

# Spending Behaviour of Gen Z Consumers in the Use of Digital Payment Systems

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## Abstract

*This study investigates the excessive spending behaviour of Gen Z consumers in Kathmandu Valley when using digital payment systems, applying Transcendental Phenomenology and thematic analysis. Unlike existing research using models like TAM and UTAUT, this study delves into behavioural drivers of overspending. Five key themes emerge: spending management challenges, digital payment influences, spending triggers, and mitigation strategies. Findings reveal that the intangibility of digital transactions, illusion of liquidity, and lack of “pain of paying” contribute to overspending. Triggers include promotional offers, ease of use, peer influence, and event-driven deals. Mitigation strategies involve financial literacy, visual spending cues, and personalised alerts. Data were collected through semi-structured interviews with seven participants and focus group discussions with three Gen Z student cohorts using purposive sampling and Moustakas’ phenomenological approach. The study emphasises the need for tailored interventions in digital platforms, such as enhanced user education and system design improvements. Though limited to Kathmandu Valley, the findings lay groundwork for broader research on digital financial behaviour.*

**Keywords:** Digital payments, excessive spending behaviour, Gen Z, thematic analysis, transcendental phenomenology

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## INTRODUCTION AND RESEARCH OBJECTIVES

The widespread adoption of digital payment systems has transformed how individuals conduct financial transactions. These systems offer convenience, speed, and accessibility, allowing people to make payments with just a few taps on their smartphones. However, alongside these benefits, digital payment systems have also raised concerns about overspending, which disrupts individuals’

consumption patterns. The ease of use and the lack of a tangible exchange of money often create an illusion of liquidity, making users more prone to impulsive spending behaviours (Raghubir & Srivastava, 2008; Soman et al., 1999).

Excessive spending in digital payments occurs when individuals engage in unchecked and impulsive purchases, driven by behavioural factors like the illusion of liquidity and the diminished “pain of paying.” The seamless

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nature of digital payments often disconnects spending from the physical act of handing over cash, leading individuals to overspend, accumulate debt, and face financial challenges. With digital payments, the absence of pain associated with paying creates a mindset where people treat money more abstractly, like how monopoly money is spent without caution (Raghubir & Srivastava, 2008; Soman et al., 1999).

This issue is particularly significant as it directly impacts financial well-being. Uncontrolled spending can lead to financial instability, higher debt burdens, and difficulties in meeting essential obligations. The problem has become more widespread as digital payments replace traditional cash-based systems due to the convenience and ease of use. Studies have shown that the choice of payment method affects spending behaviour, challenging the conventional notion that payment and consumption are unrelated processes (Ahn & Nam, 2022; Hamza & Shah, 2014; Runnemark et al., 2015; Świecka et al., 2021).

In Nepal, where digital payments have surged post-COVID, understanding and addressing excessive spending behaviour is critical. As the nation shifts from cash to digital forms of payment, the decoupling effect and absence of the pain of paying pose challenges for financial management (Poudel et al., 2023). With digital transactions reaching Rs.30 billion in recent years, a six-fold increase since 2021, the rapid adoption of digital payments has not been accompanied by a corresponding rise in awareness of responsible spending (Shrestha, 2023). This disconnect can lead to poor financial management practices and unhealthy

consumption patterns, posing risks to long-term economic sustainability (Manandhar & Shrestha, 2023).

Despite the growing body of research on digital payment systems, there is a lack of comprehensive studies on the specific behavioural factors contributing to overspending. Existing studies primarily focus on consumer behaviour or traditional payment methods through models like TAM or UTAT, which are insufficient to explain the psychographic factors that influence overspending in digital payments (Agustin et al., 2023; Gefen et al., 2003; Türker et al., 2022). For instance, Aji and Adawiyah (2022) investigated how e-wallet usage affects excessive spending among young adults but failed to consider factors like the “pain of paying” and tangibility that contribute to overspending.

