

Impact of Digital Payment Systems on Spending Habits of Higher Studies Students

Ansh Kumar Yadav¹, Anurag Singh²

BBA 4th semester, FOCM, United University, Prayagraj

ABSTRACT

In today's generation digital world, paying with cash is becoming less common, especially among students in higher education. This study looks at how digital payment methods—like UPI, mobile wallets, and net banking are changing the way students spend their money. After doing the survey in college and university students, we found that using digital payments often makes it easier to spend more money quickly, sometimes without thinking much. Many students said they tend to buy things usually because paying digitally feels easier and more convenient. On the other hand, some students use digital payment to keep better eye on their expenses and manage their finance more carefully. This research highlighting both the good and not-so-good effects of digital payment on student spending habits, and suggests ways to encourage them smarter money management.

KEYWORDS

Digital Payment Systems, Financial Behaviour, Cashless Transactions, Student Budgeting, Digital Finance.

INTRODUCTION

In the current generation, nearly everything is becoming digital including how we pay for things. Rather than using money, people are increasingly using their phones and the internet to make payments. College and university students are also making use of apps such as Google Pay, PhonePe, Paytm, and UPI to purchase things, pay bills, order food, and other UPI apps. These payment options are faster, more convenient, and readily available at all times so students don't have to hold cash or make change.

But although digital payments are extremely convenient for students, they also influence the way students spend money. Since paying is so easy with a simple tap on the screens, many students spend more money than they intended to. Occasionally they buy things that they do not even need, simply because it becomes more convenient without actual money changing hands with the merchant. This type of spending is termed "impulse buying."

Meanwhile, there are some students who use payment apps on mobile devices to monitor their spending habits. They display where money is spent and assist students to budget more efficiently. Therefore, digital payments may both assist and harm, depending on usage.

This study examines how e-payments are influencing the expenditure behavior of students pursuing higher education. It attempts to realize whether students are spending more due to the convenience of payments or whether they are utilizing the tools to save and budget better. The aim is to identify both the positive and negative impacts of e-payments and provide suggestions to enable students to use them in a more intelligent manner.

LITERATURE REVIEW

The digital payment system has become a massive part of our lives. Especially for the younger people who are easily adopting to the new technologies. In this reason, the researches conducted by different researchers have tried to analyze how such systems are affecting the spending behavior, the money management, and the financial habits of the people.

Particularly the students.

1. Expansion of Digital Payments Among Students

According to Kumar & Singh (2021), college and university students are among the regular users of digital payment systems in India. They use PhonePe, Paytm, and Google Pay because they are quick and convenient. They find digital payment more convenient than cash, especially when buying food, a shared ride, or buying something online.

2. Impulse Spending and Lack of Control

Even though, such applications help, they can also encourage overspending. Sharma (2020) notes that most students do not consider it money when they use virtual means to spend. Being in a place physically without an actual exchange happening enables one to spend money without thinking. It often results in impulse buying where you buy items you did not intend to buy.

3. Financial Awareness and Tracking Tools

Some effects are positive. Gupta & Mehta (2022) talked about the way digital apps teach students about money. The different payment platforms have added features such as spending trackers, reminders, and budget tools. This helps students know where their money is going and how to organize their monthly expenses.

4. Peer Influence and Social Pressure

Social pressure is a key factor in student spending habits (Patel, 2023). Students often seek to support the lifestyle of their friends and want to eat out, shop, or attend events. It is simplified by digital payments, which allow not paying much attention to the amount of expenditure. This can lead to unplanned expenses and financial stress.

5. Convenience vs. Responsibility

Reddy & Thomas (2019) study elaborated on a balance between convenience and responsibility. Digital payments are convenient but students need to be financially literate to avoid bad habits. The study states that colleges should introduce financial literacy programs to digital payments and help students make better and informative decisions..

6. . Post-COVID Shift to Digital

Following the COVID-19 pandemic contactless payments increased even more. According to Desai & Nair (2021), digital payments were the safest option during the pandemic. Students who were used to cash once fast adapted quickly. It was a sudden shift that could even change spending habits, more students preferring to order food online and shop digitally.

Research Objectives:

The main aim of this research is to understand how digital payment systems affect the spending habits of students in higher education. The specific objectives are:

1. **To study the usage pattern** of digital payment apps among higher studies students.
2. **To examine** how digital payments influence students' spending behavior.

METHODOLOGY

The investigation employs a quantitative method to explore the effect of digital payment systems on students' spending behavior in higher education. The study was conducted through a survey established to obtain data directly from students.

1. Research Design:

The research is conducted by descriptive survey method, which is used in order to understand the behavior, opinions and experiences of students concerning digital payments and expenses.

2. Population and Sample:

Students currently enrolled in college and university pursuing education with Bachelor's and Master's degree are the target population.

