



A study on the Influence of Digital Payment Pathways on Consumer Expenditure Behaviour.

¹Dr. Dipti Tulpule, ²Sakshi Dikonda, ³Dr. Neeraja Aswale,
⁴Nikhat Shaikh, ⁵Shreyash Yadav

¹Associate Professor, MITCOM, MIT ADT University, Pune, India

²Research Student, MITCOM, MIT ADT University, Pune, India

³Associate Professor, VIM, Vishwakarma University, Pune

⁴Research Student, MITCOM, MIT ADT University, Pune, India

⁵Research Student, MITCOM, MIT ADT University, Pune, India

Email - drdiptitulpule@gmail.com

Abstract: The influence of digital payments on consumer behaviour is a intricate and multidimensional issue that merits comprehensive examination. As individuals increasingly adopt digital payment alternatives, their purchasing behaviour, expenditure patterns, and overall financial decision-making processes are undergoing substantial modifications. This paper focuses on influence of digital payments gateway's influence on purchasing power and buying consistency. The ease of online payment is influencing the buying behaviour of consumer in current tech scenario. A survey-based methodology is appropriate for this research as it enables the collection of quantitative and qualitative data on consumer behaviour, preferences, and perceptions regarding digital payment pathways. The study adopted a descriptive and analytical survey design to assess how digital payment methods influence consumer expenditure behaviour. Final responded were the Consumers who use digital payment methods, including mobile wallets, credit/debit cards, and online banking. A stratified random sampling method was used to ensure representation across age groups, income levels, and geographic locations. A structured questionnaire was designed and Online surveys (Google Forms) and physical surveys was conducted.

Key Words: Digital payments, Consumer behaviour, purchasing power, Buying consistency, Payment gateways, Online payment.

1. INTRODUCTION:

The swift evolution of technological advancements has transformed numerous aspects of our everyday existence, particularly in the realm of financial dealings. In recent times, digital payment methods have gained significant attraction, altering the landscape of consumer conduct and monetary interactions. This transition towards cashless transactions has been especially notable in nations such as India, where policies aimed at demonetization have accelerated the uptake of digital payment systems. This scholarly investigation seeks to explore the various aspects of this impact, scrutinizing how the widespread adoption of digital payment platforms has shaped consumer preferences, confidence in financial establishments, and broader economic engagement. Moreover, this research will examine the driving forces behind the adoption of digital payments, including factors such as ease of use, security measures, and governmental initiatives. By scrutinizing the correlation between digital payment utilization and consumer behaviour, we can acquire valuable insights into the changing dynamics of contemporary commerce and financial ecosystems. Comprehending these shifts is essential for businesses, policymakers, and financial institutions to modify their strategies and services to address the evolving requirements and expectations of consumers in an increasingly digitized world.



Problem Statement: The digital payment system is a very important aspect at present however issues lie with awareness and security aspects. Through this project, we will explore some of the digital payment systems in our economy, and the level of awareness, usage, and impact they have on consumer purchasing behaviour. These methods are well-known to be efficient; however, there is a lack of empirical research concerning their influence on consumer behaviour. From a business and policy standpoint, understanding the mechanisms by which digital payment options influence decision making — whether changes to spending patterns, purchasing rates or product choice — is critical

Importance of study: The rise of digital payment systems has fundamentally changed how consumers and businesses conduct financial transactions, transforming traditional monetary exchanges. This study investigates the impact of digital payment technologies on consumer and vendor behaviour, exploring factors such as user-friendliness, dependability, spending patterns, and financial literacy. Utilizing a mixed-methods approach, including surveys, the research examines how digital payment platforms affect shopping habits, financial management strategies, and business practices. Findings suggest that digital transactions provide greater convenience and improved security, although they also contribute to higher consumer expenditures. Enterprises gain advantages through streamlined transactions, reduced cash handling, and improved financial tracking. However, challenges persist, including cybersecurity concerns and disparities in digital literacy. The study provides crucial insights about the effect of electronic payment methods on how consumers spend money involves a nuanced interaction between ease of use, personal finance management, and concerns about safety.

