



The Influence of Mobile Wallets on Consumer Spending Behavior: A Digital Payment Perspective

¹Dr. Shiji Prasannan, ²Palak Patel, ³Isha Panchal, ⁴Vaibhav Trivedi

¹Assistant Professor, Faculty of Management Studies, Parul University, Vadodara, Gujarat

²Student, MBA (Fintech), Faculty of Management Studies, Parul University, Vadodara, Gujarat

³Student, MBA (Fintech), Faculty of Management Studies, Parul University, Vadodara, Gujarat

⁴Student, MBA (Fintech), Faculty of Management Studies, Parul University, Vadodara, Gujarat

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Abstract

Customers now manage their accounts and make payments differently thanks to the rise of mobile wallets. This study looks into how consumer preferences, financial behaviour, and buying decisions are affected by mobile wallets. The study examines key factors that affect adoption, such as marketing incentives, security, and convenience of use. The study gathers information from primary and secondary sources using a mixed-methods approach. Mobile wallets speed up checkout times, encourage online purchases, and increase spending frequency, according to study. However, concerns around data privacy and cybersecurity persist. The report concludes with recommendations for enhancing digital payment experiences and client trust.

1. Introduction

Background

Due to the fintech industry's quick development, mobile wallets are now the most popular payment method globally. Tap-and-pay technology's convenience has had a big impact on consumer spending patterns, causing a shift from cash to digital platforms. Mobile wallet have been a major force behind the cashless economy as companies and financial institutions keep coming up with new ideas (Davis, 1989).

Problem Description

Mobile wallet are convenient, but the effects on consumer preferences and spending habits are still developing. Businesses financial institution and governments must comprehend these behavioural changes (Kumar, Verma & Sharma 2022).

Objective

- To examine how consumer buying patterns are altered by mobile wallets.
- To evaluate the main factors affecting the uptake of mobile wallets.

- To investigate the issue of trust and security reacted to using mobile wallets.

Hypothesis

- **H₀** : Trust and security concerns do not significantly impact the adoption of mobile wallets.
- **H₁** : Trust and security concerns significantly impact the adoption of mobile wallets.

2. Literature Review

- According to Smith, Brown, and Davis (2020), the adoption of mobile wallets is driven by shifts in consumer preferences, fintech advancements, and increased smartphone penetration. Their study highlights that younger consumers are more inclined to use mobile wallets as they are more familiar with digital tools and technology. This demographic preference indicates that technological literacy plays a crucial role in mobile wallet adoption.
- Johnson and Lee (2021) explore the impact of mobile wallets on consumer spending habits, particularly impulsive purchases. They argue that by reducing transaction friction, mobile wallets encourage spontaneous buying decisions. Furthermore, incentives such as cashback and rewards programs significantly influence users to continue using mobile wallets, making them an attractive payment option. Their findings suggest that convenience and financial incentives are key factors in promoting mobile wallet adoption.
- Patel and Gupta (2019) identify fraud risks and security vulnerabilities as major obstacles to the widespread use of mobile wallets. Their research indicates that concerns about identity theft and data breaches discourage consumers from fully embracing digital payment systems. This study underscores the importance of robust security measures to build consumer trust and confidence in mobile wallet technology.
- Kumar et al. (2022) examine the role of mobile wallets in fostering financial inclusion. Their research suggests that mobile wallets provide access to digital financial services for unbanked individuals, bridging the gap between traditional banking systems and modern financial technology. The study highlights how mobile wallets can empower financially marginalized populations by offering them a convenient and accessible mode of transactions.

3. Research Methodology

Research Design

Since this study uses surveys to gather numerical data, it employs a quantitative research approach. Users of mobile wallets were asked to complete a structured Google Form survey about their transaction and spending patterns.

Data Collection

- **Primary Data:** Structured questionnaires used to evaluate spending patterns and transaction behaviour among mobile wallet users.

Sampling Techniques

- **Population:** People who actively use mobile wallets and are between the age of 18 and 50.
- **Sample Size:** The survey had 100 participants, guaranteeing a wider representation.
- **Sampling Technique:** Random selection combined with probability sampling.

Data Analysis

- **Quantitative Analysis:** Statistical tools like SPSS are used to evaluate spending patterns, adoption rates and influencing factors.
- **Models Used:** Regression models analyse the correlation between mobile wallet usage and spending behavior, while trend analysis identifies long term shifts in payment preferences.

