

# A Study on the Effect of Digital Wallet Usage on Personal Financial Management Among Students in Amravati City.

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## ABSTRACT

The growing adoption of digital wallets has transformed the way students manage their day-to-day financial activities. This study examines the effect of digital wallet usage on personal financial management among students in Amravati City. Digital wallets such as Google Pay, PhonePe, and Paytm are widely used by students due to their convenience, speed, and ease of access. The study aims to analyze how digital wallet usage influences spending behavior, budgeting practices, saving habits, and financial awareness. Primary data were collected through a structured questionnaire from students of various educational institutions in Amravati City, while secondary data were gathered from relevant journals, reports, and online sources. Descriptive analysis and hypothesis testing were used to interpret the data. The findings reveal that digital wallets help students track expenses and manage transactions efficiently, thereby improving financial awareness. However, the ease of digital payments and promotional offers may also encourage impulsive spending. The study concludes that digital wallets positively impact personal financial management when used responsibly and supported by adequate financial literacy.

## KEYWORDS

Digital Wallets, Personal Financial Management, Students, Spending Behavior, Financial Literacy, Amravati City.

## INTRODUCTION

The financial landscape has undergone a significant transformation with the emergence of digital technologies. One of the most notable developments in this transformation is the introduction and widespread adoption of digital wallets. A digital wallet is an

electronic application that enables users to store money digitally and conduct financial transactions such as payments, transfers, and bill settlements using smartphones or other digital devices. In India, initiatives such as Digital India, increased internet penetration, and the growth of fintech companies have accelerated the shift towards cashless transactions.

Students constitute a major segment of digital wallet users due to their technological adaptability and frequent engagement in online and offline transactions. Digital wallets are commonly used by students for daily expenses including food, transportation, shopping, entertainment, and academic-related payments. These platforms offer advantages such as ease of use, time efficiency, cashback offers, and transaction records, which can potentially improve personal financial management.

Personal financial management refers to the process of planning, organizing, directing, and controlling individual financial activities such as income management, expenditure control, saving, and investment. Effective financial management is essential for students as it helps them develop financial discipline and prepare for future financial responsibilities. However, the convenience of digital wallets may also encourage impulsive buying and excessive spending if not used responsibly.

This study focuses on students in Amravati City to examine the effect of digital wallet usage on their personal financial management. By analyzing students' financial behavior, the study aims to understand whether digital wallets serve as tools for financial discipline or contribute to financial mismanagement.

## OBJECTIVE

1. To study the level of awareness and usage of digital wallets among students in Amravati City.
2. To analyze the impact of digital wallet usage on students' spending behavior.

3. To examine the influence of digital wallets on budgeting and saving habits.
4. To assess the relationship between digital wallet usage and personal financial management.
5. To provide suggestions for effective and responsible use of digital wallets among students.

## REVIEW OF LITERATURE

Several studies conducted have extensively examined the growing influence of digital wallets on consumer behavior, particularly among students and young adults.

**Sharma and Gupta (2021)** examined the adoption of digital wallets among students and found that ease of use, convenience, and promotional incentives were the primary factors influencing frequent usage. Their study revealed that while digital wallets enhance transaction efficiency, they also increase the tendency toward impulsive spending among young users.

**Kumar and Verma (2022)** studied digital wallet usage among college students and observed that regular users showed better awareness of their spending through transaction records and app-based summaries. However, the study also highlighted that despite increased awareness, many students lacked proper budgeting discipline, leading to inconsistent saving habits.

**Singh and Kaur (2022)** analyzed the impact of digital wallet usage on financial behavior during the post-COVID period and found a significant rise in cashless transactions among students. Their study concluded that while digital wallets improved financial inclusion and payment convenience, they also led to increased discretionary and impulsive spending among young users.

**Patel and Mehta (2023)** examined the role of financial literacy in digital wallet usage among students and found that financially literate users managed digital payments more responsibly. Their study concluded that higher financial awareness helps students control spending and use digital wallets as effective tools for personal financial management.

