

# Chapter 6

## Cashless Confidence: Exploring the Influence of Digital Payments on Gen Z Consumption Patterns

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### ABSTRACT

*The rapid growth of digital payment systems has significantly changed financial behaviors, especially among Generation Z. This group consists of digital natives whose buying habits are closely linked to technology. Using qualitative thematic analysis, which identifies common themes in qualitative data, this research reviews various studies and reports on financial technology adoption. It looks at how mobile wallets, UPI platforms, QR-based payments, and new fintech solutions affect Gen Z's spending habits, views on money, and financial choices in India. Drawing from existing literature, empirical research, and theories like behavioral economics and the Technology Acceptance Model (TAM), the paper brings together evidence on the psychological, social, and cultural factors behind digital payment adoption. The findings show that ease of use, peer influence, gamification features, and social*

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*media-driven consumption greatly motivate Gen Z to use cashless transactions. However, these same factors may lead to risks such as impulsive buying, accumulating debt through Buy Now Pay Later (BNPL) services, and privacy issues. Gender dynamics, urban-rural divides, and differences in financial literacy further complicate these trends. Meanwhile, digital platforms are promising for improving financial management through budgeting tools and investment apps. The paper concludes that digital payments are not just replacing cash; they are transforming financial identities, consumption culture, and intergenerational attitudes toward money. Insights from this study have important implications for policymakers, financial institutions, and educators looking to promote responsible, inclusive, and sustainable digital payment systems for the future economy.*

## **INTRODUCTION**

The last decade has brought a major change in how people deal with money. This shift comes mainly from the growth of digital payment systems. These systems include debit cards, online banking, mobile wallets, QR codes, and UPI (Unified Payments Interface). According to Angamuthu, B. (2020), the expansion of digital payment platforms in India has played a key role in improving financial inclusion and reducing reliance on physical cash. Financial transactions are now much faster, smoother, and easier. Generation Z, the digital natives who grew up with technology, has been especially impacted by this change. Govind, H., Nayan, A., & Gupta, P. (2024) note that the quick rise of UPI and the launch of the e-Rupee in urban areas have changed daily transaction habits and future views on currency among young users. Their comfort with smartphones and the internet has made them quick to use digital payments. This group prefers digital payments over cash, even for small purchases. Consequently, digital payments have not only taken the place of physical wallets but also altered how young consumers perceive and manage money. According to Srivastava, S., Mohta, A., & Shunmugasundaram, V. (2024), Generation Z users in India are more likely to choose digital payment platforms when they see them as easy to use, enjoyable, and supported by others, showing how peer influence and user experience shape their approach to financial technology.

This change has led to significant psychological and behavioral effects. Purohit, S., Kaur, J., & Chaturvedi, S. (2022) indicate that the rapid rise of mobile payments among Generation Z reflects not just technological comfort but also a generational shift in financial trust, favoring digital convenience over traditional banking. The ease and speed of mobile payments can diminish the feeling of loss when spending money. Transactions feel less real than when using cash. This can lead to impulsive buying, especially in online shopping, where paying is just a click away. Rafee, B.

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