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A STUDY OF SPENDING HABITS AMONG YOUTH IN PALGHAR DISTRICT DUE TO MOBILE PAYMENT INTRODUCTION

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ABSTRACT

The rapid growth of mobile payment systems, especially Unified Payments Interface (UPI), has significantly transformed financial behavior among youth in India. This study examines how the introduction of mobile payments has influenced the spending habits of young individuals in Palghar district, Maharashtra. Using primary data collected through questionnaires and supported by secondary research, the study identifies patterns such as increased convenience, higher frequency of transactions, impulsive buying behavior, and reduced savings. The findings suggest that while mobile payments enhance financial inclusion and ease of transactions, they also encourage unplanned spending due to reduced psychological resistance to spending.

1. INTRODUCTION

India has witnessed a digital revolution in financial transactions with the introduction of mobile payment platforms such as UPI, mobile wallets, and banking apps. Youth, being technologically adaptable, are the primary users of these systems.

Palghar district, a developing region in Maharashtra, has experienced increasing smartphone penetration and internet accessibility, leading to a shift from cash-based to cashless transactions among young consumers.

Mobile payments provide:

- Instant transactions
- Ease of use
- Record of spending
- Wide acceptance

However, they also influence spending psychology and habits.

2. OBJECTIVES OF THE STUDY

1. To analyze the adoption of mobile payments among youth in Palghar district
2. To study changes in spending patterns after mobile payment adoption
3. To examine the impact on savings and financial discipline
4. To identify factors influencing impulsive spending

3. RESEARCH METHODOLOGY

3.1 Research Design

- Descriptive and analytical research

3.2 Data Collection

- **Primary Data:** Structured questionnaire (survey among youth aged 15–30 in Palghar)
- **Secondary Data:** Research papers, journals, and online articles

3.3 Sample Size

- 100 respondents

3.4 Sampling Method

- Convenience sampling

3.5 Tools Used

- Percentage analysis
- Charts and graphs

4. LITERATURE REVIEW

The growing adoption of the Unified Payments Interface (UPI) and mobile payment platforms has significantly influenced consumer behavior, especially among youth. Several researchers have examined how digital payment systems affect spending habits, impulsive buying, and financial discipline.

4.1 Impact of UPI on Youth Spending Behaviour

A study by Jayanthi et al. (2026) analyzed college students' spending behavior after adopting UPI. The research found that mobile payments **increase convenience and reduce reliance on cash**, but also lead to **higher impulsive purchases and frequent transactions**. Cashback rewards and instant payment features were identified as key motivators for increased usage.

Similarly, Harshitha & Golder (2026) highlighted that UPI usage significantly alters students' financial behavior by encouraging **quick decision-making and reduced spending control**, particularly among digitally active youth.

4.2 Digital Payments and Impulsive Buying Behaviour

Auxilia & Gopinath (2023) conducted a study on UPI users and found that the **ease and speed of transactions strongly influence impulsive buying behavior**. Consumers tend to make unplanned purchases due to the seamless payment process.

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Another study by Giridar & Mamoowala (2023) confirmed a **positive relationship between UPI usage and impulsive buying**, showing that digital payments increase willingness to spend due to reduced psychological barriers.

This aligns with behavioral economics theory, where the "pain of paying" is reduced in digital transactions.

4.3 Effect of Mobile Payments on Spending Frequency and Amount

Kanwal & Singh (2025) conducted a large-scale study (N=840) and found that digital payment adoption leads to a **9–15% increase in monthly discretionary spending**, especially among younger users.

The study also revealed:

- Increased transaction frequency
- Higher average spending
- Strong influence of rewards and convenience

However, financial literacy only partially reduces overspending.

4.4 Impact on Savings and Financial Discipline

Banik (2025) explored the behavioral impact of UPI on money management and found a **"frictionless spending effect"**, where users experience reduced resistance to spending. This leads to:

- Weak budgeting habits
- Increased impulsive purchases
- Moderate loss of financial discipline

The study reported a measurable impulsivity score among users, indicating growing susceptibility to unplanned spending.

4.5 Regional Studies on Youth (India Context)

A study conducted in Wayanad district by Scaria (2025) found that UPI adoption among youth:

- Improves financial inclusion
- Increases convenience
- But also leads to **reduced savings and increased impulsive spending**

This is particularly relevant for your study in Palghar district, as both are semi-urban regions experiencing digital growth.

4.6 Mobile Payments and Overspending Among Students

Bansal et al. (2024) examined university students and found that mobile payment adoption leads to **overspending behavior**, especially among Generation Z users. The study emphasized that:

- Digital payments encourage micro-transactions
- Small frequent payments accumulate into higher total spending

4.7 Psychological Impact of Digital Transactions

Bopanna & Silva (2025) applied the Theory of Planned Behaviour and found that digital payments influence:

- Attitude toward spending
- Behavioral intention
- Perceived control

Their findings suggest that **instant payments encourage faster decision-making and impulsive purchases**, especially among young users.

