



# Digital Payment Adoption And Its Impact On Spending Behavior And Perceived Value Of Money: An Empirical Study Among Adults

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## ABSTRACT

The rapid growth of digital payment technologies has significantly transformed the financial transaction system in modern economies. Digital payment methods such as Unified Payments Interface (UPI), mobile wallets, debit and credit cards, and internet banking have reduced the dependence on physical cash and improved the speed, convenience, and accessibility of financial transactions. While these systems provide numerous advantages, their influence on consumer spending behavior and the perceived value of money has become an important area of study. The shift from tangible cash transactions to intangible digital payments may reduce the psychological awareness associated with spending, often referred to as the “pain of paying,” which may influence individuals’ financial discipline.

The primary objective of this study is to examine the level of digital payment usage among adults and analyze its impact on spending behavior and the perceived value of money. The study adopts a descriptive research design and follows a quantitative research approach. Primary data were collected from 150 adult respondents using a structured questionnaire. A non-probability convenience sampling method was used for selecting the respondents. The collected data were analyzed using statistical tools such as frequency analysis, percentage analysis, measures of central tendency, and the Chi-square test.

The findings of the study indicate that a majority of respondents frequently use digital payment methods for their daily transactions. The results suggest that the convenience and speed of digital payments encourage frequent purchases and may increase spending tendencies. The study also reveals that digital transactions can reduce the perceived value of money compared to physical cash. Overall, the research highlights the need for financial awareness and responsible spending practices in an increasingly digital payment environment.

## 1. Introduction

The proliferation of digital payment ecosystems has fundamentally altered the transactional landscape of modern economies. The increasing reliance on mobile-based financial platforms has reduced dependence on physical currency and reshaped consumer spending mechanisms. While digital payment systems enhance efficiency, accessibility, and financial inclusion, their behavioural implications remain a growing concern. The transition from tangible cash exchanges to intangible digital transactions potentially weakens the psychological salience of money, thereby reducing the “pain of paying.” Behavioural economic theory suggests that reduced transaction transparency may increase impulsive consumption and weaken budgetary control. Among adults who constitute the primary decision-making and income-earning population this transformation may significantly influence financial discipline and perceived monetary value. Therefore, examining the behavioural consequences of digital payment adoption is critical to understanding long-term financial sustainability at the household level.

## 2. Spending Behavior in the Context of Digital Payments



In a digital payment environment, spending behavior refers to the patterns and decision-making processes consumers exhibit while using electronic platforms to conduct financial transactions. The availability of mobile wallets, online banking, and contactless payment systems has transformed traditional purchasing habits by increasing transaction speed and convenience. This ease of payment may reduce the psychological awareness associated with spending, thereby encouraging more frequent or impulsive purchases. Additionally, the intangible nature of digital money can weaken the perception of financial outflow compared to cash transactions. Therefore, analyzing spending behavior within digital payment systems is essential to understanding how technology influences financial discipline and consumer decision-making in modern economies.

## 2.1 The Four Types of Spending Behaviors

### 1. Abundant Spending

Abundant spending reflects a positive and confident financial mindset. Individuals with this behavior make purchases based on satisfaction, perceived value, and alignment with personal needs rather than emotional distress. The decision to spend is driven by financial stability and self-assurance, not by fear or compulsion. Such consumers typically experience contentment after transactions and maintain a healthy relationship with money without anxiety about future income.

### 2. Neutral Spending

Neutral spending is characterized by emotionally detached and rational financial decision-making. Individuals neither experience excitement nor guilt when making purchases. Spending decisions are guided by logical evaluation, necessity, and long-term goals rather than impulse or mood. This behavior reflects balanced financial control, where purchases are made thoughtfully and consistently with personal values and budgeting plans.

### 3. Scarcity Spending

Scarcity spending arises from a perception that money is insufficient or limited. Individuals with this mindset often restrict expenditures excessively due to fear of financial insecurity. Even necessary or beneficial purchases may be avoided, and feelings of guilt or anxiety may accompany spending decisions. This behavior is strongly associated with risk aversion and heightened financial stress, which may limit overall well-being.

