

The Impact of Digital Payment Systems on Spending and Saving Behaviour Among Working People

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ABSTRACT

In the era of rapid technological advancements, digital payment systems have profoundly influenced the financial behaviours of working individuals. This study explores the impact of digital payments on the spending and saving habits of working people. Although digital platforms offer enhanced accessibility and ease of tracking expenses, they also contribute to impulsive buying tendencies among users.

KEYWORDS: Digital payments, Spending, Saving, Impulsive Buying

INTRODUCTION

In recent years, digital payments have revolutionized the way individuals manage and conduct their financial transactions. With the increasing adoption of smartphones, digital wallets, and online banking platforms, more and more working individuals are transitioning from traditional cash-based methods to digital payment systems. This shift has had significant implications on their spending and saving behaviour. By analysing patterns in how they use digital platforms for purchasing goods and services, as well as their saving habits, this study aims to uncover key insights into the financial decision-making processes of working individuals in the digital era.

However, the growing reliance on digital payment systems also introduces several challenges and concerns. One major issue is the potential for impulsive or excessive spending due to the ease and speed of digital transactions. The instant gratification offered by contactless payments and one-click purchases can sometimes undermine long-term financial planning and discipline.

STATEMENT OF THE PROBLEM

The increasing integration of digital payment systems into daily life has significantly altered financial behaviours among working individuals. While digital platforms offer enhanced convenience, accessibility, and transaction speed, concerns have emerged regarding their influence on spending patterns and saving discipline. They may also encourage impulsive spending and alter traditional saving habits. There is a growing need to understand whether digital payment systems are promoting better financial management or contributing to financial instability among working people. This study seeks to critically analyse the relationship between digital payment usage and changes in spending and saving behaviour among working

individuals.

OBJECTIVES

1. To examine the impact of digital payment system on spending behaviour of working people.
2. To examine the effect of digital payment system on saving behaviour among working people.

METHODOLOGY

The article is conducted on the basis of primary data collected on the basis of the convenience sampling..

POPULATION

The population of the article includes working people from the Taluk of Changanassery, Kerala.

SOURCES OF DATA

This study utilized both primary and secondary data. Primary data were gathered through a structured questionnaire administered to working individuals, focusing on their digital payment usage, spending habits, and saving behaviours. Secondary data were sourced from a range of websites, journals, and blogs to provide additional insights and strengthen the research background.

SAMPLING METHOD

A non-probabilistic sampling technique was adopted for the study. Convenience sampling was employed, wherein questionnaires were distributed to individuals in Changanassery Taluk who were readily accessible. This method facilitated the collection of relevant data efficiently, considering the time and accessibility constraints of the research.

TOOLS USED

For analysing the data, percentage analysis were used and interpretations were drawn accordingly. The data were presented using pie charts and bar diagrams.

The following references were made for the research paper-

- **Shankar et al. (2013)** argued that digital payments lower the psychological barrier of spending by eliminating the tactile experience associated with cash transactions. This abstraction of money can lead to increased and less conscious spending behavior among users.
- **Gao et al. (2015)** similarly observed that mobile commerce and payment apps foster greater spending through their user-friendly interfaces and marketing tactics. Their study emphasized how the convenience and design of mobile payment platforms affect consumer purchasing decisions.
- **Lee and Lee (2017)** presented a more positive perspective, showing that digital financial tools, such as automated savings features and rounding-up services, can promote better saving habits. These tools are particularly effective among lower-income individuals, helping bridge gaps in financial inclusion.
- **Yuan and Zhu (2020)** noted that consumer-oriented features, such as 'buy now, pay later' programs and digital rewards systems, have influenced users' financial behavior. These incentives tend to encourage more frequent and sometimes impulsive purchases, which can potentially disrupt long-term saving goals

ANALYSIS OF DATA

Analysis of objective 1: To examine the impact of digital payment system on spending behaviour of working people.

