



# DIGITAL PAYMENTS IMPACT ON EXPENSES CONCERNING YOUNG ADULTS

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## ABSTRACT

In today's scenario, people use to do transactions with the help of digital payment. With the widespread adoption of mobile wallets, UPI (Unified payment Interface), and contactless cards, digital payments offer convenience, speedy transactions, cash backs, coupons, 24\*7 services, and transparency between receiver and give. However, this ease of payment has also led to changes in financial habits, including increased impulsive spending and reduced cash- handling awareness. This study investigates the impact on expenses among young adults by the usage of digital payment, and also throws light on the various types of digital payments. The research focuses on various objectives on to identify increase in expenses, frequency of usage, change in behaviour pattern, and

lastly the most used digital payment application by young adults. This research only targets the young adult between 18-28 yrs. Data collected through the online survey and interviews. Total 122 samples are collected from the respondents and chi square test is applied for data analysis. The findings suggest that adults rely on online payment on daily basis for convenience and speed of transactions and they have at least 1 or more than digital payment applications in their mobile phone, which increases their expenses day-by-day although they also feel that their spending are increasing continuously which also affect their financial habits and savings. The study suggest some of the measures which will help young adults to the effectively usage of digital payments.

**Keywords:** -Digital payments, expenses, young adults, online applications, behaviour, financial habits.

## 1. INTRODUCTION

Digital payments have transformed the way people and organizations trade money, providing quick, efficient, and secure methods of performing transactions. With the introduction of the internet, mobile technology, and modern financial systems, digital payments have expanded beyond basic electronic fund transfers to include a wide range of new technologies such as mobile wallets, contactless payments, cryptocurrency, and blockchain technology.

In contrast to traditional cash-based systems, digital payments provide convenience, speed, and the ability to seamlessly transact across borders. At its core, digital payments are the electronic transfer of money from one party to another without the use of physical currency. This can be done through mobile apps, internet banking, e-wallets, credit and debit cards, and other digital means. In recent years, digital payments have grown in popularity, with a large increase in transaction volume. Some of the elements that have led to this expansion include government initiatives to work with stakeholders, the COVID-19 epidemic, and the desire to increase access to financial services.

### 1.1 TYPES OF DIGITAL PAYMENTS

There are various sorts of digital payment systems accessible today, each giving a unique means to send payments electronically. The following are the main types of digital payments:

#### 1. Credit and Debit Cards

**Credit cards:** allow users to borrow money from a financial institution to make purchases or payments, with the responsibility to repay the amount, usually with interest, within a set period of time.

**Debit cards:** Debit cards are directly linked to the user's bank account and allow payments by removing funds from the account immediately, providing a cashless alternative to transactions.

#### 2. Mobile Payments

Payments are made with cell phones with programs that let an individual to pay bills, transfer money, or make purchases. Important techniques consist of:

**Mobile wallets:** Applications such as Samsung Pay, Apple Pay, PhonePe, and Google Pay allow tap-to-pay at point-of-sale (POS) terminals and store card information.

**QR Codes Payments:** Using a smartphone app to scan a QR code and instantly make payments (e.g., WeChat Pay, Alipay).

**USSD Payments:** Mobile payments without internet access are made possible via Unstructured Supplementary Service Data (USSD), which is especially helpful in places where smartphone adoption is limited.

### 3. Internet banking

This is also known as online banking, and it allows consumers to make transfers, bill payments, and online purchases straight from their bank accounts using a bank's website or mobile app. This includes:

**NEFT (National Electronic Funds Transfer):** It is a real-time transfer mechanism used largely in India.

**RTGS (Real Time Gross Settlement):** It is a system that settles high-value payments in real time.

**IMPS (Immediate Payment Service):** It is a real-time interbank electronic payment transfer system used in India.

### 4. Electronic wallets

Electronic wallets, or "E-Wallets," are online applications or platforms (like PayPal and Venmo) that make users link their credit cards or bank accounts and store money. Quick transactions are possible with e-wallets, negating the need for physical cards or bank trips. A lot of them also enable peer-to-peer (P2P) payments.