Consumer spending patterns have undergone a significant transformation due to the rise of digital payments. The widespread adoption of cashless transactions, facilitated by mobile wallets, online banking services, and contactless payment methods, has revolutionized how people handle their finances. This shift has not only simplified the payment process but also led to an increase in spontaneous and frequent purchases. Moreover, the real-time expense tracking and management capabilities offered by digital payment systems have enhanced financial literacy, promoting more responsible spending habits. However, while digital payments offer undeniable convenience, they also bring to the forefront concerns regarding data privacy and security. In essence, the effect of digital payment technologies on consumer spending behaviours is a multifaceted issue, balancing convenience, financial management tools, and security considerations.

2. LITERATURE REVIEW:

The perceived usefulness and ease of use of digital payment systems also play a crucial role in adoption (Venkatesh et al., 2003). User-friendly interfaces, quick transaction processing times, and seamless integration with existing systems enhance the adoption rates of digital payment methods (Alalwan et al., 2018) *International Journal of Scientific Research in Engineering and Management (IJSREM)* (2024), revealed that in today's fast-paced world, electronic payment methods have become essential for everyday transactions. These digital solutions offer convenience through quick, computerized transfers. However, many people are still unfamiliar with these systems and prefer traditional cash payments, citing security worries. This lack of understanding impedes the broader adoption of digital payment platforms. Despite these challenges, it is clear that electronic payment technologies will continue to advance and address their present shortcomings, eventually leading to greater acceptance in the coming years.

Tuijin Jishu/Journal of Propulsion Technology conducted the research on “The Impact of Digital Payments on Consumer Spending Habits”, the study revealed key trends and disparities in consumers' attitudes and behaviours regarding digital payments, security concerns, data protection, and user preferences. These insights emphasize the necessity of addressing the varied requirements and inclinations of different demographic segments when creating and promoting digital payment platforms. Companies and financial institutions can leverage this data to provide more personalized and user-focused services in the rapidly changing digital payment ecosystem.

2023 IJRAR January 2023, Volume 10, Issue 1, A Study on Impact of Digital Payments on Consumer's Spending Behaviour with Special Reference to Coimbatore City

Consumer trust and perceived security of digital payment systems are critical factors influencing adoption (Dwivedi et al., 2020). Trust is built through the implementation of secure payment gateways, robust data encryption methods, and transparent policies regarding data protection (Kim et al., 2019)

Research Scholar 'S Shireesha', Department of Management Studies, School of Management Veltech Rangarajan Dr. Sagunthala R&D Institute of Science and Technology, Chennai (2024), figure out that the findings of the study are reasonably well addresses to the proposed relationships between key contributors in the diffusion of digital payment systems. Social influence, trust, and perceived ease of use are critical predictors of behavioural intention, which in turn



predicts actual-use behaviour substantially. Customer attitudes and seamless user experiences are essential to promoting widespread adoption of digital payment processing and, by extension, the dynamic digital economy.

3. OBJECTIVES:

To analyse how digital payment methods influence consumer spending behaviour, particularly focusing on purchasing power and buying consistency.

4. RESEARCH METHODOLOGY:

This study utilized survey research, a quantitative method, to explore how digital payment adoption influences consumer spending behaviour. Combining descriptive and analytical research approaches, it examined user demographics, frequency and types of digital payments, and perceptions of security, convenience, and financial management. Analytical insights focused on whether digital payments lead to increased spending, impulse buying, and changes in financial habits. The target population included young adults, middle-aged individuals, and senior citizens from various occupations such as salaried employees, students, and business owners. A stratified random sampling method ensured representation across age groups, income levels, and geographic regions (urban and semi-urban). Although the target sample size was 100, the study collected valid responses from 89 participants through a structured questionnaire using Google Forms and physical surveys. The findings offer valuable insights into the impact of digital payment pathways on consumer expenditure patterns and technology-driven financial behaviour.

5. FINDINGS:

Here are the findings of my research:

a) Increased Purchasing Power:

68.5% of respondents agreed that digital payments have increased their purchasing power.

b) Influence on Buying Decisions:

74.2% of respondents said that digital payments have influenced their buying decisions, showing a behavioural shift.

c) Increased Frequency of Transactions:

65.2% of respondents stated that digital payments have increased their frequency of transactions, suggesting a pattern of more frequent spending.

d) Impact on Financial Management:

55.1% felt that digital payments help them better manage their finances, indicating a conscious awareness of spending.

e) Impulse Buying:

60.7% of respondents admitted to engaging in impulse buying due to the ease of digital payments.

f) Convenience Factor:

A significant 79.8% of respondents agreed that digital payments are more convenient than cash, which indirectly drives more spending due to reduced friction.

g) Budget Tracking & Control:

47.2% stated that digital payments help them in tracking expenses, which can support or alter buying consistency depending on individual habits.

