

Digital Payments and Their Influence on the Buying Behaviour of Gen Z Consumers in Bengaluru

Author- **Rakshitha M Kamat**, 1DA24BA029, SCM, MBA, Dr AIT, Bangalore

Co-author- **Dr Rajeshwari R R**, Asst.Prof, SCM, MBA, Dr AIT, Bangalore

Abstract

The quick expansion of digital transaction applications has changed the process through which consumers conduct transactions and make purchasing decisions has fundamentally reconfigured the approach through which consumers execute financial interactions and formulate acquisition choices. Within disparate demographic cohorts, Generation-Z cohorts display exceptional susceptibility to technological interventions and systematically favour electronic transactional modalities owing to their inherent operational efficiency along with accelerated execution velocity and systemic popularity. This empirical inquiry examine the precise mechanisms by which digital-payment software modulates the procurement trajectories characterising Generation-Z demographics situated in the metropolitan region of Bengaluru.

Keywords

Mobile Wallets, UPI, Online Transactions, Cashless Economy, Consumer Preferences, FinTech, Impulse Buying, E-commerce, Payment Convenience

1. Introduction

The contemporary acceleration in the societal assimilation of digital technologies has profoundly revolutionised the methods by which populations execute and orchestrate monetary transfers. Within the Indian subcontinent, specialised architectures including the Unified Payments Interface alongside mobile financial repositories and application-based banking frameworks have rendered commercial settlements substantially more streamlined, together with highly fortified and remarkably accelerated relative to historical antecedents. Specialized software applications for instance digital wallets incorporating Google Pay and PhonePe as well as Paytm do not function merely as utilitarian instruments but rather constitute foundational elements of daily existential routines for millions of citizens particularly the younger demographic cohort. Digital procurement software streamlines financial transactions and boosts customer acquisition through cashback, discounts, loyalty rewards, and seamless payment options.

2. Problem of the Statement

During recent temporal periods, digital transactional software has exerted an expansive influence in re-engineering the consumption modalities characterising Generation-Z cohorts within the Bengaluru region. These operational tools have significantly mitigated the psychological friction traditionally associated with capital expenditure thereby precipitating accelerated and highly recurrent procurement cycles. Renowned for their high degree of technological fluency alongside their instantaneous adaptation to digital innovations this specific demographic finds the frictionless interface of modern payment architectures including mobile wallets together with the Unified Payments Interface and embedded application purchasing functionalities exceptionally compelling.

3. Objectives of the Study

1. To rigorously analyse the structural impact exerted by digital transaction modalities upon the long-term consumption patterns of Generation-Z cohorts.
2. To empirically analyse the statistical correlation existing between the utilisation of digital transaction software and spontaneous purchasing behaviour.
3. To comprehensively evaluate the functional role and strategic importance of promotional incentives, including cashbacks as well as discounts upon consumer acquisition determinations.

4. Literature Review

1. Dahlberg et al. (2001)

Dahlberg et al. elucidated the specific mechanisms through which electronic transaction frameworks have radically transformed the macro-dynamics of consumer commerce. The authors posit that Generation-Z cohorts seamlessly assimilate digital-payment applications because these tools align with their pre-existing technological familiarity and digital interface exposure.

2. Venkatesh et al. (2012)

Venkatesh et al. emphasise that human actors adopt technological innovations principally when they perceive them as functionally utilitarian, operationally simple and socioculturally validated. Their empirical inquiries demonstrated that Generation-Z consumers explicitly favour digital-payment applications because they conserve temporal resources.

3. Soman (2015)

Soman conceptualised the phenomenon designated as the pain of paying, which delineates the psychological discomfort experienced by human agents during the divestment of financial resources. The study demonstrated that this psychological aversion is substantially attenuated within digital transactional environments relative to physical currency engagements because consumers do not visually perceive the physical departure of currency from their possession.

4. Shankar and Datta (2017)

Shankar and Datta directed academic focus toward the embedded promotional architectures characterising modern digital transaction platforms. Their research confirmed that fiscal cashbacks together with price discounts alongside loyalty points as well as temporally constrained incentives exert a powerful psychological attraction on Generation-Z consumers.

