1 Influence of Digital Payment Systems on Impulse Buying Behaviour among Consumers

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Abstract

Globally, consumers' shopping habits have changed due to the quick development of digital payment methods. Transactions are now quicker, easier, and cashless thanks to the growing use of mobile wallets, internet banking, QR-code payments, and Unified Payments Interface (UPI). Digital payments are convenient and effective, but they also encourage customers to make impulsive, unexpected purchases. Features that encourage impulsive buying include fast payments, cashback incentives, discounts, and a decreased reliance on actual currency. The goal of this study is to investigate how consumers' impulsive purchasing behavior is impacted by digital payment systems. The study's primary data came from 80 respondents who completed a structured questionnaire utilizing a convenience sampling technique. Data interpretation has been done using statistical techniques such regression analysis, correlation, mean analysis, and percentage analysis. The results show that consumers' impulsive purchasing behavior is greatly influenced by convenience, transaction simplicity, cashback offers, and frequency of digital payment usage. The study comes to the conclusion that digital payment systems, particularly among young people and frequent users of digital payment apps, have a beneficial impact on impulsive buying inclinations.

Keywords: Digital Payments, Impulse Buying Behaviour, UPI, Consumer Behaviour, Cashback Offers.

Introduction

India's banking sector has undergone a change thanks to digitalization. Digital payment systems have become one of the most significant technology developments in the banking and financial industry during the past ten years. Consumer use of digital payment systems has expanded dramatically due to the growing use of smartphones, reasonably priced internet access, government initiatives towards a paperless economy, and quick technology advancements.

Applications like Google Pay, PhonePe, and Paytm are now widely used payment methods for routine purchases, restaurant delivery, online subscriptions, utility bill payments, and travel reservations. Because cashless transactions are quick, easy, and always available, consumers now prefer them.

Electronic technologies that allow customers to transfer money without using actual cash are referred to as digital payment systems. Internet banking, debit cards, credit cards, mobile wallets, UPI payments, and QR-code-based payments are some of these systems.

While digital payments offer speed and convenience, they also affect consumers' purchasing habits. Because customers can not physically see money leaving their hands, digital payments, in contrast to cash purchases, lessen the psychological anguish associated with spending money. This frequently results in increased expenditure and impulsive purchasing.

Impulsive and unplanned purchases done without first making a decision are referred to as impulse buying behavior. Instead of being motivated by logical analysis, these purchases are typically motivated by feelings, practicality, alluring deals, or pressing demands.

Features like one-click payment systems, cashback rewards, discount notifications, and immediate payment confirmation enable customers to make snap decisions while making purchases in the current digital economy. Thus, comprehending the connection between digital payment systems and impulsive purchasing behavior has emerged as a crucial field of study.

Conceptual Understanding of Impulse Buying Behaviour

Impulse buying is the term used to describe unplanned purchases made by customers as a result of sudden cravings or emotional impulses. When consumers encounter excitement, appeal, convenience, or promotional impact, they frequently make impulsive purchases.

Because they could physically see how much was being spent, customers who used cash were historically more mindful of their spending. However, by making the actual cash outflow less visible, digital payment methods have altered this behavior. Customers typically spend more freely as a result.

The following traits are typically present in impulsive purchasing behavior:

- Impulsive purchases
- Making decisions based on feelings rather than logic
- An urgent desire to buy
- Inadequate preparation
- Attraction to incentives and discounts
- Greater ease of spending

The current study uses specific digital payment-related factors that affect consumer purchasing decisions to measure impulse buying behavior.

Variables Used in the Study

Dependent Variable: Impulse buying behaviour is the dependent variable of the study. It refers to the tendency of consumers to make unplanned purchases instantly without careful evaluation. In this study, impulse buying behaviour is measured through the following indicators:

- Purchasing products without prior planning
- Buying products due to attractive digital offers
- Spending more while using digital payments
- Making quick purchase decisions during online shopping
- Purchasing unnecessary items because of ease of payment
- Feeling encouraged to shop because of cashback and discounts

Respondents are asked to indicate their level of agreement using a 5-point Likert Scale ranging from 1 to 5 where 1 means Strongly Disagree and 5 means Strongly Agree.

