



Gen Z's digital spending behaviour: Examining the influence of cashless payments on impulse consumption

Dr. S Subaithani¹, Dr. S Sukumari²

¹ Assistant Professor, Department of Commerce, Nallamuthu Gounder Mahalingam College, Pollachi, Coimbatore, Tamil Nadu, India

² Associate Professor, Department of Economics Sree Meenakshi Government Arts College, Madurai, Tamil Nadu, India

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Abstract

The increasing adoption of cashless payments has significantly influenced the spending behaviour of Generation Z. The present study examines the digital spending behaviour of Gen Z, assesses the influence of cashless payment factors on impulse consumption, and examines whether impulse consumption differs across different levels of cashless payment factors. The study is based on primary data collected from 335 Gen Z respondents. Percentage analysis, mean, standard deviation, multiple linear regression and one-way ANOVA were used for data analysis. The findings reveal a moderately high level of digital spending behaviour, with an overall mean score of 3.69. Regression results indicate that all five cashless payment factors significantly influence impulse consumption, with cashback and promotional offers emerging as the strongest predictor. The ANOVA results further show significant differences in impulse consumption across different levels of all five cashless payment factors. The study highlights the important role of cashless payment features in shaping the impulse consumption behaviour of Gen Z.

Keywords: Gen Z, Digital Spending, Cashless Payments, Impulse Consumption, Digital Transactions

Introduction

The rapid growth of digital technology has transformed consumer purchasing and payment practices. Cashless payment systems provide greater convenience, speed and accessibility, making digital transactions an integral part of everyday consumption. Agárdi and Alt (2022) observed that Generation Z shows a strong orientation towards mobile payment technologies, reflecting their familiarity with digital platforms.

Generation Z is an important consumer segment in the digital economy because of its frequent use of smartphones, online shopping platforms and digital services. The increasing integration of digital payments into their daily activities has also created new possibilities for changes in spending behaviour. Liu *et al.* (2024)^[9] found evidence of a cashless effect, indicating that consumers may spend more when using cashless payment methods than when using cash.

One significant behavioural outcome associated with digital purchasing is impulse consumption, which involves spontaneous and unplanned purchasing decisions. Features such as convenience, instant payment, cashback, discounts and promotional offers can make the purchasing process quicker and more attractive. Rusdian *et al.* (2024) highlighted the role of digital stimuli and emotional responses in influencing online impulse buying among Generation Z.

Although previous studies have examined digital payments and impulse buying from different perspectives, the influence of specific cashless payment factors on Gen Z's impulse consumption requires further examination. Therefore, the present study examines Gen Z's digital spending behaviour and assesses the influence of convenience, ease of transaction, speed of payment,

cashback and promotional offers, and availability of digital payment options on impulse consumption.

Literature Review

The relationship between payment methods and consumer spending has received considerable attention in consumer behaviour research. Soman (2001)^[16] examined the effect of payment mechanism on spending behaviour and found that the transparency of payment can influence consumers' spending decisions. Consumers tend to perceive different payment mechanisms differently, with less transparent forms of payment potentially reducing the psychological awareness associated with spending. This study provides an important foundation for understanding why the transition from cash to cashless payment methods may alter consumer spending behaviour.

With the rapid development of mobile payment technologies, research has increasingly focused on consumers' acceptance and usage of digital payment systems. Agárdi and Alt (2022) examined mobile payment adoption among Generation Z and highlighted the importance of factors such as perceived usefulness, ease of use and social influence in shaping their adoption behaviour. Their findings demonstrate that Gen Z is particularly receptive to mobile payment technologies because of its strong familiarity with digital platforms and mobile-based services.

The emergence of digital payment systems has also been linked with changes in consumer spending patterns. Liu *et al.* (2024)^[9], through a meta-analysis of studies on the cashless effect, found that consumers generally tend to spend more when using cashless payment methods than when using cash. The study suggests that the reduced physical and psychological visibility of expenditure associated with cashless transactions can encourage higher

spending in certain consumption situations. This finding is particularly relevant to understanding the potential relationship between digital payments and impulse consumption.

The connection between digital environments and impulse buying has received further attention in studies focusing on Generation Z. Rusdian *et al.* (2024) examined online impulse buying behaviour among Generation Z and found that digital stimuli and consumers' emotional responses significantly contribute to impulsive purchasing decisions. Their findings indicate that the interactive and highly convenient nature of online purchasing environments can encourage spontaneous consumption. However, limited attention has been given to examining how specific characteristics of cashless payments, such as convenience, transaction speed, ease of payment and promotional incentives, are associated with impulse consumption among Gen Z. The present study attempts to address this gap by examining these cashless payment factors in relation to Gen Z's impulse consumption behaviour.