5. Singh and Rana (2018)

Singh and Rana carefully examined the primary structural determinants accelerating the global adoption of mobile transactional architectures. Their empirical modelling identified systemic trust together with operational convenience alongside socio-environmental influence as the paramount vectors dictating user engagement.

6. Chawla and Joshi (2019)

Chawla and Joshi investigated the patterns of financial technology services among youthful demographic segments. Their findings indicated that Generation-Z users actively prioritise service frameworks that are characteristically rapid, uncomplicated and readily obtainable. The study found that increased use of mobile payments has changed young consumers' purchasing habits.

5. Research Gap

Wide ranging literature has scrutinized digital-payment platforms and their operational adoption among younger cohorts of consumers. Nevertheless a conspicuous scarcity of empirical research exists concerning the precise ways these software frameworks modulate the spending trajectories of Generation-Z demographics within Bengaluru. Furthermore there remains an incomplete academic understanding of how integrated features including cashback incentives as well as promotional discounts and single-click settlement options dynamically construct the purchasing patterns of Generation-Z consumers.

Consequently further empirical investigations must be launched to analyze how cashless payment software directly shapes the purchasing behavior of Generation-Z consumers within Bengaluru.

6. Hypothesis of the Study

6.1 Hypothesis 1

Null Hypothesis (H01)

There is no statistically-significant influence exerted by digital-payment software upon the purchasing behavior characterizing Generation-Z consumers situated in Bengaluru.

Alternative Hypothesis (H11)

There is a statistically-significant influence exerted by digital-payment software upon the purchasing behavior characterizing Generation-Z consumers situated in Bengaluru.

6.2 Hypothesis 2

Null Hypothesis (H02)

There is no statistically-significant effect produced by digital-payment software regarding impulsive buying configurations among Generation-Z consumers situated in Bengaluru.

Alternative Hypothesis (H12)

There is a statistically-significant effect produced by digital-payment software regarding impulsive buying configurations among Generation-Z consumers situated in Bengaluru.

6.3 Hypothesis 3

Null Hypothesis (H03)

There is no statistically-significant influence exerted by specific digital-payment application features including cashbacks alongside discounts and single-click transaction modalities upon the procurement choices of Generation-Z consumers situated in Bengaluru.

Alternative Hypothesis (H13)

There is a statistically-significant influence exerted by specific digital-payment application features including cashbacks alongside discounts and single-click transaction modalities upon the procurement choices of Generation-Z consumers situated in Bengaluru.

7. Research Methodology

This scientific inquiry deploys a quantitative research methodology to acquire precise empirical insights regarding the exact mechanisms by which digital-payment software shapes the purchasing behavior of Generation-Z consumers situated in Bengaluru. The target population under examination comprises Generation-Z individuals who actively utilize digital transaction service applications encompassing preeminent digital-payment architectures including Google Pay and PhonePe as well as Paytm alongside alternative platforms built upon the Unified Payments Interface across the Bengaluru territory. Primary data were gathered from Generation-Z participants utilizing a virtual psychometric questionnaire distributed through peer networks and established digital contacts. Data acquisition was achieved via a structured virtual questionnaire distributed directly to qualified respondents. The assembled empirical data were statistically analyzed utilizing specialized quantitative methodologies including the Chi-square test executed via the Statistical Package for the Social Sciences software suite.

8. Limitations of the study

1. The quantitative inquiry was executed utilizing a sample population comprised strictly of eighty-six respondents which potentially compromises the statistical generalizability of the overarching empirical conclusions.

2. A convenience sampling methodology was structurally deployed the generated data configurations may exhibit systematic bias tied to the specific composition of the accessible sampling units.
3. The primary empirical data were gathered via a web-enabled survey instrument and this particular distribution channel introduces the possibility that certain research participants failed to provide entirely objective and genuine self-reported evaluations.
4. The research framework evaluates only a designated selection of mobile transaction platforms and may not accurately reflect the complete spectrum of digital financial architectures currently operational within the broader macroeconomic market.