### 5. Biometric Payments

Payments that use biometric identifiers, such as iris scans, fingerprints, or facial recognition, for verification are known as biometric authentication. An additional degree of security is added, for example, when fingerprint scanning is utilized with Apple Pay or Google Pay.

### 6. Unified Payment Interface

A real-time payment system called UPI was created in India that enables mobile device users to transfer money instantly between two bank accounts. UPI enables online shopping, bill payment, and peer-to-peer transactions by combining several banks into a single smartphone application.

## 2. REVIEW OF LITERATURE

According to UlunAkturan and NurayTezcan "2012", the study aims to investigate consumers' mobile banking adoption through an integration of the technology acceptance model (TAM) with work on perceived benefits and perceived risks. The data were collected from 435 university students who were non-users but future prospects and uses five-points Likert scale to analyze the data. They found that perceived usefulness, perceived social risk, perceived performance risk and perceived benefit directly affect attitudes towards mobile banking, and that attitude is the major determinant of mobile banking adoption intention. In addition, no direct relationship between perceived usefulness and intention to use, perceived ease of use and attitude, financial risk, time risk, security/privacy risk and attitude was detected. [1]

According to Piyush Kumar and Dr.DhaniShankerChaubey “2017”, the study aims to identify demonetization and its impact on the adoption of digital payment along with the opportunities, issues, and challenges. Research is based on primary as well as secondary data which was collected from different sources like books, magazines, journals, research papers, etc. and also by using the survey method the sample size is of 300 respondents. The study signifies that the digital payment changed the buying behaviour of Indian society as it prevents black money market also provide assistance to the government to maintain a record of all transaction. Digital Payment Habit has changed after demonetization. People have no other option for transaction so Indian society move slowly from cash to digital transaction system. On the earlier, when digital payment introduces people hesitate to change their transaction habits but after demonetization, they force to do their transaction with digital payment.[7]

According to NiinaMallat “2006”, the study is a qualitative study that focuses on Exploring Consumer adoption of Mobile Payments which emphasis on focus group interviews was chosen to explore consumer adoption of mobile payments and then the study suggest that the relative advantages of mobile payments include time and place independence, availability, possibilities for remote purchases, and queue avoidance. It found mobile payments to be mostly compatible with digital content and service purchases and to complement small value cash payments. Interestingly, the findings suggest that the relative advantages of mobile payments depend on certain situational factors such as lack of other payment methods or urgency. There are, however, several barriers to the adoption of mobile payments, including premium pricing of the payments, complexity of payment procedures, a lack of widespread merchant acceptance, and perceived risks.

According to Manisha Goyal “2024”, he studied the Impact of cashless payments on impulse buying behaviour of gen z in city Mumbai where the Structured surveys to gather data on digital payments form 122 individuals aged 16 to 26 years old, and focuses on Stratified random selection for participant representation and the study conclude that Cashless payments significantly increase Generation Z's impulse buying behaviour and the Firms should adapt strategies for cashless-savvy young consumers in order to increase the level of profits.

According to J. Sundararaj,R. Meera “2024”, the study investigates the Adoption and User Behaviour Towards Digital Payments by Millennial where both primary and secondary data used in order to collect the data from millennial they focus on Explore level of adoption of digital payments among millennials and Assess factors influencing the adoption of digital payments and the study applicable to Google Pay, Apple Pay, PayPal, and digital banking apps along with Mobile wallets and contactless cards for transactions. The findings come out the Majority of respondents are male, aged 25-40 years and Digital payments are widely adopted for utility payments.

### 3. RESEARCH METHODOLOGY

The study is a descriptive study, under which a Questionnaire is designed to collect the data from the Adults range from (18-28) in order to reach at objectives.

#### 3.1 OBJECTIVE OF THE STUDY

- To determine the level of increase in expenses
- To recognize the frequent use of digital payments
- To identify the behavior pattern by employing digital payments.
- To determine the most used digital payment application by adults.