Moreover, most existing research has focused on developed markets (Agarwal et al., 2019.; Ahn & Nam, 2022; Dahlberg et al., 2008; Raghubir & Srivastava, 2008; Türker et al., 2022), while studies in developing regions like Nepal are limited. Even those that do exist, such as studies by Manandhar and Kohsuwan (2022) and Tamang et al. (2021), often rely on models that overlook the behavioural aspects of spending. Additionally, many solutions to combat overspending, such as promoting self-control or financial literacy, may not effectively address the underlying biases driving excessive spending.

This research aims to fill these gaps by exploring the factors that contribute to excessive spending in digital payments and identifying strategies that can promote

responsible spending habits. By examining the effectiveness of approaches like default settings, visual cues, and personalised feedback, this study seeks to offer practical solutions to improve financial well-being among digital payment users. Ultimately, this research will contribute to a better understanding of how digital payments influence spending behaviour and how these challenges can be mitigated.

## LITERATURE REVIEW

Digital payment system is the form of payment system which is cashless payment system beyond the card-based payment system involving a mobile device connected to a network with or without any intermediary (Mallat, 2007; Soman, 2001).

Payment behaviour using digital payment system and other cashless based system is slightly different in terms of the saving and consumption pattern (Dahlberg et al., 2008) various scholars have tried to identify how the consumption pattern different in different forms of the payment differs for an instance in a pioneering article by (Prelec & Loewenstein, 1998) “Different payment systems can impact the way individuals perceive and experience consumption such as a single payment for a good or service creates tight coupling, while paying by charge card selectively reduces coupling and Credit card charging promotes symmetric reduction in both coupling and loss aversion” has highlighted the importance of the selection of the digital payment system .

TAM and UAT are widely used model to understand the factors affecting adoption of the digital payment system various paper

have used these models to understand these behavioural factors. (Gefen et al., 2003; Lwoga & Lwoga, 2017; Türker et al., 2022; Venkatesh et al., 2003;). These papers identify the fundamental aspects such as perceived easiness, convenience and self-control under study. Besides these factors, some of the paper has also identified the concept of pain of payment associated with the digital payment system which refers to the negative psychological effect consumers experience when a consumer become aware that they have lost an amount of their financial resources or may lose the financial resources in future (Kahneman & Tversky, 2013; Soman, 2001). Similarly, another factor identified by various literature is Decoupling effect refer to detachment of the parting of money from the actual purchase decision and various paper has identified decoupling effect to higher in payment method other than cash payment system (Chatterjee & Rose, 2012; Raghurir & Srivastava, 2008; Soman, 2001). “Illusion of liquidity” has also been identified as prominent factor resulting in overspending behaviour which also refers to the tendency for consumers to overestimate their available wealth when they use payment mechanisms that are low in salience, such as credit cards or automatic bank deductions and it could lead to overspending and difficulty in managing finances effectively (Aji & Adawiyah, 2022; Soman et al., 1999; Soman, 2001; Staw, 1976).

Agarwal et al. (2019) explains the context of consumer behaviour during demonetisation in India, revealing that the surge in digital payments led to increased overspending due to the perceived absence of the “pain of paying while Thunström et al. (2018) adopts an experimental approach, demonstrating that nudges (reminder notifications)

designed to reintroduce the discomfort associated with spending effectively reduce purchase intentions, particularly for those with spendthrift tendencies while [Soman \(2001\)](#) expands the scope by addressing the moderating effects of historical payment mechanisms on consumer spending behaviour combined it offers valuable insights into the multifaceted relationship between payment methods and consumer decision-making, encompassing digital transactions, behavioural interventions, and historical contexts.

The interplay of payment modes on consumer spending behaviour is evident in studies by [Raghubir and Srivastava \(2008\)](#), [Mallat \(2007\)](#), and [Zhang \(2022\)](#). [Raghubir and Srivastava \(2008\)](#) highlight the influence of combining payment methods, especially in non-cash transactions, leading to increased spending. [Mallat \(2007\)](#) exploration of mobile payment adoption identifies facilitators like temporal independence and accessibility, with premium pricing as a barrier. A study by [Zhang \(2022\)](#) on online payments focuses on visual cues and financial management mechanics, offering insights for user-centric designs that promote responsible spending. Collectively, these studies underscore the importance of understanding diverse factors shaping consumer behaviour across payment modes ([Mallat, 2007; Raghubir & Srivastava, 2008; Zhang, 2022](#)).