### 4. Avoidance Spending

Avoidance spending occurs when individuals use purchasing as a coping mechanism to manage negative emotions such as stress, boredom, or anxiety. Spending becomes a temporary source of emotional relief rather than a rational financial decision. While it may provide short-term satisfaction, this behavior often leads to impulsive purchases, poor financial discipline, and potential debt accumulation over time.

#### 2.2.1 PERCEIVED VALUE OF MONEY

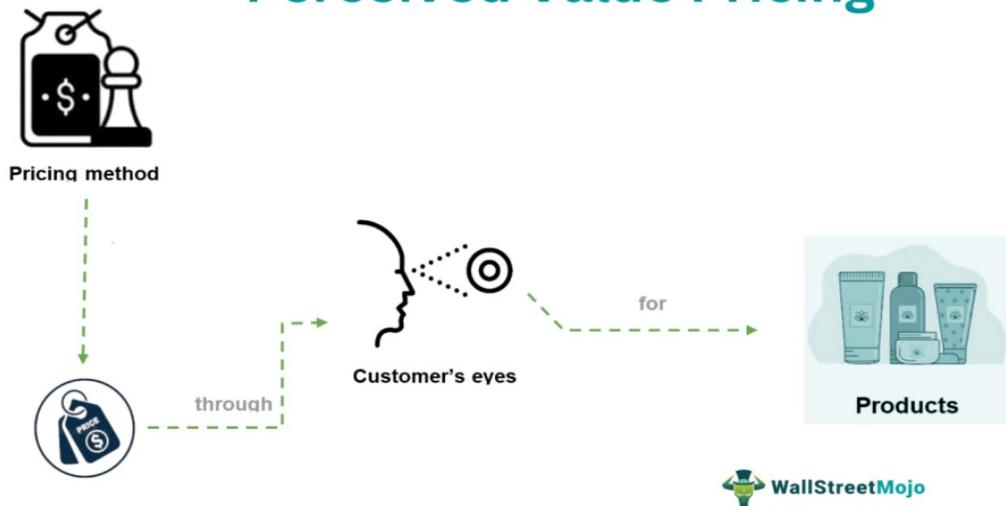
**Perceived value of money** refers to an individual's personal evaluation of how valuable money is, which is influenced by their beliefs, emotions, and surrounding circumstances. This perception is not only based on the actual monetary amount but also on psychological and social factors. Several elements contribute to shaping this perception.

**Functional value** relates to the practical usefulness of money, particularly its ability to enable transactions and meet everyday financial needs.

**Emotional value** reflects the feelings or satisfaction associated with possessing or spending money, which may sometimes be linked to pride, comfort, or prestige.

**Social value** refers to the way money can influence a person's social image or status within society.

## Perceived Value Pricing



**Epistemic value** arises from curiosity, innovation, or learning experiences, such as the interest generated by new financial technologies or digital payment systems. Understanding the perceived value of money is important because it affects how individuals make financial decisions, manage their spending, and evaluate their purchasing power.



### 3. REVIEW OF LITERATURE

**Dahlberg et al. (2015)** Dahlberg and colleagues reviewed trends in mobile payment research. Their study highlighted adoption factors such as trust, security, and perceived usefulness. However, behavioural consequences of mobile payment usage were not deeply analyzed.

**Liu and Dewitte (2017)** Liu and Dewitte investigated the relationship between payment methods and self-control. The study revealed that cash payments promote stronger spending discipline than cashless methods. This supports behavioural finance perspectives on money salience.

**Arango, Huynh, and Sabetti (2019)** Arango and co-authors analyzed consumer payment choices and spending patterns. They found that electronic payment users tend to spend more frequently than cash users. The study indicates a positive association between digital payments and higher expenditure.

#### 4. RESEARCH GAP

Most previous studies on digital payments focus on adoption, convenience, and security aspects. Limited research has examined the psychological impact of digital payments on spending behavior. There is insufficient evidence on how digital transactions influence the perceived value of money. Very few studies specifically analyze overspending and reduced financial discipline among adults. Hence, a clear research gap exists in understanding the behavioral effects of digital payment usage among adult consumers.