9. Hypothesis Testing

9.1 Hypothesis 1

Null Hypothesis (H01)

There is no statistically-significant influence exerted by digital-payment software upon the purchasing behavior characterizing Generation-Z consumers situated in Bengaluru.

Alternative Hypothesis (H11)

There is a statistically-significant influence exerted by digital-payment software upon the purchasing behavior characterizing Generation-Z consumers situated in Bengaluru.

Test	Value	df	Asymp. Sig. (P-value)
Pearson Chi-Square	58.818	9	0.000
N of Valid Cases	85		

Analysis

The designated significance threshold is established at 0.05 and the calculated empirical p-value equals 0.000. Because the observed p-value of 0.000 is less than the critical threshold of 0.05 the analytical outcomes necessitate the systematic rejection of the null hypothesis where the mathematical configuration is represented by chi-squared equaling 58.818 alongside degrees of freedom equaling 9 and p equaling 0.000.

Interpretation

The Chi-Square statistical evaluation demonstrates that digital-payment software exerts a highly meaningful influence upon the procurement journey of Generation-Z consumers situated in Bengaluru with the statistical metrics reflecting chi-squared equaling 58.818 alongside degrees of freedom equaling 9 and p being less than 0.05. Consequently the alternative hypothesis designated as H11 is formally accepted whereas the null hypothesis designated as H01 is systematically rejected.

9.2 Hypothesis 2

Null Hypothesis (H02)

There is no statistically-significant effect produced by digital-payment software regarding impulsive buying configurations among Generation-Z consumers situated in Bengaluru.

Alternative Hypothesis (H12)

There is a statistically-significant effect produced by digital-payment software regarding impulsive buying configurations among Generation-Z consumers situated in Bengaluru.

Test	Value	df	Asymp. Sig. (P-value)
Pearson Chi-Square	22.906	9	0.006
N of Valid Cases	85		

Analysis

The designated significance threshold is established at 0.05 and the calculated empirical p-value equals 0.006. Because the observed p-value of 0.006 is less than the critical threshold of 0.05 the analytical outcomes necessitate the systematic rejection of the null hypothesis where the mathematical configuration is represented by chi-squared equaling 22.906 alongside degrees of freedom equaling 9 and p equaling 0.006.

Interpretation

The empirical results demonstrate a statistically-significant effect of digital-payment adoption upon the spontaneous procurement habits characterizing Generation-Z consumers with the statistical metrics reflecting chi-squared equaling 22.906 alongside degrees of freedom equaling 9 conjoined with a p-value of 0.006. Hence the alternative hypothesis designated as H12 is formally accepted whereas the null hypothesis designated as H02 is systematically rejected.

9.3 Hypothesis 3

Null Hypothesis (H03)

There is no statistically significant influence by specific digital-payment application features, including cashbacks alongside discounts and single-click transaction modalities, upon the procurement choices of Generation-Z consumers situated in Bengaluru.

Alternative Hypothesis (H13)

There is a statistically-significant influence by specific digital-payment application features including cashbacks alongside discounts and single-click transaction modalities upon the procurement choices of Generation-Z consumers situated in Bengaluru.

Test	Value	df	Asymp. Sig. (P-value)
Pearson Chi-Square	98.720	16	0.000
N of Valid Cases	85		

Analysis

The designated significance threshold is established at 0.05 and the calculated empirical p-value equals 0.000. Because the observed p-value of 0.000 is less than the critical threshold of 0.05 the analytical outcomes necessitate the systematic rejection of the null hypothesis where the mathematical configuration is represented by chi-squared equaling 98.720 alongside degrees of freedom equaling 16 and p equaling 0.000.

Interpretation

The empirical findings reveal that promotional features including cashback rewards together with marketing discounts alongside single-click payment alternatives significantly modulate the procurement choices of Generation-Z consumers with the statistical metrics reflecting chi-squared equaling 98.720 alongside degrees of freedom equaling 16 and p being less than 0.05. Therefore the alternative hypothesis designated as H13 is formally accepted whereas the null hypothesis designated as H03 is systematically rejected.