Various studies factors influencing credit card behaviour, mobile wallet adoption, payment choices, and the impact of payment methods on spending across different contexts These studies have identified the importance of social norms alongside individual attitudes and self-efficacy in predicting credit card

overspending among young individuals while also focusing on mobile wallet adoption, identifying factors such as ease of use, usefulness, and social influence and it also compares cash and mobile payments, finding significant increases in spending with the latter, influenced by psychological factors such as perceived easiness and convenience ([Meyll & Walter, 2019; Singh et al., 2020; Sotiropoulos & d'Astous, 2013; Świecka et al., 2021](#)).

Studies by [Khan and Craig-Lees \(2009\)](#), [Khare \(2013\)](#), [Ahn and Nam \(2022\)](#) and [Gurusamy and B \(2023\)](#), shed light on diverse aspects of consumer behaviour. [Khan & Craig-Lees \(2009\)](#) emphasise the psychological impact of physical currency on spending attitudes. [Gurusamy and Balachandar \(2023\)](#) explore shifts in spending behaviours due to digital payment technology, impacting traditional saving practices. [Ahn and Nam \(2022\)](#) highlight the higher risk of overspending associated with mobile payments, emphasising the need for interventions. [Khare \(2013\)](#) 's work reveals influential factors in compulsive buying among Indian consumers, with attitudes toward credit cards playing a minimal role.

These studies provide description of multifaceted nature of consumer financial behaviours across different payment methods. However, a major lacking in the context of the existing literature is lack of qualitative inquiry to explore other psychographic variables other than the TAM and UTAU as most of paper adapts from these theoretical contexts which might not be sufficient to explain excessive spending behaviour while adopting the digital payment system. Besides, most of the present studies on excessive spending behaviour

focused on the card-based payment system such as Debit card, credit card which is not most used payment system in present context. Also, most of the studies done in the excessive spending behaviour was mostly done in the developed nation but very low literatures are available in the context of the developing nations like Nepal, so this study aims to cater these gaps by exploring various behavioural factors that results in the excessive spending behaviour in Nepalese context.

## RESEARCH METHODS

This study adopts a Qualitative Research Design utilising a Transcendental Phenomenological approach to explore excessive spending behaviour among Gen Z digital payment users in Nepal. The qualitative method was chosen to capture the rich, subjective experiences of participants and understand the behavioural factors influencing their spending (Creswell & Poth, 2018). The Transcendental Phenomenology approach allows for the description of these experiences without researcher bias, focusing on the participants' perspectives (Moustakas, 1994). The study was conducted among university students in the Kathmandu Valley, a region with the highest digital payment adoption rate in Nepal (Government of Nepal, 2019). Purposive Sampling was used to select participants between the ages of 18-26, ensuring that they were active digital payment users among the colleges of the Kathmandu valley. In total, 5-7 participants were involved in Focus Group Discussions (FGDs), and seven (7) participants were selected for semi-structured interviews, following recommendations for qualitative research sample sizes (Morgan, 2012; Ritchie et al., 2013).

Data collection included semi-structured interviews and FGDs, both of which were used to gather comprehensive insights into the participants' experiences with digital payments. The semi-structured interviews allowed for in-depth exploration of individual behaviours and perceptions, while FGDs facilitated group discussions, providing additional layers of understanding and highlighting shared experiences. The data collection methods offered triangulation, enhancing the validity of the study (Creswell, 2013). Bracketing was applied throughout the research process, ensuring the researcher's personal biases were set aside to maintain the authenticity of participant responses (Moustakas, 1994). All interviews and discussions were transcribed, and the data were coded using Taguette software, following Moustakas' guidelines for phenomenological analysis. Key themes and terms related to excessive spending, such as the illusion of liquidity and the detachment from tangible money, were identified. The study ensured trustworthiness through credibility, dependability, transferability, and confirmability by triangulating data from different methods and rigorously maintaining transparency throughout the research process (Lincoln & Guba, 1986).