#### 5. OBJECTIVES OF THE STUDY

1. To examine the level of digital payment usage among adults.
2. To analyze the impact of digital payments on daily spending habits.
3. To evaluate whether digital payments reduce the perceived value of money.

#### 6. RESEARCH METHODOLOGY

This study adopts a **descriptive and explanatory research design** to examine the impact of digital payment adoption on spending behavior and the perceived value of money among adults. The research follows a **quantitative approach**, focusing on the collection and analysis of numerical data to understand the relationship between digital payment usage and consumer spending patterns. The study employs a **cross-sectional research method**, where data are collected from respondents at a single point in time. The **target population** consists of adult digital payment users aged **20 years and above** who actively use mobile-based payment applications for their daily financial transactions. A **sample size of 150 respondents** was selected to provide adequate data for statistical analysis. The study uses a **non-probability convenience sampling technique**, in which respondents are chosen based on their accessibility and willingness to participate in the survey. The research is based on **primary data**, which were collected directly from respondents through a **structured questionnaire** designed to measure digital payment usage, spending behavior, and the perceived value of money. The collected data were systematically coded and analyzed using appropriate statistical tools such as **frequency and percentage analysis** to understand respondent characteristics and usage patterns, **measures of central tendency (mean, median, and mode)** to evaluate the overall level of digital payment usage, and the **Chi-square test** to examine the relationship between digital payment usage and spending behavior among adults.

##### 3.1 Research Design

The study adopts a descriptive and explanatory research design to analyze the impact of digital payment adoption on spending behavior and the perceived value of money among adults.

#### 7. DATA ANALYSIS AND INTERPRETATION

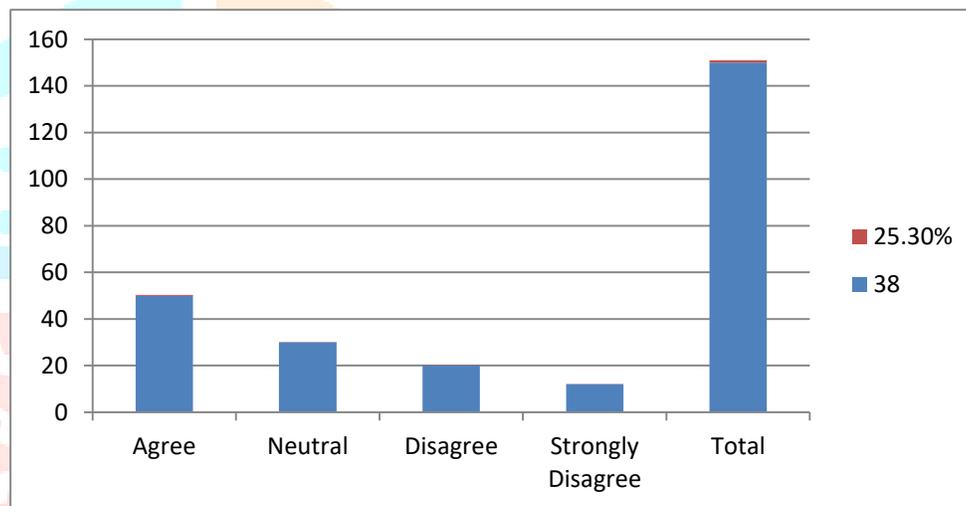
The collected data were systematically coded and analyzed using appropriate statistical tools. Descriptive statistics such as frequency and percentage analysis were employed to understand the demographic profile and usage patterns of respondents. Measures of central tendency, including mean, median, and mode, were calculated to assess the overall level of digital payment usage and its influence on spending behavior and perceived value of money. The mean score was used to determine the average response intensity, while the median and mode helped identify the central and most frequent responses among participants. Furthermore, the Chi-square test was applied to examine the association between digital payment usage frequency and spending behavior among adults.