TABLE 1 DEGREE OF SPENDING HABITS WHILE USING DIGITAL PAYMENTS COMPARED TO CASH

Degree of Spending habits	No. of respondents	Percent
Yes, I tend to spend more	45	56
No, my spending habits are unchanged	17	21
No, I spend less	18	23
Total	80	100

Source: Primary Data

The table shows that spending behaviour of respondents with digital payment system, 56% of respondents tend to spend more with digital payments. 21% says that their spending habits remain unchanged. 23% of the sample opinioned that they actually spend less. This suggests that digital payments may lead to increased spending for most users

TABLE 1 DEGREE OF SPENDING HABITS WHILE USING DIGITAL PAYMENTS COMPARED TO CASH

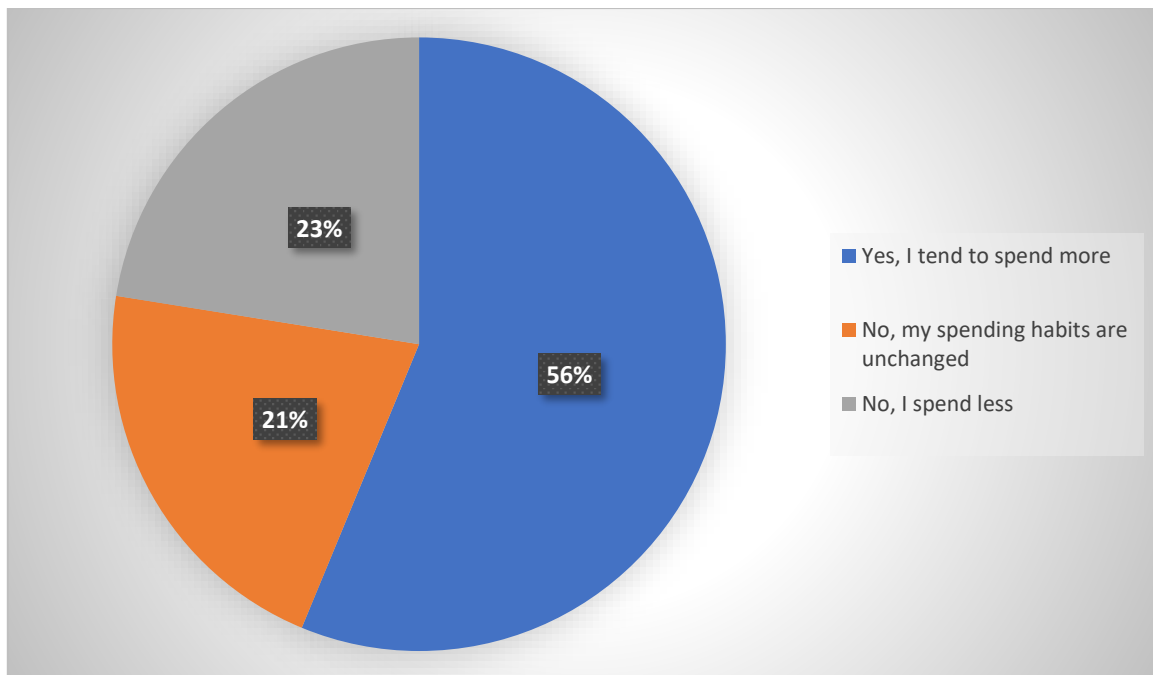


TABLE 2 FREQUENCY OF IMPULSE BUYING

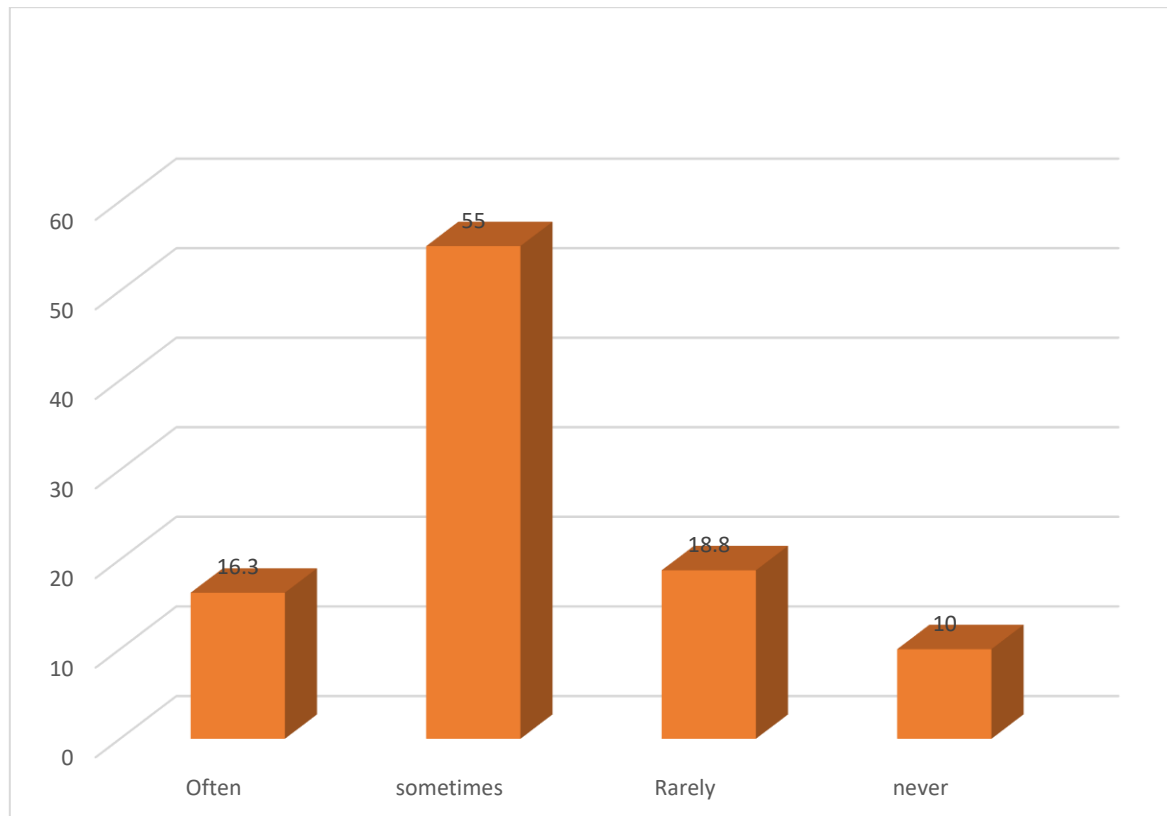
Impulse buying frequency	No. of Respondents	Percent
Often	13	16.3
Sometimes	44	55
Rarely	15	18.8
Never	8	10

Total	80	100
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Source: Primary Data

The table reveals that 55% of respondents sometimes make impulse purchases using digital payment methods, while 16.3% do so often. About 18.8% say they rarely make such purchases, and 10% report they never do.

FIGURE 2 FREQUENCY OF IMPULSE BUYING



Analysis of objective 2: To examine the impact of digital payment system on saving behaviour of working people.

TABLE 3 CHANGE IN SAVING BEHAVIOUR

Saving behaviour	No. of respondents	Percent
Yes, I save more now	24	30
No, my saving habits have not changed	36	45
I save less now	20	25
Total	80	100

Source: Primary Data

Interpretation

The table shows that 45% of respondents report no change in their saving habits after adopting digital payment systems. 30% say they save more now, while 25% indicate they save less. Overall, digital payments have a mixed influence on saving habits.