## DATA ANALYSIS AND DISCUSSION

The table summarises data from seven interview participants, covering age groups (18-24), universities (PU, POKU, Westcliff, Kathmandu, Tribhuvan), and genders (Male, Female) while participants from semi structured interview also participated in the Focus group discussion which enhances the credibility of the overall qualitative data.

Table 1  
Characteristics of Interview Participants

Participant Code	Age Group	University	Gender
1	18-21	Purbanchal University (PU)	Male
2	21-22	Pokhara University (PoU)	Female
3	18-21	Westcliff University	Male
4	18-21	Kathmandu University (KU)	Female
5	21-22	Pokhara University (PoU)	Male
6	22-24	Westcliff University	Female
7	21-22	Tribhuvan University (TU)	Female

*Note.* Field survey, 2024

Table 2  
Characteristics of FGD Participants

FGD Group	Age Group	University	Gender
FGD 1	18-21 :4	PU: 1	Male: 4
	21-22: 2	PoU: 2	Female: 3
	22-24: 1	Westcliff: 4	
FGD 2	18-21 :4	PU: 2	Male: 2
	21-22: 2	PoU: 2	Female: 5
	22-24: 1	Westcliff: 1	
FGD 3	18-21 :2	PU: 1	
	21-22: 3	TU: 3	Male: 3
	22-24: 2	KU: 1	Female: 4

*Note.* Field survey, 2024

There were 21 participants in FGD discussion comprised of 12 female and 9 male representing different universities in within Kathmandu valley. Among them, 3 are from Purbanchal University, 4 is from Pokhara University, 5 is from Westcliff University, 3 from Kathmandu University and 3 from Tribhuvan University. Participants were from different age groups such as 10 were from 18-21 age group, 7 were from 21-22 age group and 4 were from 22-24 age group.

The transcripts obtained from both FGD and semi structured interview were bracketed while analysing the data so as to remove the bias and coded and 5 themes were identified including Challenges in Managing Spending Behaviour with Digital Payments with three subthemes and Influence of Digital Payment Features on Spending Decisions with two sub themes and Comparison of Spending Habits with Digital Payments vs. Other Methods with three sub-themes, Triggers for Excessive Spending with Digital Payments



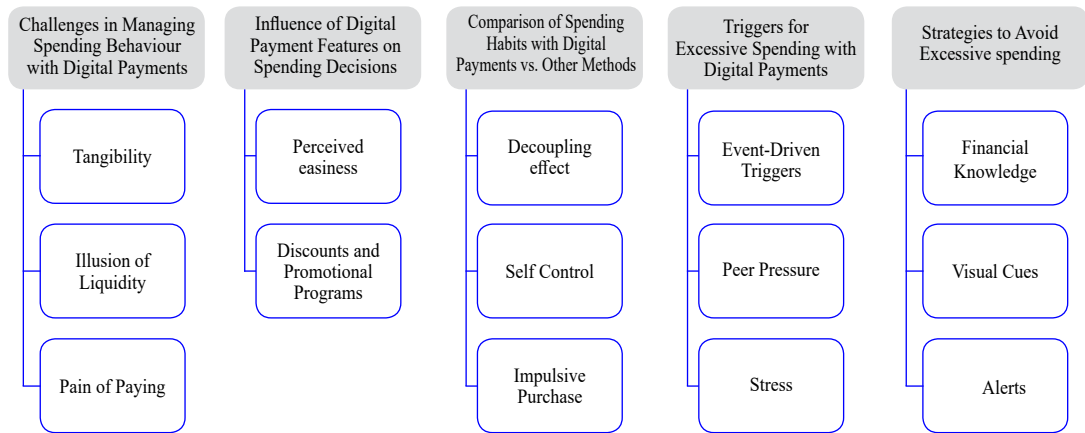


Figure 1. *Thematic Map of the study*

and Strategies to avoid excessive spending with three sub themes each respectively.

The major findings of the study have been presented based on the following themes presented in thematic diagram:

Most participants in the Semi-Structured interview and focus group discussion expressed positive feelings toward digital payment systems but highlighted challenges in managing their spending behaviour.