Quantitative Analysis in SPSS

A. Descriptive Statistics

- Used to summarize the dataset and understand trends.
- Includes mean, median, mode, standard deviation and percentage distributions.
- 72% of respondents use mobile wallets daily (High adoption).
- 51.5% primarily use mobile wallets for money transfers.
- Cashback offers influence 29.7% of users.

B. Correlation Analysis

- Measures the relationship between two variables (e.g. wallet usage frequency & spending behaviour).
- Pearson's correlation (r) is used to check the strength of the relationship.

➤ Output Interpretation:

- $r=0.65$ (strong positive correlation)-People who use mobile wallets frequently tend to spend more.
- $R=-0.10$ (weak negative correlation)-security concerns don't strongly impact spending

behavior.

Regression Models in SPSS

Regression models help determine which factors significantly influence consumer spending behavior.

A. Multiple Linear Regression

- **Objective:** Identify how different factors influence spending behavior.

Equation Format:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \epsilon$ Where:

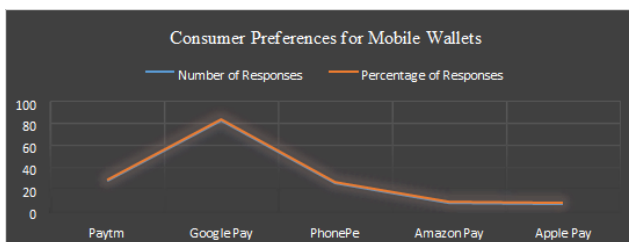
- **Y** = Consumer Spending Behavior (Dependent Variable)
- **X₁** = Usage Frequency (Daily, Weekly, etc.)
- **X₂** = Preferred Wallet (Google Pay, Paytm, etc.)
- **X₃** = Cashback & Offers (Yes/No)
- **β** = Coefficients that indicate impact
- **ε** = Error term

➤ Interpretation of SPSS Output:

Variable	Coefficient (β)	p-value	Significance
Usage Frequency	+0.35	0.002	Significant ☑
Google Pay Usage	+0.25	0.01	Significant ☑
Cashback Offers	+0.40	0.0005	Highly Significant ☑
Security Feature	-0.10	0.08	Not Significant ☐

Results and Discussion

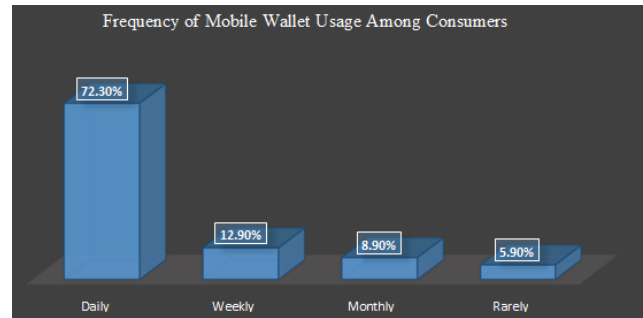
❖ Which mobile wallets have you used or are currently using?



According to a survey of 101 people, 83% of respondents use Google Pay, making it the most widely used mobile wallet. At about 28% and 27%, respectively, Paytm and PhonePe are also widely used. With fewer than 10% usage apiece, Apple Pay and Amazon Pay trail behind.

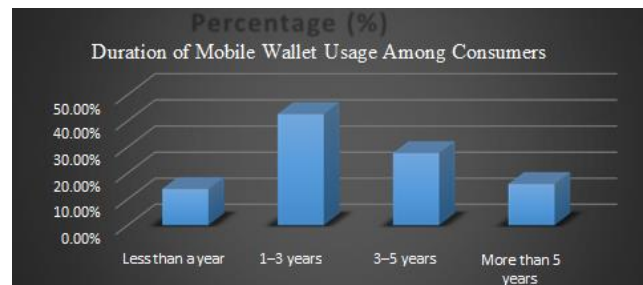
This implies that Google Pay dominates this industry, with Paytm and PhonePe having lesser but still sizable market shares.

❖ How frequently do you use mobile wallets?