Independent Variables: The following Independent Variables have been used:

- **Convenience of Digital Payments**

The ease and comfort of using digital payment methods is referred to as convenience. Digital payments enable transactions at any time and from any location, eliminating the need to carry cash. Because digital payments streamline the purchasing process, consumers frequently make impulsive purchases. The following statements are used to measure convenience:

  - Digital payments save time during shopping.
  - Digital payments are easier than cash transactions.
  - I prefer digital payments because they are convenient.
  - Ease of payment encourages me to purchase more products.

- **Cashback and Reward Offers**

Digital payment apps offer promotional perks like cashback and reward programs to promote transactions. Receiving cashback, coupons, discounts, or reward points frequently encourages customers to make purchases. The following indicators are used:

  - Cashback offers encourage me to shop more.
  - Discounts influence my purchasing decisions.
  - Reward points motivate me to make additional purchases.
  - Promotional offers increase my digital payment usage.

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- **Ease of Transaction**

The term "ease of transaction" describes how quick, easy, and seamless digital payment procedures are. Quick transactions promote prompt purchasing decisions and lessen indecision. Indicators include:

  - Digital transactions are fast and hassle-free.
  - I find digital payments simple to use.
  - Quick payment confirmation increases my shopping frequency.
  - Easy checkout processes encourage online purchases.

- **Frequency of Digital Payment Usage**

The term "frequency of usage" describes how frequently customers make purchases using digital payment methods. Regular users of digital payments grow accustomed to spending without cash, which could lead to more impulsive purchases. Indicators include:

  - I use digital payments daily.
  - I prefer digital payments over cash.
  - Most of my shopping transactions are done digitally.
  - I frequently use UPI or mobile wallets for purchases.

Review of Literature

Several researchers have studied consumer behaviour, impulse buying tendencies, and the role of digital payment systems in influencing purchasing decisions.

Impulse buying was described by Rook (1987) as impulsive, instantaneous purchasing behavior brought on by strong emotional cravings. According to the study, when consumers are excited or attracted to a product, they frequently buy it without thinking. According to Verplanken and Herabadi (2001), impulsive purchasing behavior is closely linked to emotional reactions and a lack of self-control when making purchases. Convenience and outside stimuli have a big impact on impulsive purchasing inclinations, according to their study.Kim and Park (2005) discovered that consumers are more likely to make impulsive purchases due to the availability of technology and online transactions. The study found that as payment methods become quicker and simpler, people spend more. Convenience, perceived utility, and security have a favorable impact on the adoption of mobile wallets and digital transactions, according to Chawla and Joshi's (2019) analysis of consumer attitudes on digital payment systems in India. According to Sultan (2020), digital payment technologies lessen the emotional distress that comes with making purchases. Customers tend to spend more freely and make impulsive purchases because they do not physically handle cash. According to Pradhan, Israel, and Jena (2021), young

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customers' impulsive buying behavior is positively influenced by cashback incentives, discounts, and reward programs. According to their research, digital payment platforms' promotional advantages greatly boost the frequency of online purchase.

Sinha (2022) investigated the connection between Indian consumers' spending habits and digital payments. The study came to the conclusion that quick and impulsive purchases are encouraged by the convenience of digital transactions and instant payment options. According to Gupta and Arora's (2023) analysis of UPI payment behavior among young Indians, the ease of use and accessibility of digital payment apps lead to a rise in impulsive spending. According to a 2024 study titled "From Cash to Cashless: UPI's Impact on Spending Behavior Among Indian Users," about 75% of participants said that using UPI payment systems enhanced their expenditure. The study found that consumers are more likely to make impulsive purchases due to the intangible nature of digital payments, which also lessens the guilt associated with purchasing.

The impact of digital payment systems, sales incentives, and FOMO on impulsive purchases was investigated in a 2024 study titled "Impulsive Buying in the Digital Age." According to the study, digital payment methods and promotional alerts greatly promote impulsive purchasing, especially among young customers. Another recent study, "Impact of Cashless Payments on Impulse Buying Behavior of Gen Z" (2024), examined Generation Z consumers' spending patterns and found that young adults' propensity for impulsive purchases is positively impacted by cashless payment systems' ease of accessibility. Instant payouts and alluring payback incentives boost impulsive purchases, according to the study. Digital payment systems psychologically change consumer spending behavior by lessening the "pain of paying," according to Faraz and Anjum's (2025) study, "Spendception: The Psychological Impact of Digital Payments on Consumer Purchase Behavior and Impulse Buying." According to their research, customers tend to view digital money differently than physical currency, which leads to more impulsive purchases.