### ***Challenges with managing spending behaviour with Digital Payments***

This theme explores the challenges the participant in general have to face while using the digital payment system in general while highlighting its impact on the spending behaviour.

**Tangibility:** *The* intangibility of digital payments creates a disconnect from traditional spending, making it challenging to track expenses. Most participant in the study identified that since payment using

digital medium isn't physically measurable like the cash-based payment resulting in the disconnect.

*“The fact that it is **not tangible** to pay using digital mediums, we are not able to see the expenses. It often leaves me **feeling disconnected** from my spending.” (FGD1, P3).*

A Participant in interview (P3) expressed that *“I can't **physically see** and feel the transaction that we do with QR payment since the money doesn't goes from the pocket, so it **doesn't feel like the payment**”* reflecting absence of physical presence of digital payment system results in detachment from the payment process itself.

**Illusion of liquidity:** The subtheme illusion of liquidity was associated with the feeling that money “vanishes into thin air” when making digital payments, contributing to a lack of visibility into the actual expenses and creating a feeling that a person an additional liquidity while making payment.

*“Sometimes, it’s like the money just **vanishes** into thin air when you make a digital payment. It’s frustrating.” (FGD2, P7)*

*“The fact that it is **not tangible** to pay using digital mediums leaves me **feeling disconnected** from my spending. It often feels as if we aren’t **spendin g any kind of money.**” (FGD1, P2)*

Similarly, a participant in interview (P1) shared that *“I often feel when using digital payment system, I have **additional money** to spend since it’s on digital wallet”* reflecting that the participant felt that they have additional liquidity to spend on while using digital payment system resulting in the illusion of liquidity.

**Pain of Paying:** The sub theme “pain of paying” suggests that individuals may feel a stronger emotional response when using traditional forms of payment, such as physical cash, compared to digital or electronic transactions. Participants under study expressed that there is loss of sense of pain of paying while using the digital payment system compared to that with the cash-based payment system.

*“With cash, I felt more accountable. With digital payments, it’s easier to lose track. It has **no sense of loss** which is more prevalent with cash.” (FGD1, P4)*

Similarly, a participant (P7) from interview also shared that *“It really feels like a loss when spending using cash..... I feel using digital payment system there is **sense of loss** while making payment..... I do **carefree** payments”* reflecting that the Participant doesn’t feel loss while using digital payment

system which is more prevalent while using the cash-based systems.

### ***Influence of Digital Payment Features on Spending Decisions***

This theme explores how the various features or aspects of the digital payment affects the spending decision of individual ultimately resulting in the overspending behaviour.

**Perceived easiness:** Most participant expressed the convience associated with the use of the digital payment system and agreed that how easy it is to use a digital payment system for the regular payment activities often resulting in the overspending behaviour. They explained:

*“I appreciate the **convenience** since it has made life much **easier**. We can purchase **without any hassle** anytime, anywhere. (FGD2, P4)*

*“The quick access to payment methods like QR codes makes it **effortless** to spend.”(FGD1, P2).*

A participant (P6) has also expressed that *“With access to QR system, it’s like pay and go..... It’s very **convenient**..... I feel reluctancy to pay declines with this”* highlighting that how participants are less reluctant to use the digital payment resulting the overspending as reduces a barrier prevalent in traditional systems.

**Discount and Promotional activities:** Various participants expressed that absence of physical cash makes it feel like unlimited budget, when some digital wallets offer discounts and cashback, tempting users to spend more.



*“The absence of physical cash makes it feel like I have an unlimited budget. Plus, some digital wallets offer **discounts and cashback**, which can **tempt** me to **spend** more.” (FGD1, P4)*

A participant from the study also shared *“I remember when I saw a **discount** on eSewa on Daraz..... I became more **tempted** to buy using digital payment due to discount which wasn't availed using Cash on Delivery”* reflecting that Temptation created by the promos and offers by different digital payment system resulted in spending more than required in the various participants.