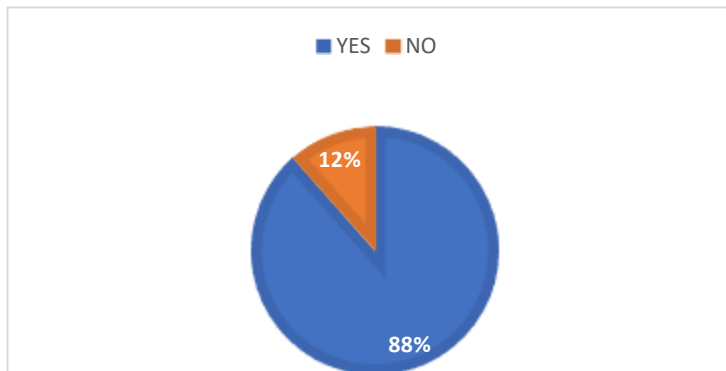
### 3.2 SAMPLING PLAN OF THE STUDY

1. Sampling Plan: Target on Adults
2. Sample Size: 122 Adults
3. Research Approach: Survey (Primary Data is collected from the self-structured questionnaire or via Google Forms)

### 4. DATA ANALYSIS AND INTERPRETATION AS PER QUESTIONNAIRE

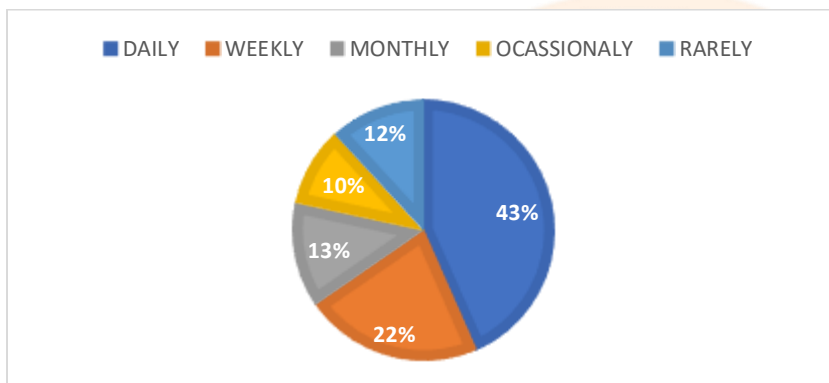
The questions were framed out to collect the data from respondents there responses are as follows: -

1. Do you make use of electronic payments?



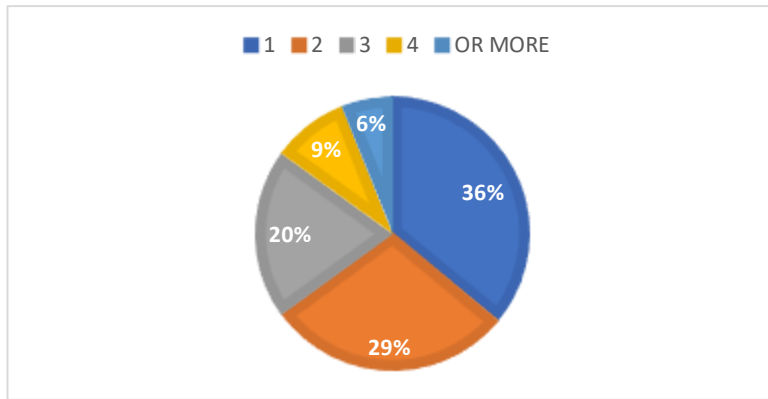
After the survey I was found that 88% of young Adults use online payment for the transaction online and rest 12% don't use electronic payment for the online transaction.