FIGURE 3 CHANGE IN SAVING BEHAVIOUR

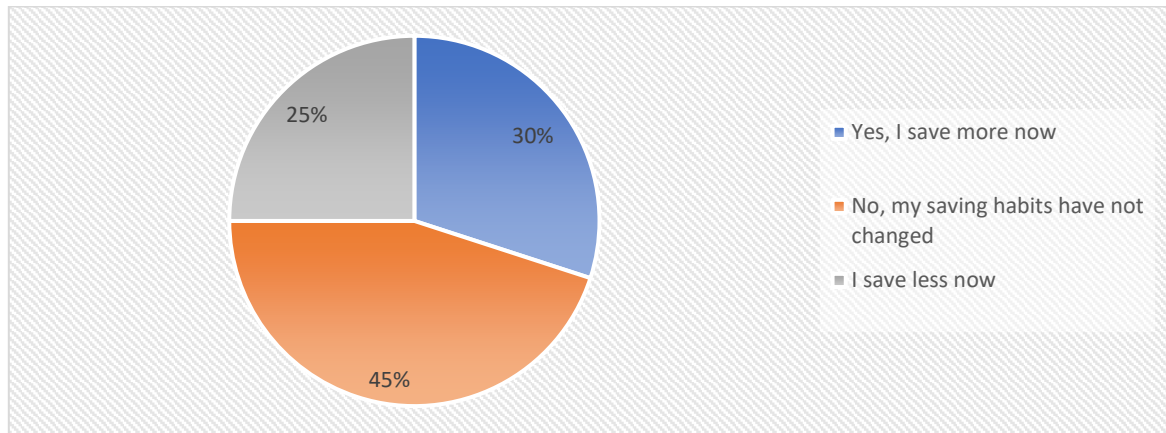


TABLE 4. MOTIVATION TO SAVE MORE

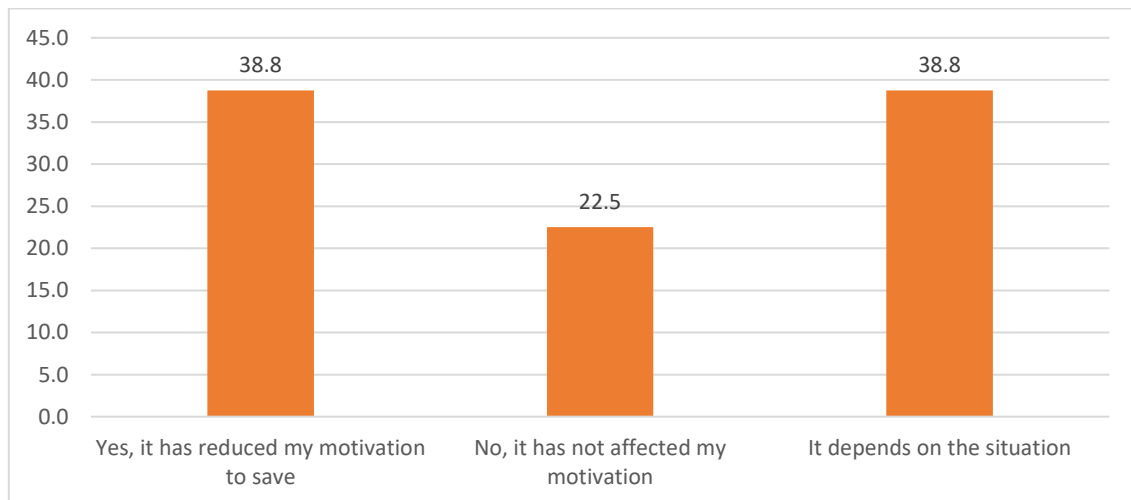
Degree Of Motivation To Save	No. of Respondents	Percent
Yes, it has reduced my motivation to save	31	38.8
No, it has not affected my motivation	18	22.5
It depends on the situation	31	38.8
Total	80	100

Source: Primary Data

Interpretation

The table 4.13 shows whether easy access to digital payments affects individuals' motivation to save money. An equal proportion of respondents (38.8%) stated that it has reduced their motivation to save, while the same percentage said it depends on the situation. A smaller group (22.5%) reported that it has not affected their motivation at all.

FIGURE 4 MOTIVATION TO SAVE MORE



FINDINGS, SUGGESTIONS AND CONCLUSIONS**FINDINGS**

- Digital payments have the potential to encourage higher spending among the majority of users.
- There is a greater likelihood of making impulse purchases when using digital payment methods.
- Easy access to digital payments decreases their motivation to save, and to some the impact of motivation to save depends on the situation.
- Its found that the there is no much influence is made in saving habits of individuals while digital payment mode.

SUGGESTIONS AND CONCLUSIONS

- With many users reporting increased or impulsive spending, financial literacy campaigns should promote conscious spending behaviours, especially among frequent users.
- Digital payment platforms could offer features that allow users to set spending limits or receive alerts when they approach their budget, helping to curb impulse buying.
- To encourage saving, digital payment platforms could offer rewards or interest on saved amounts, motivating users to set aside more money regularly.
- Digital payment systems could include an option for automatic transfers to savings accounts, helping users save a portion of their funds without having to think about it.
- The responses regarding saving behaviour and impulse spending suggest a need for better financial management tools within these platforms.

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