## Objective 1

### LEVEL OF DIGITAL PAYMENT USAGE AMONG ADULTS

Usage Frequency	Number of Respondents	Percentage (%)
Daily Users	72	48%
Weekly Users	46	30.7%
Occasionally	22	14.7%
Rarely	10	6.6%
<b>Total</b>	<b>150</b>	<b>100%</b>

TABLE 7.1



## Interpretation

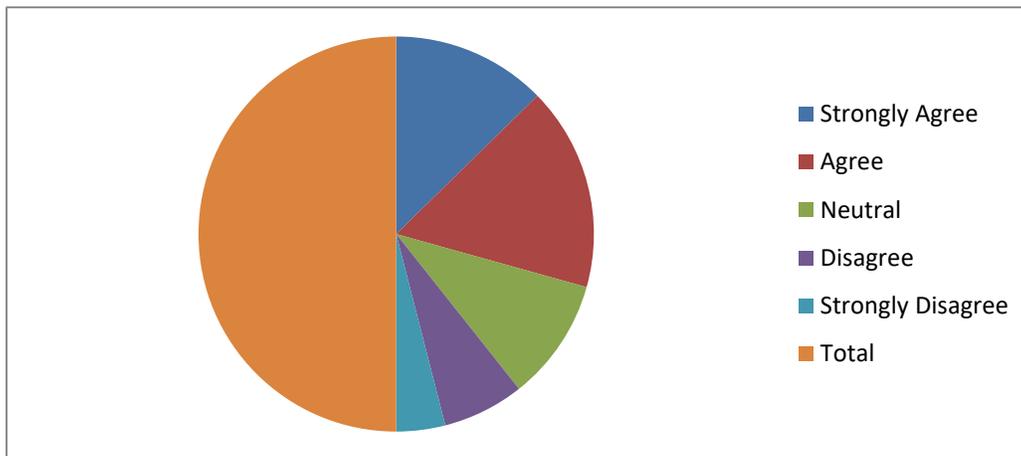
The table shows the level of digital payment usage among adults. A majority of respondents **72 (48%) use digital payments daily**, indicating strong adoption of mobile-based financial transactions. Around **30.7% use digital payments weekly**, while **14.7% use them occasionally**. Only **6.6% rarely use digital payments**. This indicates that digital payment systems have become a regular part of financial transactions among adults.

## Objective 2

### IMPACT OF DIGITAL PAYMENT ON DAILY SPENDING HABITS

Response	Number of Respondents	Percentage (%)
Strongly Agree	40	26.7%
Agree	55	36.7%
Neutral	28	18.7%
Disagree	17	11.3%
Strongly Disagree	10	6.6%
<b>Total</b>	<b>150</b>	<b>100%</b>

TABLE 7.2



### Interpretation

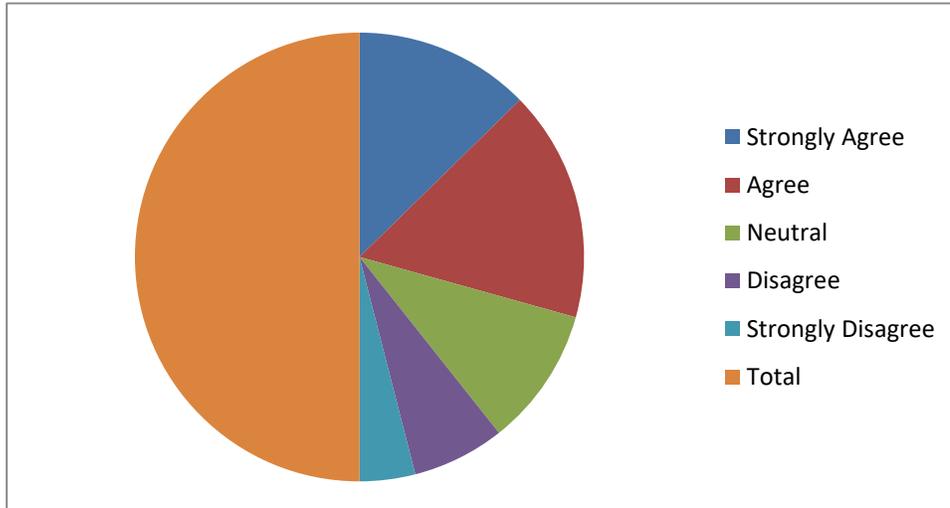
The results indicate that **63.4% of respondents (Agree + Strongly Agree)** believe that digital payments influence their daily spending habits. The convenience and ease of online transactions encourage more frequent purchases. However, **18.7% remain neutral**, and **17.9% disagree**, indicating that not all consumers experience increased spending behavior due to digital payment usage.