2. How frequently do you make payments online?



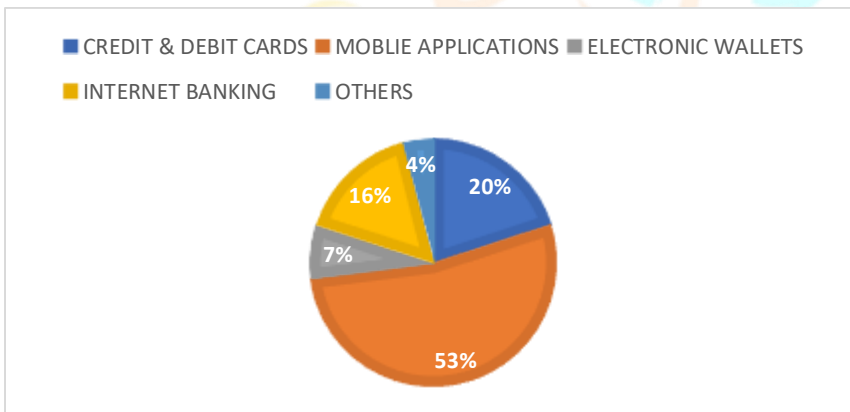
It was found that 43% of young adults frequently make payment online as they feels it fast and safe, and 22% were used once or twice in a week, 13% were used once in a month, 10% of adults used occasionally and the remaining 12% were used on rarely basis as they feel that cash transaction is better the cashless.

3. How many electronic payment applications do you have?



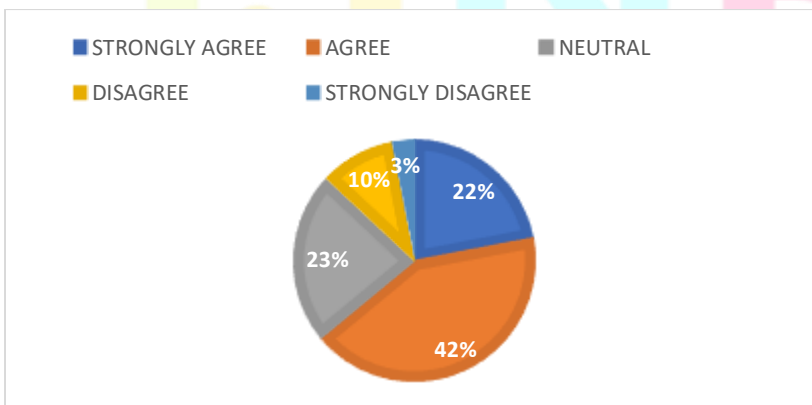
About 36% of Adults have only have one online payment application to do the transactions, 29% of adults have two application for the online payment, 20% have three application for the transactions, and 9% have four online application used for online payment, and lastly 6% have more than four applications to do transaction.

4. Which digital payment method do you use most?



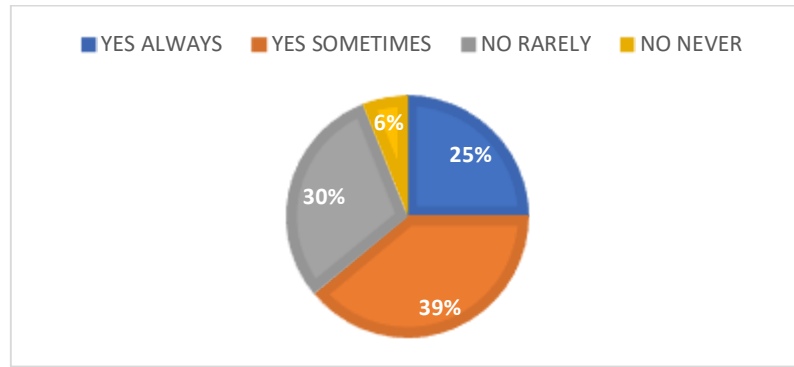
Young Adults which is 53% only use mobile applications for the digital transaction, 20% uses only cards whether debit or credit cards for the payment, 7% use electronic wallets, and 16% use internet banking as it is safe, and the remaining 4% uses other method for the online payment.

