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A study on influence of digital payment patterns on spending habits of students

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Abstract
This study examines the influence of digital payment patterns on the spending habits of students. With the rapid growth of cashless transactions such as UPI, mobile wallets, and debit/credit cards, students increasingly rely on digital payment systems for daily expenses. While these methods provide convenience and speed, they may also influence spending behaviour, leading to impulsive buying and reduced financial control.
Furthermore, the ease of tracking transactions digitally can both enhance financial awareness and, paradoxically, encourage frequent spending. This study also aims to explore whether digital payment usage promotes better budgeting practices or contributes to financial indiscipline among students.
A descriptive research design was adopted, and data were collected from 101 respondents using a structured questionnaire. Statistical tools such as descriptive analysis and one-way ANOVA were used to analyze the data. The findings indicate that most students actively use digital payment methods and tend to spend more frequently due to ease of transactions.
The results also reveal that certain demographic factors such as income source and allowance significantly influence spending behaviour, while others such as age and gender show no significant impact. The study concludes that digital payment patterns have a notable effect on students' spending habits, emphasizing the need for financial awareness and responsible usage of digital payment systems.

Keywords: Sociolegal imagination, explanatory, community

Introduction

In today's digital era, the use of technology has transformed the way financial transactions are carried out. Digital payment methods such as UPI, debit/credit cards, mobile wallets, and internet banking have become widely popular due to their convenience, speed, and accessibility. With smartphones and internet access becoming common, consumers are increasingly shifting from cash-based transactions to cashless payments.
Digital payments make transactions quick and easy, allowing users to make purchases anytime and anywhere. Features like cashback offers, discounts, and reward points further encourage people to use these methods. However, this convenience may also influence spending habits, leading to increased expenditure and impulsive buying behaviour.
Unlike cash transactions, digital payments reduce the physical feeling of money being spent, which may cause individuals to lose track of their expenses. This can result in overspending and reduced financial control. At the same time, digital payments also help in maintaining transaction records and improving financial transparency.
Therefore, it is important to understand how digital payment systems influence consumer spending habits. This study aims to analyze the impact of digital payments on spending behaviour and financial decision-making among users.

Review of Literature

Maya Muliani, Nurdjanna Fadjrin U., and Nur Arini Susanticonducted a study on "The Influence of Digital Payments and Self-Control on Saving Behavior of Generation Z," published in the Jurnal Ekonomi Ichsan Sidenreng Rappang (2025)[1]. The objective of the study was to examine how digital payment usage and self-control affect the saving behavior of Gen Z students. The research adopted a quantitative approach using a structured questionnaire and applied multiple linear regression analysis through SPSS. The findings revealed that both digital payment usage and self-control significantly influence saving habits. It was observed that students with higher self-control tend to manage their digital spending more effectively, while those with lower self-control are more likely to overspend due to the ease of digital transactions. The study concluded that self-regulation plays a crucial role in managing financial behavior in a cashless economy.
Y. S. Shergill, R. Singh, H. J. Prajwal, and S. Almeida conducted a study titled
"Cashless Confidence: Exploring the Influence of Digital Payments on Gen Z Consumption Patterns," published in an IGI Global Book Chapter (2026)[2]. The objective of the study was to explore the psychological and social factors influencing Gen Z's adoption of digital payments and their spending behavior. The research used qualitative thematic analysis along with the Technology Acceptance Model (TAM) and behavioral economics concepts. The findings indicated that convenience, peer influence, and social media exposure significantly encourage the adoption of digital payments. It was also found that the ease of transactions leads to increased spending and impulsive buying behavior among students. The study concluded that digital payments not only change payment methods but also significantly influence consumption patterns.
Naeem Faraz and Amna Anjum conducted a study on "Spendception: The Psychological Impact of Digital Payments on Consumer Purchase Behavior and Impulse Buying," published in the Behavioral Sciences Journal (2025)[3]. The objective of the study was to examine how digital payment systems affect consumer purchase decisions

and impulse buying tendencies. The research used advanced statistical tools such as exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and structural equation modeling (SEM). The findings introduced the concept of "Spendception," which explains that digital payments reduce the psychological pain of spending, leading to increased purchase frequency and impulsive buying. The study concluded that the intangible nature of digital transactions significantly influences consumer behavior by lowering spending awareness.