The literature mentioned above makes it clear that digital payment systems have a big impact on how customers make purchases. However, only a few number of empirical research have explicitly examined how factors like convenience, cashback incentives, transactional ease, and usage frequency affect impulsive purchasing behavior in the Indian setting. Consequently, our work aims to close this research gap.

Research Gap

The majority of earlier research has been on customer happiness with mobile wallets, technological acceptance, and the uptake of digital payments. Very little study has been done on how digital payments affect consumer behavior, especially when it comes to impulsive purchases. Furthermore, few research have experimentally investigated the direct effects of factors including convenience, cashback incentives, transaction simplicity, and frequency of digital payment usage on impulsive buying behavior. Thus, this work aims to bridge this gap.

Objective of the Study

The objective of the study is to analyse the influence of convenience, of cashback and reward offers, ease of transaction and frequency of digital payment usage and on impulse buying behaviour.

Research Methodology

- **Research Design:** The present study is descriptive and analytical in nature.
- **Sources of Data:** Primary data has been collected through a structured questionnaire.
- **Sampling Technique:** Convenience sampling technique has been used.
- **Sample Size:** A total of 80 respondents were selected for the study.
- **Respondents:** The respondents include students, salaried employees, and online shoppers using digital payment applications.
- **Statistical Tools Used:** The tools used for the analysis are percentage analysis, mean analysis, correlation analysis and regression analysis.

Data Analysis and Interpretation

Table 1: Demographic Profile of Respondents

Particulars	Category	Frequency	Percentage
Gender	Male	52	65%
	Female	28	35%
Age	18–25 Years	40	50%
	26–35 Years	28	35%
	Above 35 Years	12	15%
Preferred Payment App	Google Pay	32	40%
	PhonePe	28	35%
	Paytm	20	25%

The majority of respondents belong to the age group of 18–25 years, indicating that young consumers are major users of digital payment systems.

Table 2: Mean Score Analysis

Variables	Mean Score
Convenience of Payment	4.42
Cashback and Rewards	4.21
Ease of Transaction	4.38
Frequency of Usage	4.45
Impulse Buying Behaviour	4.16

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The mean scores indicate that respondents strongly agree that convenience, cashback offers, and frequent usage of digital payment systems encourage impulsive purchasing behaviour.

Table 3: Correlation Analysis

Variables	Impulse Buying Behaviour
Convenience of Payment	0.62
Cashback and Rewards	0.72
Ease of Transaction	0.61
Frequency of Usage	0.77

The results show a positive relationship between digital payment variables and impulse buying behaviour. Frequency of usage has the strongest relationship with impulse buying behaviour.

Table 4: Regression Analysis

Variables	Beta Value	t-value	Significance
Convenience of Payment	0.33	4.21	0.000
Cashback and Rewards	0.31	3.99	0.011
Ease of Transaction	0.22	3.28	0.032
Frequency of Usage	0.40	5.24	0.000

The regression analysis indicates that all selected variables significantly influence impulse buying behaviour. Frequency of usage and convenience are the strongest predictors of impulsive buying.

Major Findings of the Study

- Young consumers are the major users of digital payment platforms.
- Convenience and ease of payment significantly encourage impulse purchases.
- Cashback offers and discounts positively influence unplanned buying behaviour.
- Frequent users of digital payment systems are more likely to engage in impulsive shopping.
- Easy checkout systems and instant transactions reduce purchase hesitation among consumers.
- Consumers tend to spend more freely while using digital payment methods compared to cash payments.

Suggestions

Consumers should maintain financial discipline while using digital payment applications. Digital payment companies should also promote responsible spending behaviour. Financial literacy programs should educate consumers regarding impulsive spending risks. Consumers should monitor transaction history regularly to control unnecessary expenditure. Budgeting applications may help consumers track impulsive spending habits.

Conclusion

The study comes to the conclusion that digital payment methods have a big impact on customers' impulsive purchasing habits. Convenience, cashback incentives, simple checkout procedures, and regular use are examples of features that promote impulsive and unforeseen purchases. The psychological unpleasantness of using currency is lessened by digital payment systems, which also make shopping easier. Customers thus make selections about what to buy more quickly and impulsively. The results show that ease and usage frequency have the most effects on impulsive purchasing. In order to prevent excessive impulsive purchasing, consumers need also exercise responsible financial behavior, even though digital payments support financial inclusion and technological growth.

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