5. Does Digital Payments increase your expenses?



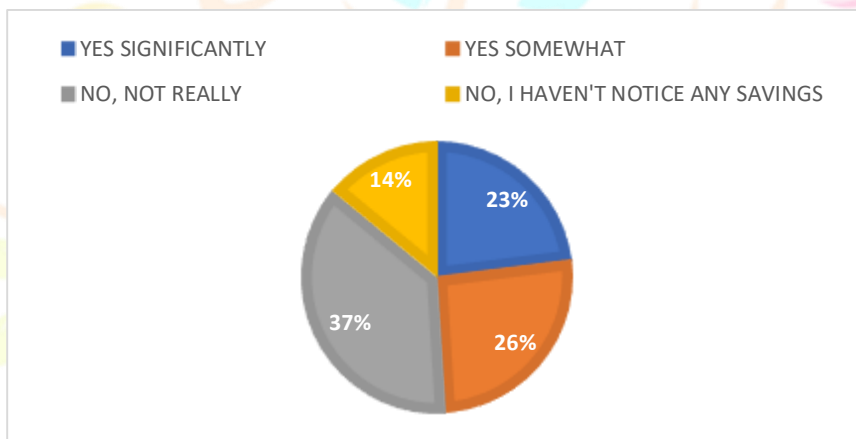
When it is asked to young adults, in which 22% are strongly agreed, 42% of adults are agree, 23% of adults are neutral as digital payment doesn't affect their expenses, 10% of them are disagree, and remaining 22% of adults are strongly disagree with the question were asked to them regarding increasing expenses with digital payment.

6. Do you regularly review your digital payment transactions to manage your expenses?



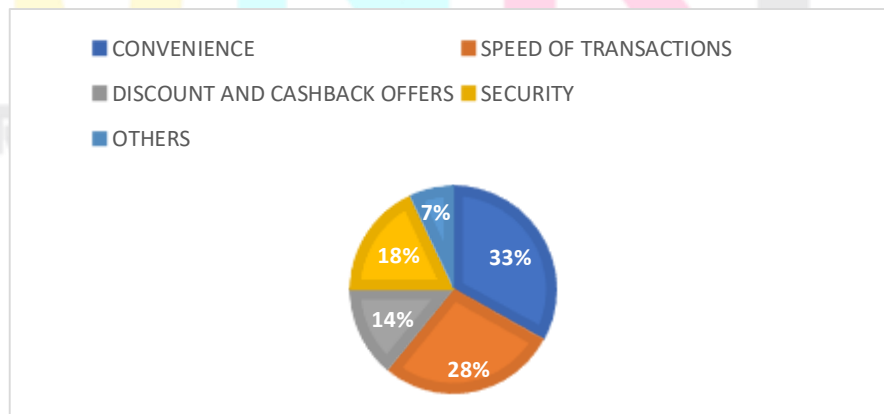
Nowadays about 25% of young adults always regularly review their digital payment transactions to manage their expenses, and 39% of adults sometimes review their transactions, 30% of adults rarely review their digital payment transactions, and last 6% never review their digital payment transactions.

7. Do you think digital payments have helped you save more money through rewards, cashback, or discounts?



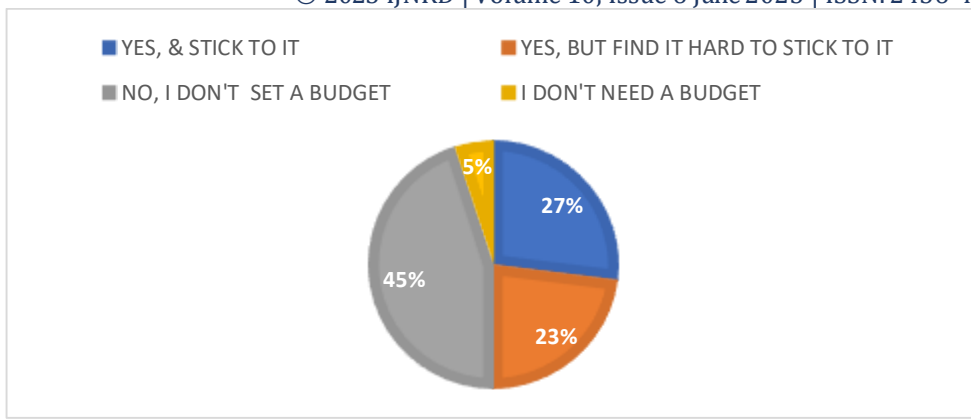
When asked to young adults regarding the savings through rewards, cash back, or discounts, among them 23% yes significantly, 26% said yes somewhat, 37% said not really, and lastly 14% said no they don't notice any savings.