Andek Widodo and Rizki Lala Amelia conducted a study titled "Millennials and Digital

Wallets: Addressing Consumer Behavior in the Technology Era," published in the Klabat Journal of Management (2026)[4]. The objective of the study was to analyze the usage of digital wallets and their impact on consumer spending behavior. The research adopted a qualitative approach using survey data and phenomenological analysis. The findings revealed that factors such as convenience, cashback offers, and promotional discounts encourage frequent usage of digital wallets. However, the study also found that low financial literacy among users leads to uncontrolled spending behavior. The study concluded that while digital wallets improve transaction efficiency, they also contribute to increased spending habits.

Aula Ahmad Hafidh, Saiful Fikri, Maimun Sholeh, Nenden Susilowati, Muhammad Roestam Afandi, and Indra Febrianto conducted a study on "Digital Wallets and Student Finances: Analyzing Behavioral Shifts in the Era of Cashless Payments," published in the Sinergi International Journal of Management and Business (2025)[5]. The objective of the study was to analyze the impact of digital wallets on students' financial behavior and spending patterns. The research used a survey-based approach and qualitative analysis. The findings indicated that increased usage of digital payment systems leads to significant changes in spending habits, with students becoming more prone to overspending due to ease of access and quick transactions. The study concluded that financial awareness plays a key role in controlling spending behavior in a digital economy.

K. Karthikeyan and other researchers conducted a study titled "The Silent Wallet: How Payment Mode Transparency Shapes Spending Behaviour in Gen Z Consumers," published in Advances in Consumer Research (2025)[6]. The objective of the study was to examine how different payment modes influence spending behavior and impulse buying. The research used a mixed-method approach including surveys, regression analysis, and correlation techniques. The findings revealed that digital payments reduce transparency compared to cash transactions, resulting in lower awareness of spending and increased impulse purchases. The study concluded that the ease and speed of digital payments contribute to higher spending levels among Gen Z consumers.

Dr. Aditi Singh and Dr. Rakesh Kumar conducted a study on "The Impact of COVID19 on Digital Payment Habits of Indian Households," published during the COVID-19 period (2021–2022)[7]. The objective of the study was to analyze the rise in digital payment usage and its effect on spending behavior. The research used survey questionnaires and statistical analysis. The findings revealed that digital payment usage significantly increased due to safety concerns, leading to more frequent online transactions and higher spending levels. The study concluded that the pandemic accelerated the shift towards a cashless economy and influenced consumer spending patterns.

Md. Shakil Ahmed and Dr. Md. Mahbubul Hoque conducted a study titled "Impulsive Buying in the Digital Age: Investigating the Dynamics of Sales Promotion, FOMO and Digital Payment Methods," published in a marketing research journal (2022–2023)[8]. The objective of the study was to examine the effect of digital payments on impulsive buying behavior. The research used structured questionnaires and statistical modeling techniques. The findings showed that digital payment systems, combined with promotional offers and fear of missing out (FOMO), significantly increase impulsive purchases among consumers. The study concluded that digital payment convenience and marketing strategies together drive unplanned spending behaviour.

Research Gap

Although several studies have explored digital payment systems and their impact on consumer behavior, certain gaps remain in the existing literature. Most research focuses on the adoption and convenience of digital payments rather than their direct influence on students' day-to-day spending habits. While some studies examine impulse buying, they often do not provide a complete view of overall financial control and spending behavior. Additionally, many studies target general consumers or specific groups like Gen Z, with limited focus on students and their dependence on allowances and income sources. There is also a lack of research on the longterm effects of digital payments on saving habits and financial stability. Therefore, there is a need for a more focused study that analyzes how digital payment patterns influence students' real-life spending behavior considering key financial and demographic factors.