6. ANALYSIS:

Here is the data analysis of my research:

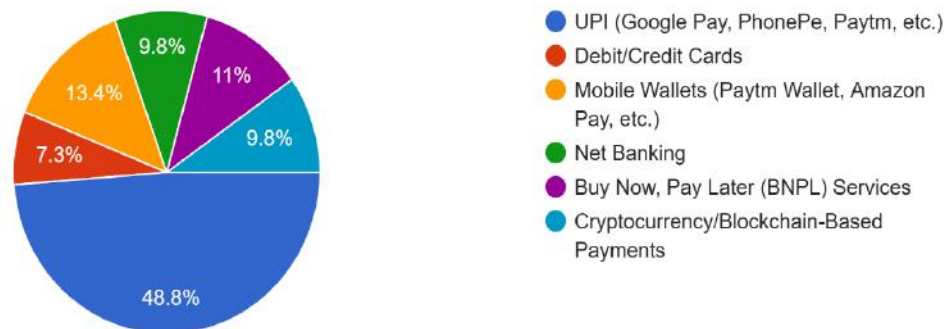
a) Increased Purchasing Power (68.5%)

A majority of respondents acknowledged that digital payments have increased their purchasing power. This indicates that the availability and ease of using digital methods like UPI, mobile wallets, and cards have reduced psychological and logistical barriers to spending, making consumers feel more empowered to make purchases—even in cases where they have not carried physical cash.



Which digital payment methods do you use most frequently?

82 responses



b) **Influence on Buying Decisions (74.2%)**

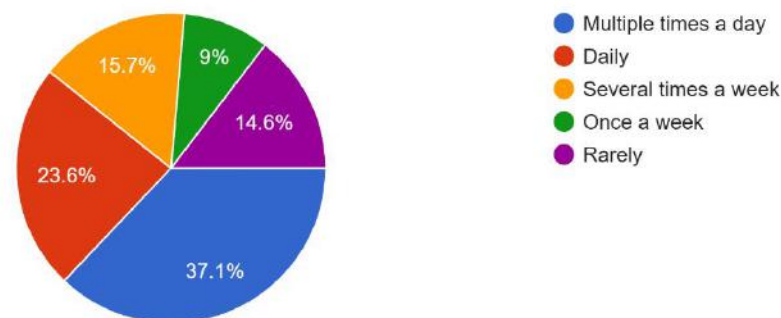
The fact that nearly three-fourths of respondents reported that digital payments influence their buying decisions highlights a behavioural shift. It suggests that digital payments may create a sense of flexibility and reduced perceived “cost” of spending, thus prompting consumers to make quicker or more frequent purchase decisions.

c) **Increased Frequency of Transactions (65.2%)**

A significant portion of respondents stated that their transaction frequency has increased. This aligns with global patterns showing that cashless systems promote microtransactions and frequent low-value purchases due to the speed and convenience of such systems.

How frequently do you use digital payments?

89 responses



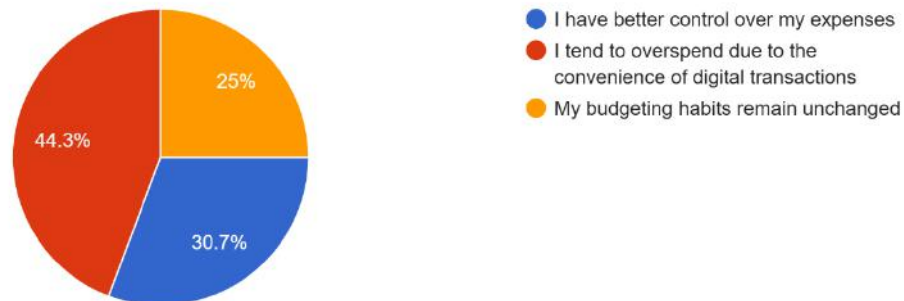
d) **Better Financial Management (55.1%)**

More than half the respondents felt that digital payments aid financial management. This likely reflects the ease of tracking expenses via transaction histories in apps and bank statements. This is a positive aspect showing digital payments can also contribute to improved budgeting and expense awareness.