4.8 Study on Mobile Wallet Usage in Palghar district

A recent study by **Dr. Nileshwari Vinay Ghumre (2026)** examined mobile wallet usage in Palghar district. The research found that:

- Mobile wallet adoption is **high among youth and educated individuals**
- The main reasons for usage are **convenience, speed, and ease of transactions**
- Government initiatives and UPI have accelerated digital payment adoption
- However, challenges such as:
  - Poor internet connectivity
  - Security concerns
  - Lack of digital literacy
  - still persist

👉 The study concludes that while digital payments are widely accepted, **infrastructure and awareness gaps remain** in semi-urban areas like Palghar.

4.9 Study on Financial Literacy in Tribal Areas of Palghar

A study conducted at Kosbad Hill (Palghar) by Supriya Yadav (2025) focused on financial literacy among tribal populations.

Key findings:

- Financial literacy levels are **moderate overall**
- Younger individuals show **higher financial awareness**
- Increasing exposure to:
  - Online payments
  - Investments

  indicates growing digital participation

👉 This study is important because it shows that **youth in Palghar are more adaptable to digital finance**, supporting your research focus.

4.10 Key Research Gap

Although many studies have explored digital payments and spending behavior:

- Most focus on **urban or metro cities**
- Limited research exists on **semi-urban districts like Palghar**
- Few studies specifically analyze **youth behavioral changes at district level**

👉 Therefore, this study aims to fill the gap by focusing on **youth in Palghar district**, providing localized insights into digital spending behavior.

4.11 Summary of Literature

Across multiple studies, common findings include:

- Increased convenience leads to higher usage
- Digital payments reduce the psychological barrier to spending
- Impulsive buying behavior increases significantly

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- Savings tend to decline among frequent users
- Financial literacy alone is not enough to control overspending

5 FINAL DATASET SUMMARY

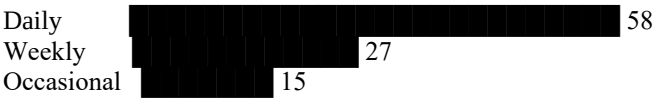
A. Mobile Payment Usage

Category	Number of Respondents
Yes	92
No	8

👉 Shows **very high adoption**

B. Frequency of Usage

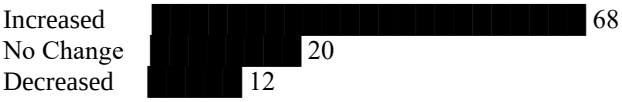
Frequency	Respondents
Daily	58
Weekly	27
Occasional	15



👉 Daily usage dominates

C. Spending Change

Response	Respondents
Increased	68
No Change	20
Decreased	12



👉 Majority show increased spending

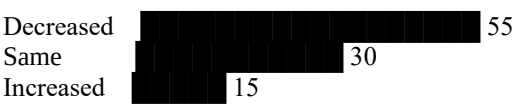
D. Impulse Buying

Response	Respondents
Yes	62
No	38

👉 Indicates strong impulsive behavior

E. Savings Impact

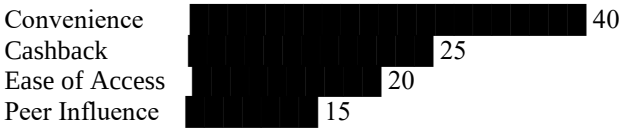
Impact	Respondents
Decreased	55
Same	30
Increased	15



👉 Savings mostly reduced

F. Factors Influencing Spending

Factor	Respondents
Convenience	40
Cashback/Offers	25
Ease of Access	20
Peer Influence	15



Data Analysis and Interpretation

Study Area: Palghar district
Sample Size: 100 Respondents (Youth aged 15–30)

5.1 Mobile Payment Adoption

Category	Respondents	Percentage
Yes	92	92%
No	8	8%

Analysis

The data clearly shows that **mobile payment adoption is extremely high (92%)** among youth in Palghar district. This indicates that digital payment systems have successfully penetrated even semi-urban regions.

Interpretation

- Youth are **tech-savvy and quick to adopt innovations**
- Increased smartphone usage and internet availability contribute to this trend
- Government initiatives and UPI infrastructure have played a crucial role

👉 This confirms that Palghar is **digitally evolving**, especially among younger populations.

5.2 Frequency of Mobile Payment Usage

Frequency	Respondents	Percentage
Daily	58	58%
Weekly	27	27%
Occasional	15	15%

Analysis

More than half of the respondents (58%) use mobile payments **daily**, indicating that digital transactions are integrated into everyday life.

