%
	36-45	03	3%
	Above 45	02	2%
Education Qualification	Undergraduate	89	89%
	Postgraduate	07	7%
	Professional	04	4%
Occupation	Student	81	81%
	Employed	17	17%
	Self-Employed	02	2%
	Homemaker	-	-
	Other	-	-
Monthly Income	Below Rs 10,000	62	62%
	Rs 10,001-25,000	15	15%
	Rs 25,001-50,000	18	18%
	Above Rs 50,000	05	5%

Source: Primary Data

Interpretation

From the above table, it is understood that the respondents belong to various groups, genders, educational backgrounds and income levels. This table indicates that most of the respondents fall under the economically

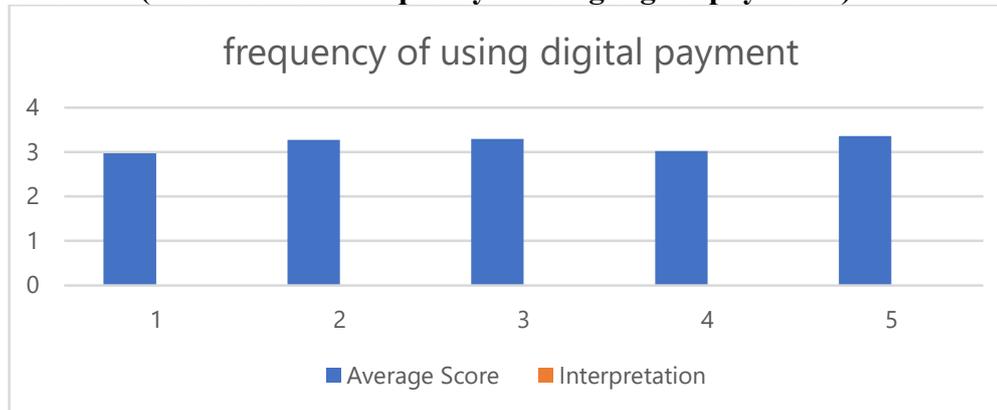
active age group, which indicates that they have high exposure to digital payment methods. It helps to understand the overall behaviour and perception towards digital payments because the data shows a balanced representation of respondents.

Table 4.2 Frequency of Using Digital Payments Interpretation

Particulars	Average Score	Interpretation
Making unplanned purchases using digital payment	2.97	Sometimes
Checking transaction history after payment	3.27	Sometimes
Completing purchases quickly	3.29	Sometimes
Exceeding the budget due to digital payment	3.02	Sometimes
Using digital payment for day-to-day	3.36	Sometimes

From this table, we understood that the respondents use digital payments occasionally, with an average mean ranging from **2.97 to 3.36**, which comes under the Sometimes category. This tells that a **balanced cautionary adoption of digital payment systems**. This indicates that respondents are comfortable and mindful in using digital payment.

Chart 4.2(Mean score of frequency of using digital payments)



Interpretation

This chart shows that the majority of the respondents fall under the Sometimes and often category, indicating moderate usage. This indicates that respondents use digital payment with controlled spending behaviour.

Table 4.3 Chi-square Analysis – Age and overall Impact of digital payments

Null Hypothesis (Ho)

It indicates that there is no significant relationship between the personal factors of respondents and the overall impact of digital payments.

Alternative Hypothesis(H1)

It shows there is a significant relationship between the personal factors of respondents and the overall impact of digital payments.

S NO	Personal factors	Chi-Square value	Significant value	S/NS
1	Gender	2.134	0.344	NS
2	Age	9.876	0.021	S
3	Educational Qualification	3.452	0.327	NS
4	Occupation	4.218	0.239	NS
5	Monthly Income	2.987	0.394	NS

Interpretation

The chi-square analysis reveals that age has a significant influence on the overall Impact of digital payment, as per Table 4.3, the **p-value** > **0.05**. However, the personal factors do not show a significant relationship with the overall impact of digital payments.

Chart 4.3 Overall Impact of Digital Payments Based on Personal Factors

Interpretation

Based on chart 4.3 depicts that age has a significant influence on the impact of digital payments. However, other factors such as gender, educational qualification, occupation and monthly income do not have a significant effect.

FINDINGS

Based on Table 4.1, the study indicates that most respondents, especially young adults (18-25 years), have high exposure to digital payments. Table 4.2 shows the average score for the frequency of using digital payments like unplanned purchases, checking transaction history and how digital payments are used in day-to-day activities of the respondents occur occasionally. So it reflects a balanced and cautious adoption of digital payments. Chi-square analysis has been used to calculate how age influence overall impact of digital payments. From Table 4.3, we understood that younger adults had higher engagement in using digital payment. Overall, from this study and also from the online survey collected from the respondent we can understand that there is moderate usage of digital payment methods with mindful behaviour among respondents. And also, the study indicates that respondents use digital payment carefully without making unplanned purchases.

SUGGESSTION

Based on the findings of the study, due to the shift from cash to cashless transactions, more users should be encouraged to adopt digital payment mindfully and responsibly in the upcoming years. Awareness programs must also be conducted for the senior generations who may not adapt to using digital payment. In future, it is recommended that digital payment apps should include features like spending alerts, budget limits and monthly summaries, which may be helpful for people to carefully spend and make future plans or budget. This aims to reduce impulsive buying, and it will promote better financial behaviour. The app should be user-friendly, and loyalty rewards should also be encouraged because they attract most of the younger users and also ensure trust and convenience.

CONCLUSION

Overall, this study indicated that help users how to manage their spending behaviour effectively, and also examines that digital payments are used consciously and without impulsive buying. es that the young adults (18-25) have high exposure to digital payments. The Average score test indicates a balanced and cautious adoption of digital payment among respondents. The chi-square analysis shows that age significantly influences the overall usage and impact of digital payment. Overall, it provides convenience and speed while consumers have control in spending habits. The findings of the study indicate that the respondents use digital payment carefully and promote responsible financial behaviour.

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