How has your budgeting or financial planning been affected by digital payments?

88 responses

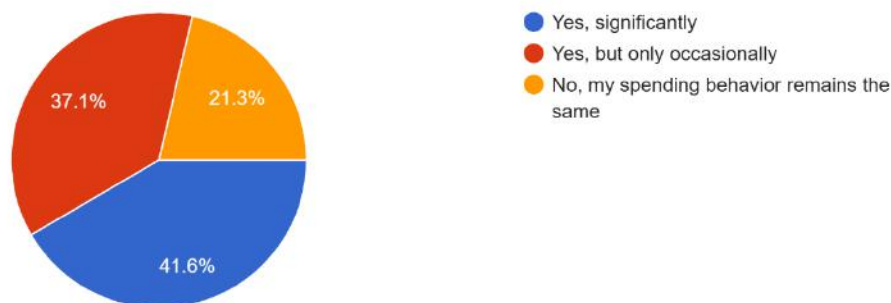


e) **Impulse Buying (60.7%)**

The data reveals that over 60% of respondents engage in impulse buying due to digital payment ease. This finding supports the notion that effortless transaction processes lower the threshold for non-essential or emotional spending.

Have digital payment methods encouraged more impulse purchases?

89 responses

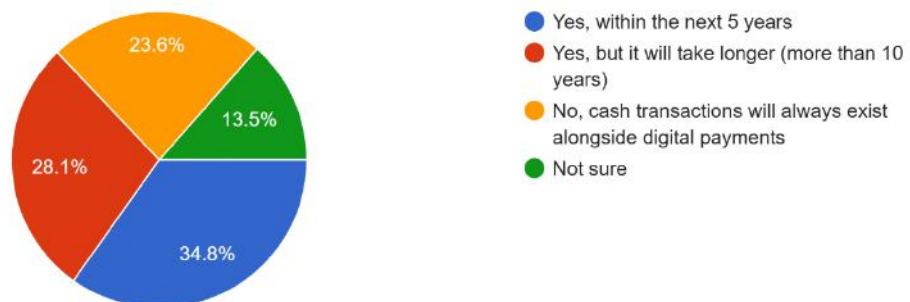


f) **Convenience Over Cash (79.8%)**

A dominant majority agreed that digital payments are more convenient than cash, which correlates strongly with increased usage, higher spending frequency, and possibly weakened resistance to discretionary spending.

Do you believe digital payments will completely replace cash transactions in the future?

89 responses





g) **Expense Tracking (47.2%)**

Nearly half of the participants use digital payments for tracking expenses. This reinforces the dual nature of digital payments—they can both encourage impulse buying and provide tools for better financial control, depending on the consumer's intent and discipline.

8. CONCLUSION:

This research aimed to understand the influence of digital payment methods on consumer spending behaviour, with a focus on purchasing power and buying consistency. The findings clearly indicate that digital payments have significantly reshaped consumer habits. A substantial portion of respondents reported increased purchasing power (68.5%), influenced buying decisions (74.2%), and higher transaction frequency (65.2%) due to the convenience and accessibility of digital platforms. Moreover, over 60% admitted to engaging in impulse buying, highlighting the behavioural impact of seamless payment systems. At the same time, more than half of the participants acknowledged that digital payments help with better financial management, and nearly half use them to track expenses—demonstrating the dual nature of digital payments as both enablers of spending and tools for financial control. In conclusion, digital payments are not just a technological shift but a behavioural one. They enhance spending ease and frequency while also offering transparency and budget tracking. Their overall influence on consumer behaviour is profound, and understanding this is critical for businesses, policymakers, and financial institutions aiming to navigate and shape future consumption trends.