### **Comparison of Spending Habits with Other Payment Method**

This theme explores the comparison of the spending habit with digital payment system vs cash-based system regarding how it's different terms of the spending behaviour understanding the factors resulting in the overspending behaviour.

**Decoupling effect:** Participants generally felt less conscious of their spending when using digital methods compared to cash which makes them detached from using physical or tangible form of payment resulting in the overspending behaviour.

*“I think I'm **less conscious** of my spending when using digital methods. It's **easier** to overspend without realising it while it's easier to track using digital payment system.” (FGD1, P5)*

A participant (P7) shared that *“Using the digital payment it doesn't even feels like we are paying rather than feels like playing some game..... since we get points are payment*

*while cash is more **tangible**”* reflecting that due to loyalty and various other marketing schemes, participants have felt the detachment from the payment process since there is no tangible reference point which is there in cash-based payment system

**Self-Control:** Participants generally felt they have less self-control over their spending behaviour while using digital payment system resulting regretful feeling with no sense of mindful control and resulting impulsive purchases.

*“For me, it's a mixed feeling. On one hand, I appreciate the **convenience** since it has made life much **easier**, but on the other, I sometimes **regret not being more disciplined** with my spending.” (FGD3, P4)*

*“The **convenience** is undeniable, but it comes with its challenges in terms of **mindful spending**.” (FGD2, P2)*

A participant from the interview (P2) has also expressed that *“Using digital payment it's so comfortable always with us.....it has less filter and thought process while making payment..... Using cash there is always buffer for thoughts before payment”* reflecting that while using digital payment system there is no buffer or though process involved often resulting in the overspending behaviour.

**Impulsive Purchases:** Participants also identified that digital payment often leads to impulsive purchase due to creation of the FOMO (Fear of Missing out) resulting in the overspending behaviour.

*“Yes, I've seen friends make **impulsive purchases** with digital payments, especially*

during sales events. It's the **convenience** and **the fear of missing out on a deal.**" (FGD3, P3)

A participant (P1) shared that, "I feel that using digital payment system there is always high chance of doing **impulsive purchase** since I can purchase whatever whenever I like" reflecting that participant feel that due to the convenience and feeling of additional liquidity created by the digital payment system there are instances of the excessive spending behaviour.

### **Triggers for Excessive Spending**

This theme explores the various triggers that results in the excessive spending while using the digital payment system.

**Event-Driven Spending:** Some of the participants argued that various events such as Sales events, limited-time offers were identified as triggers for impulsive buying when using the digital payment system resulting in the overspending behaviour.

*"Sales events and **limited-time offers** are definite triggers. The **urgency** to grab a deal can lead to **impulsive buying.**" (FGD2, P4)*

A participant from Interview (P4) shared that "While using Platform like Daraz Online, during their flash sales when there are discounts using the digital payment system there is high chance of paying..... User are inclined toward spending more than required." reflecting that participant have felt impulsive tendencies driven by sales events, time-bounded offers often resulting in the excessive spending behaviour.

**Peer Pressure:** Some of the participants expressed group effect or peer influence results in using the digital payment system as it reduces the thought buffer before

spending often resulting in the overspending behaviour.

*"**Peer pressure** can also play a role. If everyone around you is making digital payments, you might feel compelled to do the same **without thinking** too much about it." (FGD3, P1)*

A participant from Interview (P6) shared that "I mean these days every-one use digital payment system, often while making the payment we can't **defer the payments** and have to make the payment when everyone does it." highlighting that absence of time buffer to delay the payments in group situation isn't present in digital payment as it is conveniently often resulting in the excessive spending behaviour.

**Stress:** Some of the participants expressed that having the quick access to the digital payment system in the stress full situations, it can lead to excessive spending through impulsive purchases acting as a coping since digital payment is more conveniently available.