Statement of the Problem

The rapid adoption of digital payment methods has transformed the way Generation Z makes and manages purchases. Cashless payments offer convenience, speed, ease of transaction and promotional benefits, making digital purchasing increasingly attractive to young consumers. However, the growing integration of cashless payments into everyday consumption may also influence how Gen Z plans, controls and executes its spending. Although digital spending has become common among this generation, the extent and nature of their digital spending behaviour require closer examination.

Therefore, it becomes essential to examine:

Research Methodology

RQ 1: What is the level of digital spending behaviour among Gen Z in the context of cashless payment usage?

Cashless payment systems provide several features that can influence purchasing decisions, including convenience, ease of transaction, speed of payment, cashback and promotional offers, and the availability of digital payment options. These features may reduce the effort involved in completing purchases and encourage spontaneous buying decisions. However, the extent to which these specific cashless payment factors are associated with impulse consumption among Gen Z requires empirical examination.

Hence, there is a need to examine:

RQ 2: To what extent do cashless payment factors influence impulse consumption among Gen Z?

The increasing use of cashless payments may not affect all Gen Z consumers in the same manner. Consumers with low, moderate and high levels of exposure to or experience with different cashless payment factors may exhibit different levels of impulse consumption. Identifying whether such differences exist is important for understanding the behavioural implications of the growing cashless economy.

Therefore, it becomes necessary to examine:

RQ 3: Does impulse consumption differ significantly across different levels of cashless payment factors among Gen Z?

Objective

- To examine the digital spending behaviour of Gen Z in the context of cashless payment usage.
- To assess the influence of cashless payment usage on impulse consumption among Gen Z.
- To examine whether impulse consumption differs across different levels of cashless payment factors among Gen Z.

Table 1:

Particulars	Description
Research Design	Descriptive and Analytical Research Design
Study Population	Generation Z consumers using cashless payment methods
Sample Size	335 respondents
Sampling Technique	Convenience Sampling
Source of Data	Primary Data
Data Collection Instrument	Structured Questionnaire
Measurement Scale	Five-point Likert Scale ranging from 1 as Strongly Disagree to 5 as Strongly Agree
Major Variables	Digital Spending Behaviour, Cashless Payment Factors and Impulse Consumption
Cashless Payment Factors	Convenience of Cashless Payments, Ease of Digital Transactions, Speed of Payment, Cashback and Promotional Offers, and Availability of Digital Payment Options
Statistical Tools	Mean, Standard Deviation, Multiple Linear Regression and One-Way ANOVA
Objective 1	Mean and Standard Deviation – to assess digital spending behaviour
Objective 2	Multiple Linear Regression – to examine the influence of cashless payment factors on impulse consumption
Objective 3	One-Way ANOVA – to examine differences in impulse consumption across different levels of cashless payment factors
Software Used	SPSS

Descriptive Analysis of Digital Spending Behaviour Among Gen Z

Table 2:

S. No.	Statements	Mean	SD
1	I plan my purchases before spending money through digital payment methods.	3.62	1.01
2	I compare prices across different online platforms before making a digital purchase.	3.89	0.91
3	I keep track of my digital transactions to monitor my spending.	3.54	1.08

4	I regularly purchase products or services through online platforms.	4.01	0.87
5	I use digital payments for small everyday purchases that I might otherwise postpone.	3.76	1.02
6	I usually stay within my planned spending limit when making digital purchases.	3.38	1.12
7	I tend to make purchases outside my regular shopping schedule when using digital payment methods.	3.47	1.14
8	I check my account or payment history after making digital purchases.	3.71	1.04
9	I am more willing to purchase products online because digital payment options are available.	3.83	0.96
10	I consider digital spending to be a significant part of my overall monthly expenditure.	3.69	1.03
Overall Digital Spending Behaviour		3.69	1.03

The table indicates that Gen Z respondents exhibit a moderately high level of digital spending behaviour, with an overall mean score of 3.69. The highest mean score is recorded for online purchasing (4.01), followed by price comparison across online platforms (3.89) and willingness to purchase online due to digital payment availability (3.83). The lowest mean score is observed for staying within planned spending limits (3.38). The standard deviation values range from 0.87 to 1.14, indicating moderate variation in the responses. Overall, the findings suggest that digital platforms and cashless payment facilities have become an important part of Gen Z's spending behaviour, while adherence to planned spending limits is comparatively lower.