9. RECOMMENDATIONS:

Here are a few recommendations:

- a) **Targeted Financial Education & Tools:** Develop financial literacy programs for students and apprentices, and provide customized digital tools for self-employed individuals and business owners to manage finances effectively.
- b) **Security & Trust in Digital Payments:** Enhance secure, user-friendly payment solutions and implement advanced fraud detection systems to build trust and encourage digital payment adoption, while educating users on best security practices.
- c) **Consumer Spending Behaviour & Preferences:** Increased adoption of digital payments can boost spending convenience and discretionary spending. However, concerns about security, hidden costs, and network reliability may lead some consumers to limit high-value digital transactions or continue using cash for budget control.
- d) **Hybrid Payment Models & Merchant Acceptance:** Consumers may adopt hybrid models, using digital payments for low-risk purchases and cash for high-value items. Merchant acceptance of digital payments is crucial for broadening usage and increasing spending.
- e) **Incentives & Consumer Behaviour:** Loyalty-driven incentives, like cashback and discounts, can encourage more frequent spending. However, some consumers may optimize payment methods without being influenced by discounts, and limited merchant adoption can restrict digital payment usage.

REFERENCES:

1. Anderson, R., Kumar, S. and Lee, J. (2022) 'Digital Innovations in Payment Systems: User-Centric Approaches', *Journal of Financial Technology*, 8(2), pp. 115-133.
2. Chen, L. (2020) 'Transforming Consumer Expenditure through Mobile Wallets', *International Journal of Consumer Studies*, 44(6), pp. 589-605.
3. Chen, Y. and Li, H. (2019) 'The Effect of Digital Payment on Consumer Behaviour', *Journal of Digital Banking*, 3(4), pp. 45-62.
4. Johansson, P. and Svensson, K. (2022) 'Blockchain Integration in Digital Payments: Trends and Prospects', *FinTech Review*, 6(1), pp. 77-94.
5. Kumar, A., Gupta, R. and Roy, S. (2020) 'User Adoption of Mobile Payment Systems in Developed Economies', *Journal of Financial Innovation*, 5(3), pp. 201-218.



6. Lopez, M. and Green, D. (2021) 'Digital Financial Inclusion and Its Social Impact', *Social Sciences Journal*, 12(2), pp. 134-152.
7. Martinez, F. (2019) 'Digital Divides in Urban Economies: The Role of Payment Technologies', *Journal of Urban Studies*, 55(4), pp. 356-375.
8. Okafor, C. and Adeyemi, O. (2020) 'Assessing the Barriers to Digital Payment Adoption Among Low-Income Groups', *International Journal of Financial Inclusion*, 7(2), pp. 98-115.
9. Singh, R. and Patel, N. (2020) 'Improving Digital Literacy to Foster Financial Inclusion', *Journal of Educational Technology and Society*, 23(1), pp. 82-100.
10. Smith, J. (2020) 'Mobile Payments and Consumer Spending Patterns: Evidence from Developed Markets', *Journal of Economic Behaviour*, 34(5), pp. 511-529.
11. Turner, P. and Brooks, M. (2021) 'Digital Wallets and the Modern Retail Ecosystem', *Journal of Retail and Consumer Services*, 59, pp. 102-119.
12. Wang, X., Zhao, Y. and Li, Q. (2019) 'Assessing the Security of Digital Payment Platforms in Urban Areas', *IEEE Transactions on Information Forensics and Security*, 14(7), pp. 1927-1940.
13. White, H., Lewis, S. and Green, C. (2020) 'Consumer Behaviour in a Digital Economy: A Multi-Factor Approach', *Journal of Consumer Research*, 46(3), pp. 404-422.
14. Williams, D. and Thompson, E. (2018) 'Evaluating the Impact of Cashless Systems on Consumer Expenditure', *International Journal of Economics and Business Research*, 16(2), pp. 67-84.
15. Zhou, F., Chen, R. and Huang, T. (2021) 'Security Challenges in Digital Wallets and Mobile Payment Systems', *Journal of Cybersecurity*, 7(1), pp. 45-62.
16. Adams, K. and Clarke, J. (2019) 'Consumer Preferences and Digital Payment Adoption in Developed Economies', *Journal of Marketing Communications*, 25(4), pp. 312-330.
17. Brown, L. (2020) 'A Comparative Analysis of Mobile Payment Trends Across Different Age Groups', *Journal of Business and Economic Research*, 18(3), pp. 205-223.
18. Evans, M. and Patel, R. (2022) 'Influence of Digital Payment Systems on Disposable Income Spending', *Contemporary Finance Review*, 9(2), pp. 140-159.