*"I've noticed that **stress** can trigger excessive spending for some people. It's like a **coping mechanism**, and digital payments make it quick and **easy to indulge.**" (FGD2, P2)*

A participant from Interview (P1) shared that "“Personally, I've noticed that when stress hits, it's easy to turn to spending as a way to cope, and digital payments just increases this tendency.....I can relate to the quick satisfaction of buying something online after a tough day .....It feels like an instant mood lift” reflecting that in the situation of stress digital payment system acts as a coping mechanism due to its convenience and offer leads to impulsive tendencies

### ***Strategies to avoid Excessive spending***

This theme explores the strategies suggested or used by the Participants to avoid excessive spending while using the digital payment system. Understanding these factors are essential as it helps us to build strategies to move toward sustainable financial management.

**Financial Knowledge:** Participant emphasises the importance of security, indicating their financial knowledge and awareness of potential risks associated with digital payment platform. This finding suggests that participants believe a lack of awareness and guidance contributes to impulsive and excessive spending behaviour in the realm of digital payments. It emphasises the importance of educational initiatives

*“Security is crucial for me. If a platform feels unsafe, I’m hesitant to use it.” (FGD1, P4).*

*“I feel that if Digital payment service providers provided us with education regarding responsible usage of digital payment system including various features for responsible spending..... It would have helped to reduce excessive spending” (FGD3, P3)*

A participant from Interview (P3) shared that *“Reflecting on my own experiences, I truly feel that if digital payment platforms took the initiative to educate users about responsible spending and integrated features that support mindful financial choices, it could have a significant impact. “* Reflecting that presence of knowledge regarding the payment platforms helps to reduce the impulsive tendencies associated with spending behaviours.

**Visual Cues:** Participants expressed the idea that incorporating colored notifications in digital payment systems, such as using green for income and red for payments,

could enhance user alertness and contribute to more responsible spending behaviour.

*“I believe giving coloured notifications would allow the buyer to have alertness regarding payment like maybe green for income and red coloured texts for payments.” (FGD2, P1)*

A participant from Interview (P2) shared that *“I’ve noticed a significant impact when it comes to color-coded visual cues in my digital payment app”* reflecting visual cues could be used as a crucial intervention to reduce the excessive spending behaviour.

**Alerts:** Participants suggested that customisable alerts tailored to specific spending categories, such as setting limits for online shopping and receiving alerts when nearing those limits, could be an effective strategy highlighting that potential effectiveness of personalised alert systems in promoting responsible spending behaviour within digital payment platforms.

*“Customisable alerts for specific spending categories could work. If you set a limit for online shopping, for example, and get an alert when you’re nearing it, that could help. (FGD1, P2)*

A participant from Interview (P4) shared that *“I feel that getting a simple notification if I cross a threshold while spending could help to reduce the overspending behaviour.... It would at least make me aware I am within the limits”* reflects that providing notification as an intervention could elicit the pain of paying often helping in reducing the excessive spending behaviour.

### ***Discussion***

The present study, which examined excessive spending behaviour among digital payment

system users, identified five key themes through Transcendental Phenomenology and Thematic Analysis: (1) Challenges in Managing Spending Behaviour with Digital Payments, (2) Influence of Digital Payment Features on Spending Decisions, (3) Comparison of Spending Habits with Digital Payments vs. Other Methods, (4) Triggers for Excessive Spending, and (5) Strategies to Avoid Excessive Spending. These themes were further broken down into subthemes, such as tangibility, the illusion of liquidity, perceived ease of use, and event-driven triggers, providing deeper insights into the factors driving excessive spending. For instance, the theme of Challenges in Managing Spending Behaviour with Digital Payments revealed that the lack of physical tangibility in transactions creates an illusion of liquidity and reduces the emotional “pain of paying,” which aligns with studies like those by [Agarwal et al. \(2019\)](#) and [Kahneman & Tversky \(2013\)](#). Additionally, Influence of Digital Payment Features on Spending Decisions highlighted the role of perceived convenience and promotional offers in encouraging overspending, consistent with research by [Meyll and Walter \(2019\)](#) and [Singh et al. \(2020\)](#).