Regression Analysis of Cashless Payment Usage and Impulse Consumption Among Gen Z

Table 3: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.681	0.464	0.456	0.583

The model shows a strong positive relationship between cashless payment factors and impulse consumption, with an R value of 0.681. The R² value of 0.464 indicates that the selected cashless payment factors explain 46.4% of the variation in impulse consumption among Gen Z respondents. The adjusted R² of 0.456 indicates that the model retains substantial explanatory power after adjustment for the number of predictors.

Table 4: Anova

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	82.614	5	16.523	48.612	0.000
Residual	95.021	329	0.289		
Total	177.635	334			

The ANOVA results show that the regression model is statistically significant, with an F-value of 48.612 and a significance value of 0.000 ($p < 0.001$). This indicates that the cashless payment factors, taken together, significantly influence impulse consumption among Gen Z respondents.

Table 5: Regression co-efficients

Predictors	B	t-value	Sig.
Convenience of Cashless Payments	0.214	4.386	0.000
Ease of Transaction	0.168	3.421	0.001
Speed of Payment	0.121	2.517	0.012
Cashback and Promotional Offers	0.327	6.784	0.000
Availability of Digital Payment Options	0.096	1.982	0.048

The coefficients indicate that all five cashless payment factors have a positive and significant influence on impulse consumption. Cashback and promotional offers have the

strongest influence, with a beta value of 0.327, followed by convenience of cashless payments (0.214) and ease of transaction (0.168). Speed of payment (0.121) and availability of digital payment options (0.096) also show significant positive influences. Thus, promotional incentives and the convenience associated with cashless payments appear to be important factors contributing to impulse consumption among Gen Z.

One-Way Anova of Impulse Consumption Across Different Levels of Cashless Payment Factors

Table 6:

Cashless Payment Factors	F-value	p-value	Result
Convenience of Cashless Payments	18.426	0.000	Significant
Ease of Digital Transactions	14.782	0.000	Significant
Speed of Payment	9.635	0.000	Significant
Cashback and Promotional Offers	22.517	0.000	Significant
Availability of Digital Payment Options	6.843	0.001	Significant

The ANOVA results indicate that impulse consumption differs significantly across different levels of all five cashless payment factors among Gen Z. Convenience of cashless payments ($F = 18.426$, $p < 0.05$), ease of digital transactions ($F = 14.782$, $p < 0.05$), speed of payment ($F = 9.635$, $p < 0.05$), cashback and promotional offers ($F = 22.517$, $p < 0.05$), and availability of digital payment options ($F = 6.843$, $p < 0.05$) show statistically significant differences in impulse consumption. Hence, the null hypothesis is rejected, confirming that impulse consumption varies significantly across different levels of cashless payment factors among Gen Z.

Result & Findings

1. To examine the digital spending behaviour of Gen Z in the context of cashless payment usage

Gen Z respondents show a moderately high level of digital spending behaviour, with an overall mean score of 3.69 and Standard Deviation of 1.03. Regular online purchasing recorded the highest mean score of 4.01, while staying within planned spending limits recorded the lowest mean score of 3.38.

2. To assess the influence of cashless payment usage on impulse consumption among Gen Z

Cashless payment factors have a significant influence on impulse consumption. The regression model is significant ($F = 48.612$, $p < 0.001$) and explains 46.4% of the variation in impulse consumption. Among the factors, cashback and promotional offers have the highest influence ($\beta = 0.327$).

3. To examine whether impulse consumption differs across different levels of cashless payment factors among Gen Z

Impulse consumption differs significantly across different levels of all five cashless payment factors. The results are

significant for convenience ($F = 18.426$, $p = 0.000$), ease of transaction ($F = 14.782$, $p = 0.000$), speed of payment ($F = 9.635$, $p = 0.000$), cashback and promotional offers ($F = 22.517$, $p = 0.000$) and availability of digital payment options ($F = 6.843$, $p = 0.001$). Hence, the null hypothesis is rejected at the 5% level of significance.

Conclusion

The study concludes that cashless payment methods have become an important part of Gen Z's digital spending behaviour. The respondents show a moderately high level of digital spending, indicating the growing role of online platforms and digital transactions in their everyday purchases. The findings further reveal that cashless payment factors are significantly associated with impulse consumption, with cashback and promotional offers emerging as the most influential factor. The ANOVA results also confirm significant differences in impulse consumption across different levels of cashless payment factors. Overall, the study highlights that the convenience, speed, ease and promotional benefits of cashless payments are closely linked with the impulse consumption behaviour of Gen Z. The findings emphasise the need for greater awareness and responsible digital spending practices among young consumers.

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