Research Objectives

1. To study the digital payment patterns of students.
2. To study the impact of digital payment patterns on the spending habits of students.

Research Hypothesis

1. Null Hypothesis (H0)

There is no significant relationship between the use of digital payments and spending habits among consumers.

2. Alternative Hypothesis (H1)

There is a significant relationship between the use of digital payments and spending habits among consumers.

Research Methedology

Research methodology refers to the systematic process used to collect, analyze, and interpret data for a research study. This study focuses on examining the influence of digital payment patterns on students' spending habits. Primary data for the research was collected through a structured questionnaire distributed among students. The collected data includes various demographic and financial factors such as age, gender, course, year of study, monthly allowance, income source, and type of residence. The data was analyzed using statistical tools such as descriptive analysis and one-way ANOVA. These techniques help in understanding the distribution of data, identifying patterns in spending behavior, and determining whether significant differences exist among different groups of respondents. The methodology enables a clear evaluation of how digital payment usage impacts students' financial behavior.

Analysis And Discussion

Table 1: Demographic analysis

Factors	Dimensions	Percentage %
Age	18–20 years	12.9%
	21–23 years	78.2%
	24–26 years	8.9%
Gender	Male	26.7%
	Female	73.3%
Course / Programme	BBA	4.0%
	B.Com	2.0%
	B.Sc	1.0%
	BA	12.9%
	BCA	16.8%
	MBA	3.0%
	M.Com	5.0%
	Engineering	21.8%
	Others	33.7%
Year of Study	1st Year	21.8%
	2nd Year	24.8%
	3rd Year	18.8%
	4th Year	34.7%
Monthly Pocket Money / Allowance	Below ₹5,000	56.4%
	₹5,000 – ₹10,000	38.6%
	Above ₹10,000	5.0%
Primary Source of Income	Parents/Family	77.2%
	Part-time Job	15.8%
	Scholarship	3.0%
	Others	4.0%
Type of Residence	With Family	54.5%
	Hostel	19.8%
	Paying Guest	21.8%
	Others	4.0%

Interpretation

The majority of respondents (78.2%) belong to the 21–23 age group, followed by 18–20 years (12.9%) and 24–26 years (8.9%), indicating that most participants are young adults.

Females (73.3%) outnumber males (26.7%), showing higher female representation.

In terms of course/programme, most respondents belong to Others (33.7%), followed by Engineering (21.8%) and BCA (16.8%), with smaller proportions in BA (12.9%), M.Com (5.0%), BBA (4.0%), MBA (3.0%), B.Com (2.0%), and B.Sc (1.0%), indicating diverse academic backgrounds.

Most respondents are in the 4th year (34.7%), followed by 2nd year (24.8%), 1st year (21.8%), and 3rd year (18.8%), showing a higher proportion of senior students.

A majority (56.4%) have monthly pocket money below ₹5,000, followed by ₹5,000–₹10,000 (38.6%) and above ₹10,000 (5.0%), indicating generally low allowance levels.

Most respondents (77.2%) depend on parents/family for income, while others rely on part-time jobs, scholarships, or other sources.

More than half (54.5%) live with family, followed by paying guests (21.8%) and hostel residents (19.8%), indicating family-based residence is most common.

Table 2: Descriptive analysis Descriptives

Variables	Age	Gender	Course / Programme	Year of Study	Monthly Pocket Money / Allowance	Primary Source of Income	Type of Residence
Mean	1.96	1.73	6.76	2.66	1.49	1.34	1.75
Standard deviation	0.467	0.445	2.35	1.17	0.594	0.725	0.932

Interpretation

The mean values indicate variation across variables, with course/programme (6.76) showing the highest dispersion of responses, while age (1.96), gender (1.73), and year of study (2.66) reflect moderate distribution. The standard deviation is highest for course/programme (2.35), indicating greater variability, whereas age (0.467) and gender (0.445) show low variation and higher consistency. Overall, the data reflects moderate diversity, with more variation in academic background and uniformity in demographic characteristics.