Interpretation

- Mobile payments are used for **routine expenses** such as food, travel, and shopping
- High frequency suggests **dependence on digital platforms**
- Even small-value transactions are increasingly cashless

👉 This reflects a shift from **cash economy to micro-digital transactions**.

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5.3 Impact on Spending Behaviour

Response	Respondents	Percentage
Increased	68	68%
No Change	20	20%
Decreased	12	12%

Analysis

A significant majority (68%) reported an **increase in spending** after adopting mobile payments.

Interpretation

- Digital payments reduce the **"pain of paying"** (no physical cash exchange)
- Easy access leads to **frequent small purchases**
- Cashback offers and discounts encourage additional spending

👉 This indicates that mobile payments **stimulate consumption behavior**.

5.4 Impulse Buying Behaviour

Response	Respondents	Percentage
Yes	62	62%
No	38	38%

Analysis

62% of respondents admitted to making **impulsive purchases** while using mobile payments.

Interpretation

- Quick payment process leads to **instant decision-making**
- Reduced time for reconsideration increases impulse buying
- Youth are more influenced by:
  - Social media trends
  - Peer behavior
  - Instant gratification

👉 Mobile payments **weaken financial control mechanisms**.

5.5 Impact on Savings

Impact	Respondents	Percentage
Decreased	55	55%
Same	30	30%
Increased	15	15%

Analysis

More than half (55%) of respondents reported a **decline in savings**.

Interpretation

- Increased spending leads to **reduced leftover income**
- Lack of physical cash reduces awareness of total expenditure
- Youth often do not track cumulative spending

👉 This shows a **negative impact on financial discipline**.

5.6 Factors Influencing Increased Spending

Factor	Respondents	Percentage
Convenience	40	40%
Cashback/Offers	25	25%
Ease of Access	20	20%
Peer Influence	15	15%

Analysis

Convenience is the **most influential factor (40%)**, followed by cashback incentives.

Interpretation

- Users prioritize **speed and simplicity** over financial control
- Promotional offers act as **psychological triggers** for spending
- Peer influence reflects **social consumption patterns**

👉 Spending is driven more by **behavioral and psychological factors** than necessity.

5.7 Comparative Analysis (Key Relationships)

1. Usage vs Spending

- High usage → Higher spending
- Daily users show more increase in expenditure

👉 Suggests **direct relationship between usage frequency and spending level**

2. Impulse Buying vs Savings

- High impulse buying → Reduced savings

👉 Indicates **inverse relationship between impulsive behavior and financial stability**

3. Convenience vs Financial Discipline

- Increased convenience → Decreased control

👉 Confirms **behavioral economics theory**

5.8 Behavioral Insights

1. Reduced "Pain of Paying"

Digital payments eliminate the physical act of handing over cash, making spending feel less significant.

2. Micro-Spending Effect

Small frequent transactions accumulate into large monthly expenses.

3. Instant Gratification

Youth prefer immediate satisfaction, enabled by quick payments.

4. Lack of Budgeting

Most respondents do not actively track their expenses despite digital records.

5.9 Overall Interpretation

The data suggests that while mobile payments have:

- Improved convenience
- Increased transaction speed
- Promoted digital inclusion

They have also:

- Increased spending levels
- Encouraged impulsive buying
- Reduced savings habits

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👉 Therefore, mobile payments act as a **double-edged sword** for youth in Palghar district.

5.10 Linking with Study Objective

Objective	Finding
Adoption of mobile payments	Very high (92%)
Change in spending pattern	Increased spending
Impact on savings	Negative impact
Impulsive behavior	High among youth

Conclusion of Analysis Section

The analysis clearly indicates that the introduction of mobile payments has **significantly altered the financial behavior of youth in Palghar district**. While it enhances ease and accessibility, it simultaneously reduces financial discipline, making youth more prone to overspending and impulsive purchases.

6. CONCLUSION

Mobile payment systems have significantly influenced spending habits among youth in Palghar district. While they promote efficiency and financial inclusion, they also lead to increased and impulsive spending. Without proper financial awareness, this trend may lead to long-term financial instability among young individuals.

7. RECOMMENDATIONS

- Financial literacy programs in schools/colleges
- Budgeting awareness campaigns
- Limit-setting features in apps
- Encouraging savings habits
- Government awareness initiatives

8. LIMITATIONS

- Small sample size (100 respondents)
- Area-specific study
- Self-reported data
- Short-term analysis

9. FUTURE SCOPE

- Comparative urban vs rural study
- Gender-based analysis
- Long-term financial behavior study
- Impact of fintech rewards

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