The third theme, Comparison of Spending Habits with Other Payment Methods, emphasised how the detachment between payment and consumption leads to impulsive purchases and diminished self-control, mirroring findings by [Chatterjee and Rose \(2012\)](#) and [Raghubir & Srivastava \(2008\)](#). The fourth theme, Triggers for Excessive Spending, identified external factors like peer pressure, stress, and social events as significant influences on spending, supporting studies by [Thunström et al. \(2018\)](#) and [Sotiropoulos & d'Astous \(2013\)](#). Finally, Strategies to Avoid

Excessive Spending revealed participants' suggestions for mitigating overspending, such as financial literacy, visual cues, and personalised alerts. These findings are consistent with previous recommendations in the literature ([Thaler, 1985](#); [Daniel & Hirshleifer, 2015](#); [Ahn & Nam, 2022](#)), showing that financial knowledge and notifications can help promote more responsible spending habits.

## CONCLUSION AND IMPLICATIONS

This study enhances our understanding of consumer behaviour in digital payments, particularly regarding spending patterns that lead to excessive financial outflows. The findings indicate that spending behaviour in digital payment systems is a complex process influenced by psychological factors, digital payment features, and external social triggers. The identified themes, such as the challenges in managing digital payments and the comparison of spending habits with other methods, reveal the multi-faceted nature of this behaviour. Additionally, the strategies to avoid excessive spending—such as financial knowledge and visual cues—emphasise the importance of user education and personalised feedback to encourage responsible financial practices.

As the digital payment landscape continues to evolve, these insights provide valuable considerations for policymakers, digital payment providers, and users alike. Promoting financial literacy and offering visual cues and alerts can help mitigate the risks associated with overspending, fostering more mindful financial habits in the digital era. As this study expands and synthesises the existing literature, it also provides an

area for further exploration: Does spending behaviour differ across different age groups using digital payment systems, leading to excessive spending behaviour or not?

**Implications:** The implications drawn from the analysis and literature review identifies and recommend various strategies for stakeholders within the digital payment ecosystem. Firstly, recognising and addressing the challenges associated with managing spending behaviour in digital payments is essential as it promotes the sustainable financial management habits. Strategies that enhance the tangibility of digital transactions, reintroduce the “pain of paying,” and provide financial knowledge could contribute to responsible spending habits. Additionally, understanding the influence of digital payment features, such as perceived easiness and promotional activities, on spending decisions highlights the importance of designing digital payment system in way that it triggers the responsible spending in mind. The observed decoupling effect and reduced self-control in digital transactions highlights the need for interventions in form of nudges that promote mindful spending, possibly through customisable alerts and visual cues as suggested by different participants in study. Recognising triggers for excessive spending, such as event-driven promotions and peer pressure highlight need for targeted educational initiatives and platform features that are developed to mitigate the impulsive behaviour. Lastly, the identified strategies and adaptations, including and setting notification and alerts, getting acquainted to the system in terms of knowledge of responsible spending provide practical insights for individuals seeking to manage their digital spending effectively and in a responsible manner.

Overall, these implications suggest that a holistic approach involving education, system design, and user empowerment is essential for fostering responsible digital payment behaviour.

The present study provided insights regarding the spending behaviour using digital payment system in Nepalese context. However, the study focuses on Gen Z audience as the sample for study so it's not able to provide with differences in the spending pattern across the different generational cohorts. Cross-sectional studies were used in this study to identify phenomenon overspending which persists among the digital payment in Nepalese context. However, using the longitudinal study to track the sustained effects of user education initiatives and the effectiveness of features like coloured notifications in promoting responsible spending would help us identify the essence of these strategies in mitigating the excessive spending behaviour. This study particularly focused on qualitative research design which has helped identify the behavioural factor that results in overspending behaviour however verifying these factors with quantitative experimental research design would help to provide better triangulated results.

Additionally, investigations into the ethical aspects concerning digital payments, including privacy concerns and data security, are crucial for establishing trust and ensuring user confidence could have help to understand its impact on the spending pattern of individuals. Comparative studies between different digital payment platforms like digital wallets, mobile banking and NFC and their respective impacts on consumer behaviour could detail insights on differences between different payment systems. Finally,

understanding the implications of external factors including economic trends, regulatory changes, on digital payment adoption and

spending patterns remains also could help understand newer dimension in terms of impact on the payment pattern.

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