8. What is your primary reason for using digital payments?



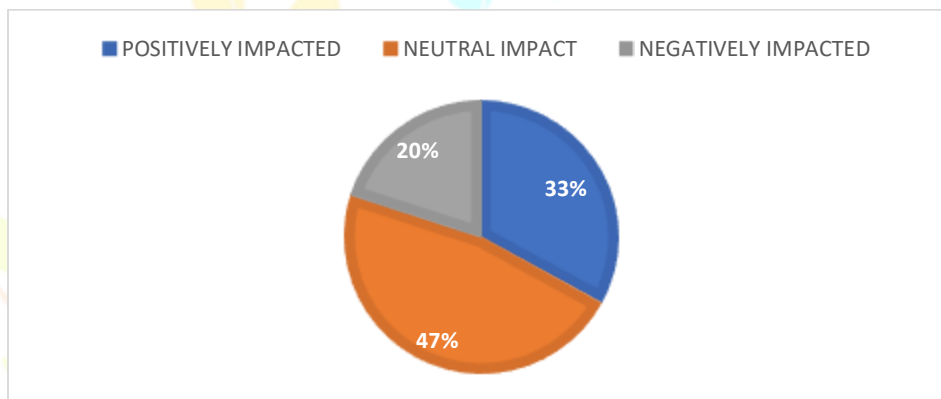
Adults use digital payment for many reasons in which 33% use for convenience, 28% use for speed of transactions, 14% use for discount and cash back offers, 18% for security, and 7% uses for other benefits.

9. Do you set a monthly budget to manage your spending when using digital payments?



When adults were asked regarding the budget preparations, then, 27% of adults who stick to their set budget, 23% find it difficult to stick on it, 45% didn't set any budget for online payment, 5% don't need any budget.

10. Overall, how do you feel digital payments have impacted your financial habits?



Digital payments impact the financial habits of the adults, in which 33% has positive affected, 47% were neutral, and lastly 20% were negatively affected with the usage of digital payment.

## 5. FINDINGS

Now a day's digital payments are increasing day by day, as it was found that most of the young adults use digital payment on regular basis it may be daily, weekly or monthly basis. Adults mostly have 1, 2 or more digital payment applications which mostly include mobile applications and credit and debit cards. As it was found that their expenses are increasing regularly because they were not focus on managing the transactions which found digitally, although they are also reluctant to adhere on the set budget which leads to increase their expenses. Mostly young adults use digital payments with the aim of speedy transactions, convenience, and other benefits with rewards and cash backs, which impact their financial habits continuously.

## 6. SUGGESTIONS

It is good that Young adults are going with the technology, but they have to be aware from the frauds going now a days. They should have only 1 or 2 applications in their mobile phone for the payments and that should be authentic. And on regularly basis they used to track their expenses and use it wisely which will help them in reducing their expenses. Adults should have proper password and security on their payment applications. They should try to keep some cash with them because it may happens that digital payments applications are not working.

## 7. CONCLUSIONS

Research has been conducted on the digital payment impact on expenses concerning young adults, as it is conclude as- that the expenses of young adults increases continuously and there are getting very comfortable with the usage of online application for the payment without thinking of expenses which drastically impact their financial habits so that they are not able to do savings for the future. Now a day's our young adults prefer comfort and convenience which make them to depend on digitalized world. So adults should always monitor their online transaction which helps them to save their future to fulfill needs and wants.

## 8. FUTURE RESEARCH

- Research can be done by taking more number of samples
- Research can be done to investigate the behavioral changes by the usage of digital payment.
- Research can also been conducted to find out the financial literacy.
- Research can be done to investigate the shopping frequency with the usage of digital payment.

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