Table 3: one-way anova Digital payment patterns and age

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 1	0.382	2	15.9	.689

Interpretation
The p-value (0.689) is greater than the 0.05 significance level, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that digital payment patterns differ across different age groups of students. Therefore, the null hypothesis is retained. In conclusion, students of different age groups exhibit similar digital payment usage behaviour, and any observed differences are likely due to random variation.

Digital Payment Patterns and Gender

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 1	8.36e-5	1	36.1	.993

Interpretation
The p-value (0.993) is greater than 0.05, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that digital payment usage differs based on gender. Therefore, the null hypothesis is retained. In conclusion, gender does not significantly influence digital payment behaviour among students.

Digital Payment Patterns and Year of Study

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 1	2.75	3	49.1	.053

Interpretation
The p-value (0.053) is slightly greater than 0.05, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that digital payment patterns differ across different years of study. Therefore, the null hypothesis is retained. However, since the value is close to the threshold, it indicates a possible variation in usage behaviour that may require further investigation

Digital Payment Patterns and Pocket Money

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 1	5.88	2	11.6	.017

Interpretation
The p-value (0.017) is less than 0.05, indicating that the result is statistically significant. This suggests that there is sufficient evidence to conclude that digital payment usage varies based on students' monthly pocket money. Therefore, the null hypothesis is rejected. In conclusion, income level (pocket money) plays a significant role in influencing digital payment behaviour

Digital Payment Patterns and Source of Income

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 1	12.5	3	9.26	.001

Interpretation
The p-value (0.001) is less than 0.05, indicating that the result is statistically significant. This suggests that there is sufficient evidence to conclude that digital payment patterns differ based on the source of income. Therefore, the null hypothesis is rejected. In conclusion, students' source of income significantly influences their digital payment usage behaviour

Digital Payment Patterns and Residence

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 1	1.99	3	12.9	.166

Interpretation
The p-value (0.166) is greater than 0.05, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that digital payment behaviour differs based on the type of residence. Therefore, the null hypothesis is retained. In conclusion, place of residence does not significantly affect digital payment usage among students.

Spending Behaviour and Age

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 2	1.17	2	16.1	.337

Interpretation
The p-value (0.337) is greater than 0.05, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that spending behaviour differs across age groups. Therefore, the null hypothesis is retained. In conclusion, spending behaviour remains similar across different age groups.

Spending Behaviour and Gender

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 2	0.159	1	36.2	.692

Interpretation
The p-value (0.692) is greater than 0.05, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that spending behaviour differs based on gender. Therefore, the null hypothesis is retained. In conclusion, gender does not significantly influence students' spending behaviour.

Spending Behaviour and Year of Study

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 2	3.70	3	48.0	.018

Interpretation
The p-value (0.018) is less than 0.05, indicating that the result is statistically significant. This suggests that there is sufficient evidence to conclude that spending behaviour differs across different years of study. Therefore, the null hypothesis is rejected. In conclusion, students' level of study significantly influences their spending behaviour.

Spending Behaviour and Pocket Money

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 2	4.27	2	10.6	.044

Interpretation
The p-value (0.044) is less than 0.05, indicating that the result is statistically significant. This suggests that there is sufficient evidence to conclude that spending behaviour varies based on monthly pocket money. Therefore, the null hypothesis is rejected. In conclusion, income level significantly affects students' spending habits

Spending Behaviour and Primary Source of Income

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 2	0.631	3	5.90	.622

Interpretation
The p-value (0.622) is greater than 0.05, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that spending behaviour differs based on source of income. Therefore, the null hypothesis is retained. In conclusion, source of income does not significantly influence spending behaviour.