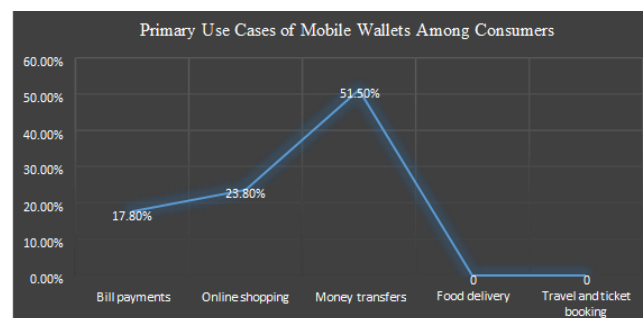
According to this poll of 101 respondents, the majority of mobile wallet users (72%), followed by those who use them weekly (13%) or monthly (9%), and those who use them infrequently (8%). This suggests that the respondents strongly adopted and frequently used mobile wallets.

❖ How long have you been using mobile wallets?



This data shows that most people surveyed 15.8% have been using mobile wallets for over 5 years, with another 42.6% using them for 1-3 years. Fewer people have adopted them more recently, with 27.7% using them for 3-5 years and 13.9% for less than a year. This suggests a growing adoption of mobile wallets over time, with a strong base of long-term users.

❖ What is the primary purpose of using mobile wallets?



According to the report, the majority of respondents (51.5%) transfer money using mobile wallets. The second most popular use is online shopping (23.8%), which is followed by bill paying (17.8%). Bookings for travel and food delivery are less common. This implies that online buying and speedy transfers are the primary uses for mobile wallets.

Key Findings

1. **Google Pay Leads the Market:** With 83% of customers choosing it, Google Pay is the most popular mobile wallet.
2. **Frequent Usage:** Mobile wallets are widely adopted, with the majority of users(72%) using them every day.
3. **Long-term users:** A significant percentage(42.6%) have been using mobile wallets for one to three years, while 15.8% have been using them for more than five years.
4. **Primary Money Transfer Use:** Over half(51.5%) primarily use mobile wallets for money transactions.
5. **Users Prioritise Cashback and Speed:** The most coveted characteristics are cashback/offers(29.7%) and speed (35.6%).
6. **Effect on Spending :** While some users(16.8%) have become more frugal, the majority of users(73.3%) spend more frequently as a result of mobile wallets.

Discussion of Findings

1. **Google Pay's Dominance:** Google Pay is the most preferred mobile wallet, with 83% of users favoring it. This suggests that its user-friendly interface, reliability, and widespread acceptance contribute to its popularity.
2. **Frequent Usage:** A majority of users (72%) use mobile wallets daily, highlighting their integration into everyday financial transactions. This reflects the convenience and efficiency that digital payments offer.
3. **Long-Term Adoption:** Many users (42.6%) have been using mobile wallets for 1-3 years, while 15.8% have been using them for over five years. This indicates that mobile wallets are not just a trend but have become a long-term financial tool for consumers.
4. **Primary Use for Money Transfers:** More than half of the respondents (51.5%) use mobile wallets mainly for money transfers. This suggests that peer-to-peer payments and quick fund transfers are the most valued features.
5. **Key Factors Influencing Choice:** Users prioritize cashback offers (29.7%) and speed (35.6%) when choosing a mobile wallet. This indicates that financial incentives and transaction efficiency play a major role in adoption.
6. **Impact on Spending Behavior:** Mobile wallets influence consumer spending habits. While 16.8% of users have become more careful with their expenses, the majority (73.3%) spend more

frequently. This suggests that the ease of digital payments may encourage impulse spending.

Critical Analysis: Limitations & Biases

1. **Sample Bias:** Only 100 respondents choice were included in the poll, thus it might not accurately represent all regions or demographics.
2. **limited Payment Options:** Although the study concentrates on mobile wallets, some consumers might still like bank transfers, UPI apps or more recent payment technologies.
3. **Behavioural Factors:** Unaccounted for external factors including income level, financial knowledge and promotions can have an impact on spending patterns.
4. **Self-Reported Data:** Answers are derived from individual experiences and viewpoints, which may not necessarily accurately represent actual spending patterns.

Conclusion and Future Scope

The results show the mobile wallets are becoming more and more popular, with Google Pay leading the market. The majority of individuals utilise them on a daily basis, mostly for internet shopping and money transactions. Speed and cashback incentives, which make transaction simple and profitable, are the main draws.

However, many consumers also spend more money as a result of this ease. A tiny portion of people are unaffected by the usage of mobile wallets, even if some use them to monitor and manage their spending.

Future studies should examine how mobile wallets affect long term financial practice's, how they contribute to financial literacy, and how cyber security is changing. The may not always accurately represent real spending patterns.

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