10. Data Analysis and Interpretation

The empirical inquiry revealed that 50.58% of the surveyed population resided within the 22 to 25 year age cohort while 52.94% identified as female. Among the diverse array of digital transaction platforms PhonePe representing 47.05% emerged as the premier choice application followed closely by Google Pay which captured 45.88%. The primary transactional driver stood out as peer-to-peer monetary transfers comprising 38.82% followed sequentially by utility bill settlements and retail shopping.

The quantitative analysis demonstrated that digital transactional software yields a highly noticeable contribution regarding the buying behavior of Generation-Z consumers. Approximately 48.23% of the research participants agreed that these applications facilitate accelerated decision-making processes while 45.88% perceived that these tools encourage individual expenditures beyond originally structured budgetary limits. Similarly 48.23% maintained that digital-payment software amplifies spontaneous procurement tendencies and 42.35% concurred that simplistic and convenient settlement architectures frequently precipitate unplanned acquisitions.

The empirical data also suggested that 41.17% of respondents frequently execute impulsive purchases while executing monetary transfers through digital-payment networks and 42.35% acknowledged exceeding their predetermined fiscal budgets. Over half of the surveyed cohort representing 50.58% reported engaging in competitive price comparisons with reduced frequency when executing digital liquidations while 43.52% stated that they routinely procure products instantaneously because the underlying transaction sequence remains highly rapid and straightforward. In addition 44.70% of the sample had been systematically utilizing digital-payment platforms for a duration exceeding four years and 90.58% explicitly favored smartphones for executing electronic liquidations.

11. Findings

The outcomes of the present empirical study validate antecedent literature indicating that digital-payment software significantly impacts consumer purchasing behavior. Several historical investigations have demonstrated that integrated modalities including cashback incentives together with price discounts alongside loyalty rewards and optimized transaction options can induce consumers particularly youthful demographics to execute procurements with elevated frequency.

Comparable results were observed within this current inquiry wherein single-click transactional features together with promotional incentives alongside reward benefits were confirmed to modulate the buying choices of Generation-Z consumers. The findings further suggest that the expanding societal adaptation of these applications reflects the broadening pervasive adoption of digital transactions among youthful consumers. As a direct consequence digital-payment software continues to contribute significantly toward structuring contemporary consumer behavior.

12. Suggestions

1. It is recommended that digital-payment service providers continuously elevate the privacy protections of their proprietary applications to cultivate consumer confidence. They should additionally formulate educational initiatives regarding secure digital transactional practices and fiscally responsible expenditure habits.
2. Digital payment applications can introduce better budgeting and expense tracking features to help users monitor their spending. Providing personalised offers relying on users' needs may also improve user satisfaction and encourage responsible usage.

3. Companies should regularly update their applications to make transactions faster and more user-friendly. During the same period, individuals should plan their purchases wisely and avoid unnecessary spending.

13. Conclusion

The empirical inquiry establishes that digital-payment applications profoundly restructure the buying behavior characterizing Generation-Z consumers situated within Bengaluru. The vast majority of respondents express an explicit preference for deploying platforms including PhonePe together with Google Pay and Paytm because these architectures deliver a rapid alongside simple and highly optimized transactional experience. Embedded mechanisms including cashback incentives together with loyalty rewards alongside promotional discounts actively stimulate consumers to execute outlays more frequently. Universally the quantitative data demonstrate that digital-payment software exerts a highly significant influence upon the overarching buying behavior of Generation-Z consumers.

References

1. Ajzen, I. (1991). The model of planned behaviour. *Organisational Behaviour and Human Decision Processes*, 50(2), 179–211.
2. Davis, F. D. (1989). Factors influencing user acceptance of information systems: Perceived usefulness and ease of use. *MIS Quarterly*, 13(3), 319–340.
3. Kim, C., Mirusmonov, M., & Lee, I. (2010). An empirical study on factors that affect user intention towards mobile payment. *Technology and Human Behaviour*, 26(3), 310–322.
4. Rook, D. W. (1987). The buying impulse. *Journal of Consumer Research*, 14(2), 189-199