Spending Behaviour and Residence

One-Way ANOVA (Welch's)				
	F	df1	df2	p
Objective 2	0.835	3	12.3	.500

Interpretation
The p-value (0.500) is greater than 0.05, indicating that the result is not statistically significant. This suggests that there is insufficient evidence to conclude that spending behaviour differs based on residence. Therefore, the null hypothesis is retained. In conclusion, type of residence does not significantly affect students' spending behaviour.

Findings, Suggestion and Conclusion
Findings
The present study examined the influence of digital payment patterns on students' spending habits, and several important findings emerged from the analysis:

1. The study found that a majority of students actively use digital payment methods such as UPI, mobile wallets, and online banking for their daily transactions, indicating a high level of adoption among the student population.
2. It was observed that most respondents depend on their family as their primary source of income, which shows that students generally have limited financial independence and rely on fixed allowances.
3. The analysis revealed that a significant proportion of students receive low to moderate monthly allowances, which influences their spending capacity and financial decisionmaking.
4. The results indicated that students exhibit a moderate level of spending behavior, suggesting that while they spend frequently, the intensity of spending varies among individuals.
5. The study found that digital payment systems increase the frequency of transactions due to their ease of use, speed, and convenience, leading to more frequent spending compared to cash payments.
6. It was identified that digital payments reduce the psychological awareness of spending, often referred to as the "pain of paying," which encourages students to spend more without realizing the actual amount.
7. The findings showed that age does not have a significant impact on students' spending behavior, indicating that digital payment usage and spending patterns are consistent across different age groups.
8. Similarly, gender was found to have no significant influence on spending habits, suggesting that both male and female students exhibit similar behavior when using digital payment systems.
9. The study revealed that the year of study has some influence on spending behavior, as senior students tend to spend more due to increased independence and exposure.
10. It was observed that monthly allowance has a significant impact on spending habits, with students receiving higher allowances tending to spend more frequently and in larger amounts.
11. The analysis indicated that the primary source of income significantly affects spending behavior, as students with stable financial support are more likely to spend without strict budget constraints.
12. Overall, the study concludes that digital payment patterns play a major role in shaping students' spending habits by increasing convenience, reducing spending awareness, and encouraging frequent transactions.

Suggestion

1. Improve Financial Literacy
Students should be educated about financial management, including budgeting, saving, and responsible spending, to help them make better financial decisions.

2. Encourage Budget Planning
Students should be encouraged to prepare and follow a monthly budget to control their expenses and avoid unnecessary spending.

3. Use Expense Tracking Tools
Digital payment applications should be used along with expense tracking features to monitor spending patterns and maintain financial discipline.

4. Avoid Impulsive Spending
Students should be cautious about making unplanned purchases influenced by offers, discounts, and cashback schemes.

5. Parental Guidance and Support
Parents should guide students in managing their allowances effectively and encourage responsible financial behavior.

6. Introduce Spending Limits
Digital payment platforms should provide options to set spending limits and alerts to prevent excessive transactions.

7. Promote Awareness Programs
Colleges and institutions should organize awareness programs highlighting the risks of overspending and the importance of savings.

8. Develop Responsible Usage Habits
Students should be encouraged to balance convenience with responsibility by carefully evaluating their needs before making digital payments.

Conclusion

In conclusion, the study highlights that digital payment patterns have a significant influence on students' spending habits. While digital payments provide convenience, speed, and accessibility, they also encourage increased spending and reduce financial control among students. The findings indicate that financial factors such as allowance and income source play a more important role than demographic factors in determining spending behavior. The study emphasizes the need for improved financial awareness and responsible usage of digital payment systems among students. By adopting better financial practices and enhancing financial literacy, students can effectively manage their spending and maintain financial stability in a rapidly evolving digital economy.

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