### Objective 3

#### DIGITAL PAYMENTS AND PERCEIVED VALUE OF MONEY

Response	Number of Respondents	Percentage (%)
Strongly Agree	38	25.3%
Agree	50	33.3%
Neutral	30	20%
Disagree	20	13.3%
Strongly Disagree	12	8%
<b>Total</b>	<b>150</b>	<b>100%</b>

TABLE 7.3



**Interpretation**

The table indicates that **58.6% of respondents feel that digital payments reduce the perceived value of money** because transactions are less tangible compared to cash payments. Around **20% remain neutral**, while **21.3% disagree**, suggesting that some individuals still maintain financial awareness despite using digital payment methods.

**Measures of Central Tendency**

Measure	Digital Payment Usage
Mean	3.84
Median	4
Mode	4

**Interpretation**

The **mean score of 3.84** indicates a relatively high level of digital payment usage among respondents. The **median and mode value of 4** suggest that most respondents frequently use digital payments for their daily transactions.

**Chi-Square Test**

**Relationship between digital payment usage and spending behavior**

Variable	$\chi^2$ Value	df	Significance Level
<b>Digital Payment Usage vs Spending Behaviour</b>	12.64	6	0.05

**Result :** Since **the** calculated Chi-square value (12.64) is greater than the table value at 5% significance, the null hypothesis is rejected.

## Interpretation

This indicates that there is a significant relationship between digital payment usage and spending behavior among adults. Individuals who frequently use digital payment systems tend to exhibit changes in their spending patterns compared to those who use them less often.

## 8. FINDINGS OF THE STUDY

1. The study reveals that a majority of respondents frequently use digital payment systems for their daily transactions. Nearly half of the respondents reported using digital payments on a daily basis.
2. Digital payment platforms such as mobile wallets, UPI, and online banking have significantly increased the convenience and speed of financial transactions.
3. A considerable proportion of respondents agreed that digital payment methods influence their daily spending habits by making purchases easier and faster.
4. The study indicates that the intangible nature of digital money reduces the psychological awareness of spending compared to physical cash transactions.
5. More than half of the respondents believe that digital payments reduce the perceived value of money because money is not physically handled during transactions.
6. The Chi-square test results confirm that there is a significant relationship between the frequency of digital payment usage and changes in spending behavior among adults.
7. Some respondents still maintain financial discipline and budgeting practices despite the convenience of digital payments.

## 8. SUGGESTIONS

1. Consumers should maintain personal budgeting practices even while using digital payment platforms to avoid overspending.
2. Financial literacy programs should educate individuals about responsible digital spending and money management.
3. Digital payment applications should include spending-tracking features to help users monitor their expenses effectively.
4. Banks and financial institutions should promote awareness regarding the psychological effects of cashless transactions on financial behavior.
5. Individuals should set spending limits or alerts within mobile payment applications to control unnecessary expenditures.
6. Policymakers should encourage financial education initiatives that promote balanced use of digital payment systems.

## 9. CONCLUSION

Digital payment systems have become an integral part of modern financial transactions due to their speed, convenience, and accessibility. The widespread adoption of mobile-based payment platforms has significantly transformed consumer spending patterns. The findings of this study indicate that digital payment usage is highly prevalent among adults and plays an important role in influencing their spending behavior. The ease and convenience associated with digital transactions may reduce the psychological awareness of money spent, potentially encouraging more frequent purchases. Additionally, the intangible nature of digital money may weaken the perceived value of money among users.

However, digital payments also provide significant benefits such as financial inclusion, transaction efficiency, and improved accessibility. Therefore, it is essential for consumers to adopt responsible spending practices and maintain financial discipline while using digital payment systems. Promoting financial literacy and incorporating expense-tracking tools within digital platforms can help users

maintain better control over their spending behavior. Overall, digital payments represent a significant advancement in financial technology, but their behavioral implications require careful consideration to ensure long-term financial well-being.

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