Sample size :100 and 150 students to get fair and unbiased opinions from students of different backgrounds, gender, and fields of study.

3. Data Collection Method:

Preferred tool for data collection was a structured questionnaire. This questionnaire was shared online through diverse platforms such as Google forms, WhatsApp and email to reach a higher number of students.

The questionnaire had multiple choice questions, Likert scale questions, and some open ended questions to get detailed opinions.

4. Variables Studied:

The key areas focused in the survey include:

- Frequency of digital payment usage

Preferred online payment systems (UPI mobile wallets)

Laziness may cause us to make a lot of non-essential purchases.

-Shifting in spending tendencies after the initiation of digital payment

- Modifications of the use or knowledge of budgeting or expense tracking functionality

Impact of Influence of Peer Pressure or Social Trends on Spending

5. Data Analysis:

Responses acquired were analyzed using simple statistical tools. These included percentages, bar graphs, and pie charts. They were useful in identifying patterns and trends in student spending behavior. Data was interpreted to understand the relationship between changes in financial habits and the use of digital payments.

RESULT

Case in point is the survey that was carried out among 120 students from different colleges and universities, these students came from institutions of higher learning. The survey sought to find out how the digital payment systems have impacted on their spending behaviors.

1. Usage of Digital Payments:

95 percent of students reported they regularly use digital payments.

Google Pay (65%) was the most frequently used platform, followed by PhonePe (20%) and Paytm (10%).

Started using digital payments more actively after the COVID-19 pandemic according to the respondents and 2 out of 5 believe that in the future they will

2. Frequency of Use:

- 70% students note daily usage of digital payments.

At last, 30% have not used them at all.

3. Type of Spending:

The most common reason, which is 60% of students, was for non-essential reasons. They typically use their digital payments for food delivery, online shopping and entertainment.

Only 40% used the cards for basic needs such as groceries, transport, or tuition payments.

4. Impact on Spending Habits:

68% of pupils noticed spending more money after transferring to digital spending.

Students who made impulse purchases admitted they often did so because it was easy to pay for things on the spot.

5. Budgeting and Tracking:

- Only 30% of students said they actively track their expenses using digital payment apps.
- 70% do not check how much they spend regularly and often realize too late that they've gone over budget.

6. Peer Pressure and Trends:

- About 55% of students agreed that social media and peer influence affect their spending decisions, especially when paying is easy through apps.



DISCUSSION

The results of this study show that digital payment systems have become a big part of students' everyday lives. Most students use apps like Google Pay, PhonePe, and Paytm regularly, and many use them every day. These apps are fast, convenient, and easy to use, which is why students prefer them over cash.

However, while digital payments save time and make life easier, they also affect how students spend their money. Many students admitted that they spend more now than they used to before using digital payments. This is likely because paying through apps doesn't feel the same as handing over real cash. When money is not physically seen or touched, it becomes easier to spend without thinking.

A large number of students also shared that they often buy things they didn't plan to—this is known as impulse buying. They are more likely to spend on non-essential items like snacks, fast food, or online shopping. This behavior is connected to how simple it is to just tap and pay using digital apps.

Another important point is that most students do not track their spending. Although some digital payment apps offer tools to see where money is going, many students don't use them. As a result, they often don't realize how much they have spent until their account balance gets low. Only a small group of students actively check their expenses and try to manage a budget.

Also, social pressure plays a role. Many students said that they spend more when they see their friends doing the same or when influenced by social media trends. This shows that peer influence, combined with easy payments, can lead to poor spending habits.

Overall, while digital payments offer comfort and speed, they also bring financial challenges for students. The lack of budgeting, easy access to money, and social influence can lead to overspending and money mismanagement.

This research suggests a need for more awareness about financial literacy among students. Teaching them how to plan budgets, track expenses, and use digital payments wisely could help them become more responsible with money.

CONCLUSION

This research tells that digital payment apps like Google Pay, PhonePe, and Paytm are used a lot by students who are studying in higher education. Students like these apps because they are fast, easy, and convenient. They no longer need to carry cash for everyday things like food, travel, or shopping. But the study also found some problems. Many students said they spend more money now than before. Because digital payments are so quick and simple, it's easy to spend without thinking. Some students also buy things they don't really need, just because paying is so easy. Most students don't keep eye on how much they are spending. Only a few use budgeting or tracking tools in payment apps. Also, students often spend more when they see their friends doing the same or following social media trends. So, where digital payments are helpful, they can also lead to huge spending. Students need to be more careful with how they spend money. Learning to plan a budget and use tracking tools will be helpful. In short, digital payments are a good but only if students use them nicely.

Limitations of the Study:

- The study is confined to students from just a few institutions.
- It is self reported data and may include some bias.
- The sample size is kind of small and the views may not represent all students.

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