**Deshmukh (2024)** studied digital wallet usage among urban students in Maharashtra and found a positive relationship between digital payment adoption and financial awareness. The study concluded that digital wallets can enhance personal financial management when supported by adequate financial literacy and self-regulation.

## RESEARCH METHODOLOGY

The study is descriptive in nature and is based on both primary and secondary data.

**Primary Data:** Primary data were collected through a structured questionnaire administered to students from various colleges and educational institutions in Amravati City.

**Secondary Data:** Secondary data were collected from books, journals, research articles, reports, and online sources related to digital wallets and financial management.

**Sample Size:** The study covered a sample of 50 students selected using convenient sampling.

**Tools for Data Analysis:** Percentage analysis, charts, and hypothesis testing were used to analyze the data.

**Scope & Limitation:** The study examines the impact of digital wallet usage on spending, budgeting, and financial awareness among students in Amravati City. It provides insights into students' personal financial management practices in a digital payment environment.

The study is limited to a small sample of students from Amravati City and relies on self-reported data, which may involve personal bias and restrict broader generalization of the findings.

## HYPOTHESIS TESTING

Null Hypothesis ( $H_0$ ): Digital wallet usage has no significant effect on personal financial management among students in Amravati City.

Alternative Hypothesis ( $H_1$ ): Digital wallet usage has a significant effect on personal financial management among students in Amravati City.

### Step 1: Observed Responses from 50 Participants

Students were asked to state their level of agreement with the statement:

“Digital wallet usage improves my personal financial management.”

Response Category	Observed Frequency (O)
Strongly Agree	18
Agree	14
Neutral	8
Disagree	6
Strongly Disagree	4
Total	50

### Step 2: Expected Frequency

Since the total number of respondents is 50 and the responses are divided into 5 categories, the expected frequency for each category is:

$$E = 50/5 = 10$$

Response Category	Expected Frequency (E)
Strongly Agree	10
Agree	10
Neutral	10
Disagree	10
Strongly Disagree	10

### Step 3: Chi-Square Test Calculation

Response Category	O	E	(O-E) <sup>2</sup> /E
Strongly Agree	18	10	6.40
Agree	14	10	1.60
Neutral	8	10	0.40
Disagree	6	10	1.60
Strongly Disagree	4	10	3.60
<b>Total</b>			<b>13.60</b>

### Step 4: Hypothesis Testing

- Calculated Chi-Square value: 13.60
- Degrees of Freedom (df): (5 - 1) = 4
- Critical (Table) value at 5% significance level: 9.488

Since the calculated value of  $\chi^2$  (13.60) is greater than the table value (9.488), the null hypothesis is rejected.

**Result:** The chi-square test results indicate a statistically significant effect of digital wallet usage on personal financial management among students in Amravati City. This suggests that digital wallets influence students' financial behavior, including spending control, budgeting practices, and financial awareness. Hence, digital wallet usage plays an important role in shaping personal financial management among MBA-level student respondents.

### Key Findings:

1. Digital wallets are widely used by students in Amravati City for day-to-day financial transactions.
2. Convenience, speed, and cashback offers are the major reasons for preferring digital wallets.
3. Digital wallet usage has improved students' ability to track expenses and maintain transaction records.

4. A significant relationship exists between digital wallet usage and personal financial management.
5. Frequent use of digital wallets encourages impulsive and unplanned spending among some students.
6. Students with higher financial literacy use digital wallets more responsibly and effectively.
7. Digital wallets positively influence personal financial management when supported by budgeting discipline.

### CONCLUSION

The study concludes that digital wallet usage has a significant impact on personal financial management among students in Amravati City. While digital wallets enhance convenience and financial awareness, they also pose risks of overspending if not used judiciously. Effective financial literacy and self-discipline are essential to maximize the benefits of digital wallets. The study highlights the need for educating students about responsible digital financial practices.

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